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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE

Opinion

We have audited the financial statements of **Pakistan Institute of Corporate Governance (the Institute)**, which comprise the statement of financial position as at June 30, 2022 and the statement of income and expenditure, the statement of changes in fund balance and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the income and expenditure statement, the statement of changes in fund balance and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Institute's affairs as at June 30, 2022 and of the surplus, the changes in accumulated fund and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Institute in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Institute for the year ended June 30, 2021 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated October 05, 2021.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Institute's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Institute as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the income and expenditure statement, the statement of cash flows and the statement of changes in fund balance together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Institute's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Salman Hussain**.

A. F. Ferguson & Co.
Chartered Accountants
Dated: October 25, 2022
Karachi
UDIN: AR202210113JsixY1T4t

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
Non-current assets			
Property and equipment	3	2,311,115	2,157,708
Right of use assets	4	7,670,924	12,380,208
Financial assets at amortised cost - Long-term	5	134,705,139	74,033,230
Security deposits	6	1,540,470	1,540,470
		146,227,648	90,111,616
Current assets			
Receivables	7	9,684,757	7,570,582
Short-term prepayments and advances	8	1,046,011	326,047
Financial assets at amortised cost - Short-term	9	6,121,791	57,727,325
Tax refunds due from Government	10	8,146,937	5,255,554
Cash and bank balances	11	13,646,823	3,572,211
		38,646,319	74,451,719
Total assets		184,873,967	164,563,335
FUND BALANCE & LIABILITIES			
Fund balance			
Accumulated fund		150,945,411	130,628,438
Non-current liabilities			
Lease liability	12	4,141,833	7,602,401
Current liabilities			
Fees in advance	13	13,637,340	11,661,899
Current portion of lease liability	12	4,252,012	5,475,914
Other payables		7,266,539	2,371,761
Rent payable		697,800	-
Accrued expenses		3,933,032	6,822,922
		29,786,723	26,332,496
CONTINGENCIES AND COMMITMENTS	14		
Total Fund Balance and Liabilities		184,873,967	164,563,335

The annexed notes from 1 to 27 form an integral part of these financial statements.

Director

Chief Executive Officer

Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
INCOME			
Revenue from services	15	95,283,343	85,643,258
EXPENDITURE			
Salaries, allowances and benefits		46,432,307	37,217,406
Professional service fee	16	25,193,427	20,422,192
Depreciation on property and equipment		498,793	543,754
Depreciation on right of use asset		3,754,650	4,912,232
Travelling and conveyance		406,850	538,986
Utilities		915,074	1,360,026
Printing and stationery		883,579	434,533
Insurance		252,747	155,610
Repair and maintenance		1,212,766	987,208
Provision for expected credit losses		4,711,268	1,390,434
Other expenditure	17	2,242,428	1,445,310
		86,503,889	69,407,691
Operating surplus		8,779,454	16,235,567
Other income	18	12,889,924	10,926,513
Finance cost - lease liability	12	(1,352,405)	(2,140,046)
Surplus for the year		20,316,973	25,022,034
Other comprehensive income		-	-
Total comprehensive income		20,316,973	25,022,034

The annexed notes from 1 to 27 form an integral part of these financial statements.

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Director

Chief Executive Officer

Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022

	Accumulated Fund Rupees
Balance as at July 01, 2020	105,606,404
Total comprehensive income for the year ended June 30, 2021	25,022,034
Balance as at June 30, 2021	130,628,438
Total comprehensive income for the year ended June 30, 2022	20,316,973
Balance as at June 30, 2022	150,945,411

The annexed notes from 1 to 27 form an integral part of these financial statements.

Director

Chief Executive Officer

Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		20,316,973	25,022,034
Adjustment for:			
Return on bank balances and investments		(12,889,924)	(10,502,396)
Depreciation on Property and equipment		498,793	543,754
Depreciation on Right-of-use assets		3,754,650	4,912,232
Finance cost on lease liability		1,352,405	2,140,046
Gain on disposal of fixed asset		-	(424,116)
Expected credit loss		4,711,268	1,390,434
Surplus before working capital changes		17,744,165	23,081,988
Decrease / (increase) in current assets:			
Receivables		(6,825,443)	(3,847,895)
Short term prepayments and advances		(719,964)	(38,542)
		(7,545,407)	(3,886,437)
(Decrease) / Increase in current liabilities:			
Fees in advance		1,975,441	1,940,502
Accrued expenses		(2,889,890)	6,015,966
Other payables		4,894,778	803,171
		3,980,329	8,759,639
Cash generated from operating operations		14,179,087	27,955,190
Withholding tax paid		(2,891,383)	6,991,386
Net cash generated from operating activities		11,287,704	34,946,576
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(652,200)	(449,885)
Proceeds from maturity of short-term investments		8,600,000	7,946,943
Purchase of investments		(65,175,327)	(75,815,906)
Proceeds from disposal of fixed assets		-	3,400,000
Return on bank balances and investments received		11,107,067	10,483,849
Net cash used in investing activities		(46,120,460)	(54,434,999)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment against lease liabilities		(4,384,440)	(5,082,241)
Net cash used in financing activities		(4,384,440)	(5,082,241)
Net decrease in cash and cash equivalents		(39,217,196)	(24,570,664)
Cash and cash equivalents at beginning of the year		52,864,019	77,434,683
Cash and cash equivalents at end of the year	19	13,646,823	52,864,019

The annexed notes from 1 to 27 form an integral part of these financial statements.

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Director	Chief Executive Officer	Director

1. THE INSTITUTE AND ITS OPERATIONS

1.1 Pakistan Institute of Corporate Governance (the Institute) was incorporated in Pakistan as a company limited by guarantee without share capital on December 01, 2004 under section 42 of the repealed Companies Ordinance, 1984 (now section 42 of the Companies Act, 2017). It's members include 99 (June 30, 2021: 97) Corporate, 47 (June 30, 2021: 41) Individual and the following founding members:

- Securities & Exchange Commission of Pakistan
- The State Bank of Pakistan
- The Pakistan Stock Exchange Limited
- Institute of Business Administration
- Lahore University of Management Sciences
- Institute of Chartered Accountants of Pakistan
- Institute of Corporate Secretaries of Pakistan
- Institute of Cost and Management Accountants of Pakistan
- Overseas Investors Chamber of Commerce and Industry
- Federation of Pakistan Chambers of Commerce and Industry
- Insurance Association of Pakistan
- Mutual Funds Association of Pakistan
- Pakistan Banks Association

1.2 The main objective of the Institute is to promote awareness of corporate governance and encourage compliance with good corporate governance practices by corporate bodies and professionals. In this regard, the Institute also conducts Directors' Training Program based on a standard curricula for which the Institute has arrangements with foreign organisations.

1.3 The registered office of the Institute is situated at Office Suite 316, "The Forum", Clifton, Karachi, Pakistan.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan for financial reporting comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policies notes.

2.1.3 These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.1.4 Standards, interpretations and amendments to accounting and reporting standards that are effective in the current year

There are certain amendments to standards that are mandatory for the Institute's accounting period beginning on July 1, 2021. However, these are either not relevant or do not have any significant impact on the Institute's operations and, therefore, have not been detailed in these financial statements.

2.1.5 Standards, interpretations and amendments to accounting and reporting standards that are not yet effective

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Institute's accounting periods beginning on or after July 1, 2022, but are considered to be not relevant or will not have any significant impact on the Institute's operations and, therefore, have not been detailed in these financial statements.

2.3 Accounting policies

2.3.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value, if any. Depreciation on office equipment is charged using the straight-line method, whereby the cost of an asset less estimated residual value, if not insignificant, is written off over its estimated remaining useful life. Depreciation on furniture and fixtures and vehicles is charged using the reducing balance method. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

On all additions, depreciation is charged from the month in which addition / capitalisation occurs. Similarly, no depreciation is charged in the month in which an asset is disposed of.

Maintenance and repairs are charged to expenditure as and when incurred. Major renewals and improvements which increase the assets' remaining useful economic lives or the performance beyond the current estimated levels are capitalised and the assets so replaced, if any, are retired.

Gain or losses on disposal of assets, if any, are recognised in the period in which they are incurred.

The carrying value of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to the recoverable amount.

2.3.2 Receivables from members

Receivables are stated at invoice value less provision for uncollectible amounts. Bad debts are written-off when there is no realistic prospect of recovery.

2.3.3 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cashflows, cash and cash equivalents comprise cash in hand, balances with banks and short term financial assets with original maturities of three months or less.

2.3.4 Right of use assets and their related lease liability

2.3.4.1 Right of use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenor. Right-of-use assets are depreciated over their expected useful lives using the straight-line method.

2.3.4.2 Lease liability against right of use assets

At the commencement date of the lease, the Institute recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Institute and payments of penalties for terminating a lease, if the lease term reflects the Institute exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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In calculating the present value of lease payments, the Institute uses the incremental borrowing rate at the initial application date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

2.3.5 Trade and other payables

Trade and other payables are carried at fair value of the consideration to be paid for goods and services. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liability.

2.3.6 Provisions

Provisions are recognised when the Institute has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.3.7 Financial Instruments - Initial recognition and subsequent measurement

Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

Classification of financial assets

The Institute classifies its financial assets in the following categories:

- at fair value through profit or loss ("FVTPL");
- at fair value through other comprehensive income ("FVTOCI"); or
- at amortised cost.

The Institute determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Institute's business model for managing the financial assets and their contractual 'cash flow characteristics'.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL

Classification of financial liabilities

The Institute classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"); or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be 'measured at FVTPL (such as instruments held for trading or derivatives) or the Institute has opted to measure them at FVTPL.

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Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognised at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income and expenditure statement. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the income and expenditure statement in the period in which they arise.

Impairment of financial asset

The Institute recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost and FVTOCI at an amount equal to lifetime ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 months' ECL is recorded. The following were either determined to be short term in nature or to have low or there was no increase in credit risk since initial recognition as at the reporting date.

- bank balances
- receivable from members
- other receivables

Loss allowance for bank balances and other receivable are generally measured using 12 months ECL, since the credit risk is considered to be low.

The Institute considers a financial asset in default when it is more than 90 days past due.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off when the Institute has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Considering the nature of the financial assets, the Company has applied the standard's simplified approach in respect of receivable balance from members and has calculated ECL based on life time ECL.

Derecognition

i) Financial assets

The Institute derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised as gain / (loss). In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to income and expenditure statement. In contrast, on derecognition of an investment in equity instrument which the Institute has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to income and expenditure statement, but is transferred to statement of changes in fund balance.

ii) Financial liabilities

The Institute derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the income and expenditure statement.

2.3.8 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Institute intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.3.9 Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at the statement of financial position date. Foreign currency transactions are recorded using the rates of exchange prevailing at the date of transaction. Exchange gains and losses on translation are included in the income and expenditure statement

2.3.10 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Institute and the revenue can be reliably measured. Revenue is recognised as follows:

Revenue from services

- Entrance fee from new members is recognised as revenue when no significant uncertainty as to its collectability exists.
- Subscription fees is recognised on an accrual basis.
- Income from advisory is recognised upon rendering of services
- Income from courses is recognised upon rendering of services.
- Income from databank is recognised on receipt basis.
- Income from conferences is recognised on receipt basis.
- Other revenue is recognised on an accrual basis.

Returns on financial assets

Return on financial assets are recognised on an accrual basis using effective rate of interest.

2.3.11 Income Taxes

The Institute is exempt from Income Taxes under the Income Tax Ordinance, 2001 and therefore has made no provision for income taxes in the financial statement.

3. PROPERTY AND EQUIPMENT

	Cost				Accumulated depreciation				Net book value as at June 30, 2022	Rate
	As at July 01, 2021	Additions	Disposals	As at June 30, 2022	As at July 01, 2021	Charge for the year	On disposals	As at June 30, 2022		
	Rupees									%
Vehicles	-	-	-	-	-	-	-	-	-	20%
Office equipment	2,479,747	547,200	-	3,026,947	1,970,352	247,606	-	2,217,958	808,989	30%
Furniture and fixtures	5,397,466	105,000	-	5,502,466	3,749,153	251,187	-	4,000,340	1,502,126	15%
	7,877,213	652,200	-	8,529,413	5,719,505	498,793	-	6,218,298	2,311,115	

	Cost				Accumulated depreciation				Net book value as at June 30, 2021	Rate
	As at July 01, 2020	Additions	Disposals	As at June 30, 2021	As at July 01, 2020	Charge for the year	On disposals	As at June 30, 2021		
	Rupees									%
Vehicles	3,694,200	-	3,694,200	-	615,700	102,617	(718,317)	-	-	20%
Office equipment	2,071,747	408,000	-	2,479,747	1,816,398	153,954	-	1,970,352	509,395	30%
Furniture and fixtures	5,355,581	41,885	-	5,397,466	3,461,969	287,184	-	3,749,153	1,648,313	15%
	11,121,528	449,885	3,694,200	7,877,213	5,894,067	543,755	(718,317)	5,719,505	2,157,708	

4. RIGHT OF USE ASSETS	Note	2022 Rupees	2021 Rupees
Cost			
Opening as at July 1		21,615,550	21,615,550
Re-assessment adjustment		(954,634)	-
Closing as at June 30		20,660,916	21,615,550
Accumulated depreciation:			
Opening as at July 1		9,235,342	4,323,110
Charge for the year		3,754,650	4,912,232
Closing as at June 30		12,989,992	9,235,342
Net carrying amounts as at 30 June		7,670,924	12,380,208

5. FINANCIAL ASSETS AT AMORTISED COST - LONG-TERM

Pakistan Investment Bonds	5.1	134,705,139	82,468,747

5.1 These carry profit yield @ 7.83% - 13.20% per annum (June 30, 2021: 7.83% - 13.20% per annum) payable at three / six month interval and are carried at amortised cost maturing on June 19, 2023, August 20, 2023, October 22, 2023, August 05, 2024 and October 07, 2024.

5.2 These instruments are held by the Institute's banker on behalf of the Institute.

6. LONG TERM SECURITY DEPOSITS

These represent security deposits paid to The Forum in accordance with the Rental agreements for office suites 315

7. RECEIVABLES - UNSECURED	Note	2022 Rupees	2021 Rupees
Receivable from members			
Annual subscription		4,705,550	1,417,250
Director's Training Program		9,639,203	1,092,000
Fee from specialised workshops and others		2,321,831	1,546,220
Entrance fee		72,500	325,500
		16,739,084	4,380,970
Other receivables		-	5,532,671
		16,739,084	9,913,641
Less: Provision for expected credit losses		(7,054,327)	(2,343,059)
		9,684,757	7,570,582

The age analysis of receivable from members is as follows:

Not yet due (1 to 30 days)		3,385,596	1,484,375
Past due but not yet impaired			
- 31 to 60 days		3,004,860	134,400
- 61 to 90 days		125,450	276,000
- 91 to 120 days		432,396	-
- older than 120 days		9,790,782	2,486,195
		16,739,084	4,380,970

8. SHORT-TERM PREPAYMENTS AND ADVANCES

Prepaid insurance		198,123	17,843
Other prepayments		797,888	258,204
Advance against expenses		50,000	50,000
		1,046,011	326,047

9. FINANCIAL ASSETS AT AMORTISED COST - SHORT-TERM

Market treasury bills	9.1	-	49,291,808
Pakistan Investment Bonds		6,121,791	8,435,517
		6,121,791	57,727,325

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These carry profit yield @ 11.54% per annum (June 30, 2021: 13.20% per annum) payable at three / six month interval and are carried at amortised cost maturing on September 19, 2022.

9.1 These securities have an aggregate face value of Rs. Nil million (June 30, 2021: Rs.50 million) and are carried at amortised cost.

9.2 These instruments are held by the Institute's banker on behalf of the Institute.

	Note	2022 Rupees	2021 Rupees
10. TAX REFUNDS DUE FROM GOVERNMENT			
Tax deducted at source	10.1	8,146,937	5,255,554

10.1 This represents refundable withholding tax deducted from payments made to the Institute. The Institute is in the process of recovering the said balance from the authorities.

	Note	2022 Rupees	2021 Rupees
11. CASH AND BANK BALANCES			
Cash in hand		40,000	40,000
Cash at bank :			
- saving account	11.1	13,606,823	3,532,211
		13,646,823	3,572,211

11.1 Represents savings account with a commercial bank carrying profit of 10% per annum (2021: 5.5%% per annum).

	2022 Rupees	2021 Rupees
12. LEASE LIABILITIES		
At the beginning of the year	13,078,315	16,020,510
Re-assessment adjustment	(954,634)	-
Finance cost	1,352,405	2,140,046
Payments	(4,384,440)	(5,082,241)
Reclassified to rent payable	(697,800)	-
As at June 30, 2022	8,393,846	13,078,315
Non-current portion of lease liability	4,141,833	7,602,401
Current portion of lease liability	4,252,012	5,475,914
	8,393,845	13,078,315

13. FEES IN ADVANCE		
Annual Subscription Fee	-	1,511,000
Board evaluation fee	11,456,340	6,989,374
Advance fee for Directors' Training Program	2,181,000	2,176,019
Others	-	985,506
	13,637,340	11,661,899

14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021.

	Note	2022 Rupees	2021 Rupees
15. REVENUE FROM SERVICES			
Entrance fee from members		560,000	2,430,000
Annual subscription and application fee		18,531,000	16,805,000
Fee from Director's Training Program		41,778,538	44,967,235
Fee from specialized workshops		11,909,431	5,892,423
Advisory services for board evaluation	15.1	22,504,374	15,523,600
Sale of publication		-	25,000
		95,283,343	85,643,258

15.1 This mainly includes fee against Board evaluations performed for various corporate entities.

16. PROFESSIONAL SERVICE FEE

	2022 Rupees	2021 Rupees
Director's Training Program	13,390,895	10,120,000
Board evaluation	6,289,210	4,661,899
Specialised workshops	3,924,580	2,625,000
Finance outsourcing	464,400	-
Human resource outsourcing	113,000	-
Search for CEO	-	1,356,000
PCP certification	-	398,700
Professional fee for tax	-	292,880
Others	1,011,342	967,713
	25,193,427	20,422,192

17. OTHER EXPENDITURE

	2022 Rupees	2021 Rupees
Marketing and advertisement	61,500	262,473
Publication expenses	84,540	366,785
Canteen supplies	182,229	89,894
Membership fees	-	286,274
Others	1,914,159	439,884
	2,242,428	1,445,310

18. OTHER INCOME

	2022 Rupees	2021 Rupees
Return / interest on:		
- Profit / loss saving account	1,870,820	823,672
- Market Treasury bills	1,071,249	5,760,531
- Pakistan Investment Bonds	9,947,855	3,918,194
Gain on disposal of fixed assets	-	424,116
	12,889,924	10,926,513

19. CASH AND CASH EQUIVALENTS

	2022 Rupees	2021 Rupees
Cash and bank balances	13,646,823	3,572,211
Short term investments	-	49,291,808
	13,646,823	52,864,019

20. TRANSACTIONS WITH RELATED PARTIES

Relationship	Nature of transaction	2022 Rupees	2021 Rupees
Key management employees compensation	Salaries and other employee benefits	17,268,198	20,996,184

20.1 Key management personnel includes Chief Executive Officer and Chief Financial Officer.

21. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

21.1 Financial assets and liabilities

	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
	Rupees						
Financial Assets							
Financial assets at amortised cost	6,121,791	134,705,139	140,826,930	-	-	-	140,826,930
Long-term security deposits	-	-	-	-	1,540,470	1,540,470	1,540,470
Receivable from members	-	-	-	9,684,757	-	9,684,757	9,684,757
Cash and bank balances	13,606,823	-	13,606,823	-	-	-	13,606,823
June 30, 2022	19,728,614	134,705,139	154,433,753	9,684,757	1,540,470	11,225,227	165,658,980
June 30, 2021	61,259,536	74,033,230	135,292,766	7,570,582	1,540,470	9,111,052	144,403,818

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	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
	Rupees						
Financial Liabilities							
Lease liability	4,252,012	4,141,833	8,393,845	-	-	-	8,393,845
Accrued expenses	-	-	-	3,933,032	-	3,933,032	3,933,032
Rent payable	-	-	-	697,800	-	697,800	697,800
Other payables	-	-	-	7,266,539	-	7,266,539	7,266,539
June 30, 2022	4,252,012	4,141,833	8,393,845	11,897,371	-	11,897,371	20,291,216
June 30, 2021	5,475,914	7,602,401	13,078,315	9,194,683	-	9,194,683	22,272,998

21.2 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As per the requirements of the IFRS 13, the Institute shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and .
- Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

Currently, the Institute does not hold any assets which are either being carried or disclosed at fair value.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

22.1 Market Risk

(i) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at June 30, 2022, the Institute does not have any financial instrument that is denominated in foreign currency and as such has no exposure to currency risk.

(ii) Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest. The Institute is exposed to such risk on its balances held with banks and investments in Pakistan investment bond. At the statement of financial position date, the interest rate risk profile of the Institute's interest bearing financial instruments is:

a) Sensitivity analysis for variable rate instruments

Presently, the Institute holds PKRV based Pakistan investment bond and balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year of the Institute would have been higher / lower by Rs. 14.482 million (2021: Rs. 4.052 million).

b) Sensitivity analysis for fixed rate instruments

Presently, the Institute holds fixed rate Pakistan investment bond which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year of the Institute would have been higher / lower by Rs. 1.500 million (2021: Rs. 0.296 million).

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(iii) Other Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Currently the Institute does not face any risk as none of the financial assets or liabilities face the risk of change in market price.

22.2 Credit risk

Credit risk represents the risk of financial loss being caused if the counter parties fail to discharge an obligation. The Institute's credit risk is primarily attributable to its receivable from members. The credit risk on liquid funds is limited because the counter parties also include banks with reasonably high credit ratings. The maximum exposure to credit risk is equal to the carrying amount of the financial assets excluding cash in hand balance of Rs. 40,000.

The Institute monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as follows:

	2022 Rupees	2021 Rupees
Financial assets at amortised cost	140,826,930	131,760,555
Long-term security deposits	1,540,470	1,540,470
Receivable from members	9,684,757	7,570,582
Cash and bank balances	13,606,823	3,532,211
	165,658,980	144,403,818

The credit quality of financial asset at amortised cost includes investment in government securities which are not exposed to credit risk as these are guaranteed by the Government of Pakistan. The credit quality of receivable can be assessed with reference to their historical performance with no major defaults in recent history. The credit quality of the Institute's bank balances can be assessed with reference to external credit rating as follows:

Bank	Rating agency	Rating	
		Short term	Long term
Faysal Bank Limited	PACRA	A1+	AA

22.3 Liquidity risk

Liquidity risk reflects the Institute's inability in raising funds to meet obligations associated with financial liabilities.

The Institute manages liquidity risk by maintaining sufficient cash and cash equivalents.

22.4 Capital Risk Management

The Institute's objectives when managing capital are to safeguard the Institute's ability to continue as a going concern and to generate funds to meet the primary objective of the Institute. The capital structure of the Institute consists of a general fund balance raised through operating surplus and income on investments.

23. NUMBER OF EMPLOYEES	**2022**	**2021**
23.1 Number of employees at June 30		
- Permanent	14	8
- Contractual	4	5
	18	13
23.2 Average number of employees during the year		
- Permanent	13	9
- Contractual	4	4
	17	13

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24. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration to the Chief Executive and Executives of the Institute is as follows:

	Chief Executive		Executives	
	2022	2021	2022	2021
Managerial remuneration	15,642,000	15,338,734	8,491,099	12,355,884
Bonus	2,300,000	2,300,000	1,693,412	2,072,383
	17,942,000	17,638,734	10,184,511	14,428,267
Number of Persons	1	1	3	6

25. RECLASSIFICATION

Comparative figures have been re-arranged and re-classified for the purpose of better presentation, the effect of which is not material.

26. GENERAL

26.1 Figures have been rounded off to the nearest rupee unless otherwise stated.

26.2 Certain prior year's figures have been reclassified for the purpose of compression. However there were no material reclassifications to report.

27. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Institute in their meeting held on October 6, 2022.

Director

Chief Executive Officer

Director