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**SOCIAL POLICY AND DEVELOPMENT CENTRE**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

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## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Social Policy and Development Centre as at 30 June 2016 and the related income and expenditure account, other comprehensive income, cash flow statement and statement of changes in funds together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion :
  - i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 3 to the accompanying financial statements with which we concur;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, other comprehensive income, cash flow statement and statement of changes in funds together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the deficit, other comprehensive loss, its cash flows and changes in funds for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

**Chartered Accountants**

**Audit Engagement Partner:** Tariq Feroz Khan

**Date:** 7 October 2016

**Place:** Karachi

**SOCIAL POLICY AND DEVELOPMENT CENTRE  
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)**

**BALANCE SHEET  
AS AT JUNE 30, 2016**

	Note	June 30, 2016 Rupees	June 30, 2015 (Restated) Rupees
<b><u>ASSETS</u></b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	4	3,526,612	4,864,302
Intangible assets	5	72,267	161,367
Long-term investments	6	28,194,862	27,723,730
Long-term deposits and prepayments		965,500	965,500
		32,759,241	33,714,899
<b>CURRENT ASSETS</b>			
Advances, deposits, prepayments and other receivables	7	8,179,293	2,879,770
Short-term investments	8	4,663,884	7,119,909
Cash and bank balances	9	7,639,711	12,738,735
		20,482,888	22,738,414
<b>TOTAL ASSETS</b>		<b>53,242,129</b>	<b>56,453,313</b>
<b><u>FUND AND LIABILITIES</u></b>			
<b>FUND</b>			
Fund balance		40,113,635	42,130,840
Deferred capital grant	10	2,614,929	3,745,437
		42,728,564	45,876,277
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	10,513,565	10,577,036
<b>COMMITMENTS</b>			
	12		
<b>TOTAL FUND AND LIABILITIES</b>		<b>53,242,129</b>	<b>56,453,313</b>

The annexed notes 1 to 21 form an integral part of these financial statements.

  
\_\_\_\_\_  
MANAGING DIRECTOR

  
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DIRECTOR

  
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DIRECTOR

**SOCIAL POLICY AND DEVELOPMENT CENTRE  
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)**

**INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2016**

Note	2016			2015			
	Unrestricted	Restricted	Total	Unrestricted (Restated)	Restricted	Total	
Rupees -----							
<b>INCOME</b>							
Deferred capital grant released	10	-	1,143,058	1,143,058	-	1,518,687	1,518,687
Grant utilized		-	34,810,519	34,810,519	-	59,072,729	59,072,729
Other project revenue		5,964,249	-	5,964,249	3,559,493	-	3,559,493
Other income	13	4,301,793	209,229	4,511,022	3,942,589	-	3,942,589
		<b>10,266,042</b>	<b>36,162,806</b>	<b>46,428,848</b>	<b>7,502,082</b>	<b>60,591,416</b>	<b>68,093,498</b>
<b>EXPENDITURE</b>							
Operating cost	14	(14,941,343)	(35,019,748)	(49,961,091)	(9,490,147)	(58,994,912)	(68,485,059)
Depreciation	4.3	(299,427)	(1,053,958)	(1,353,385)	(263,625)	(1,337,836)	(1,601,461)
Amortization	5	-	(89,100)	(89,100)	(5,619)	(180,851)	(186,470)
Exchange loss	13	-	-	-	-	(77,817)	(77,817)
		<b>(15,240,770)</b>	<b>(36,162,806)</b>	<b>(51,403,576)</b>	<b>(9,759,391)</b>	<b>(60,591,416)</b>	<b>(70,350,807)</b>
<b>(Deficit) for the year</b>		<b>(4,974,728)</b>	<b>-</b>	<b>(4,974,728)</b>	<b>(2,257,309)</b>	<b>-</b>	<b>(2,257,309)</b>

The annexed notes 1 to 21 form an integral part of these financial statements.

MANAGING DIRECTOR

DIRECTOR

DIRECTOR

**SOCIAL POLICY AND DEVELOPMENT CENTRE  
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2016**

	30 June 2016	30 June 2015 (Restated)
	Rupees	Rupees
<b>(Deficit) for the year</b>	<b>(4,974,728)</b>	<b>(2,257,309)</b>
Other comprehensive income	-	-
<b>Total comprehensive (loss) for the year</b>	<u><b>(4,974,728)</b></u>	<u><b>(2,257,309)</b></u>

The annexed notes 1 to 21 form an integral part of these financial statements.

  
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MANAGING DIRECTOR

  
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DIRECTOR

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DIRECTOR

**SOCIAL POLICY AND DEVELOPMENT CENTRE  
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	June 30, 2016 Rupees	June 30, 2015 (Restated) Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Deficit) for the year		(4,974,728)	(2,257,309)
<b>Adjustment for non-cash and other items</b>			
Depreciation	4.3	1,353,385	1,601,461
Amortization	5	89,100	186,470
Provision for honorarium		1,670,258	1,844,111
Provision for consultancy fee charges		5,906,480	2,077,258
Profit on investments		(3,306,286)	(3,646,848)
		<u>738,209</u>	<u>(194,857)</u>
<b>Working capital changes</b>			
(Increase) in advances, deposits, prepayments and other receivables		(5,299,523)	(601,394)
(Decrease) in trade and other payables		(63,471)	(8,566,465)
		<u>(5,362,994)</u>	<u>(9,167,859)</u>
Decrease in long-term deposits		-	268,234
<b>Net cash (used in) / generated from operating activities</b>		<u>(4,624,785)</u>	<u>(9,094,482)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(15,695)	(1,113,250)
Investments (made) / encased during the year – net		(3,452,400)	(19,736,544)
Income received on investments		2,636,157	2,999,533
<b>Net cash (used in) / generated from investing activities</b>		<u>(831,938)</u>	<u>(17,850,261)</u>
		<u>(5,456,723)</u>	<u>(26,944,743)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Deferred capital grant released	10	(1,143,058)	(1,518,687)
Grants received		37,780,593	43,906,622
Grants utilized		(34,810,519)	(59,072,729)
<b>Net cash used in financing activities</b>		<u>(1,827,016)</u>	<u>(16,684,794)</u>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<u>(7,283,739)</u>	<u>(43,629,537)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		18,375,850	62,005,387
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	15	<u>11,092,111</u>	<u>18,375,850</u>

The annexed notes 1 to 21 form an integral part of these financial statements.

  
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**SOCIAL POLICY AND DEVELOPMENT CENTRE  
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CHANGES IN FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	Unrestricted		Restricted				Total	Grand Total
	Others	IDRC	GRP	GCC	TTI-II Rupees	USAID		
<b>Balance as at June 30, 2014</b>	38,798,421	13,347,165	7,919,842	5,828	-	-	21,272,835	60,071,256
Grant received during the year	-	-	-	13,540,104	30,366,517	-	43,906,621	43,906,621
Grants utilized	-	(12,084,676)	(2,284,865)	(21,326,274)	(23,376,914)	-	(59,072,729)	(59,072,729)
Capital expenditure transferred to deferred capital grants	-	(335,200)	(181,800)	-	-	-	(517,000)	(517,000)
Adjustments	(112,458)	(926,564)	(5,259,395)	5,662,827	635,590	-	112,458	-
Deficit for the year – restated	(2,257,309)	-	-	-	-	-	-	(2,257,309)
<b>Balance as at June 30, 2015</b>	36,428,654	725	193,782	(2,117,515)	7,625,193	-	5,702,185	42,130,840
Grant received during the year	-	3,928,649	-	2,360,134	26,576,515	4,915,295	37,780,593	37,780,593
Grants utilized	-	(1,271,982)	-	(664,778)	(27,990,299)	(4,883,460)	(34,810,519)	(34,810,519)
Capital expenditure transferred to deferred capital grants	-	-	-	-	(12,550)	-	(12,550)	(12,550)
Deficit for the year	(4,974,728)	-	-	-	-	-	-	(4,854,599)
Transferred from restricted to unrestricted	(228,377)	-	(193,782)	422,159	-	-	228,377	-
<b>Balance as at June 30, 2016</b>	<b>31,225,549</b>	<b>2,657,392</b>	<b>-</b>	<b>-</b>	<b>6,198,859</b>	<b>31,835</b>	<b>8,888,086</b>	<b>40,113,635</b>

The annexed notes 1 to 21 form an integral part of the financial statements.

  
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**SOCIAL POLICY AND DEVELOPMENT CENTRE  
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**1. THE COMPANY AND ITS OPERATIONS**

**1.1** Social Policy and Development Centre (the Company) was incorporated in Pakistan in May, 1995 as a public company limited by guarantee not having share capital. The Company has been granted license under Section 42 of the Companies Ordinance, 1984 as an organization not for profit. The registered office of the Company is situated at 15, Maqbool Co-operative Housing Society, Block 7 & 8, Karachi.

**1.2** The main objects of the Company are to support the process of meeting basic human needs consistent with national goals of social development and to develop the capacity of public and private sector institutions and non-governmental organizations to plan, design, finance and execute social sector programmes.

The core activities of the Company are currently being funded through grant received from International Development Research Centre (IDRC) as a result of Grant Agreement entered into on August 1, 2010 with a term of four years ending on September 30, 2014 which was renewed on October 01, 2014 in respect of Think-Tank Initiative-II (TTI-II) upto March 31, 2019.

In addition to the above, the Company is engaged in specific projects which include the Gender Research Programme (GRP), concluded on July 31, 2014 and Global Change (GCC), concluded on August 31, 2015. These projects have been funded through grants received from Norwegian Ministry of Foreign Affairs and IDRC.

During the year, a new contract with USAID has been signed on August 6, 2015 for providing technical assistance and to support Sindh Basic Education Programme (SBEP). This contract will conclude on December 31, 2017.

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, shall prevail.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Accounting convention**

These financial statements have been prepared under the historical cost convention.

**3.2 Functional and presentation currency**

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

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### 3.3 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation. The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

<b>Standard or Interpretation</b>	<b>Effective date (accounting periods beginning on or after)</b>
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	January 01, 2016
<b>Standard or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	January 01, 2016
IFRS 11 – Joint Arrangements – Accounting For Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 – Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

The above standards and amendments are not expected to have any impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018

### 3.4 Significant accounting judgments and estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### 3.5 Property and equipment

#### Owned

Property and equipment are stated at cost less accumulated depreciation and impairment, if any.

Depreciation on an asset is charged to income applying the straight-line method whereby the cost of an asset is written off over its estimated useful life at the rates stated in note 4.1 and note 4.2 to the financial statements. Depreciation on additions is charged from the month of addition, whereas no depreciation is charged in the month of disposal.

Gain or loss on disposal or retirement of an asset, represented by the difference between the sale proceeds and the carrying amount of the asset, is recognised as an income or expense.

Repairs and maintenance are charged to income and expenditure account as and when incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### 3.6 Intangible assets

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset, will flow to the Company and the cost can also be measured reliably.

Generally, costs associated with maintaining computer software are recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding the cost beyond one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related employee and other overhead cost.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognised as a capital improvement and added to the original cost of the software.

Computer software cost treated as intangible asset is amortized from the month the software is put to use on straight-line basis over a period of 3 years. The carrying amount of the intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount in income and expenditure account. Reversal of impairment losses are also recognised in income and expenditure account.

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**3.7 Investment****Held to maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. These investments are initially recognised at fair value plus transaction costs and subsequently measured at amortized cost.

**3.8 Foreign currency transactions**

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to income and expenditure account currently.

**3.9 Advances and other receivables**

These are stated at cost less provision for doubtful balances, if any.

**3.10 Trade and other payables**

These are stated initially at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company and are subsequently measured at amortized cost using the effective interest method.

**3.11 Provident Fund**

The Company operates an approved provident fund for all its eligible employees. Equal contribution is made by both the Company and the employees at the rate of 8.33% of gross salary (Note 17).

**3.12 Provisions**

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

**3.13 Ijarah contracts**

Leases under Shariah compliant Ijarah contracts, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as Ijarah. Rentals under these arrangements are charged to income and expenditure account on straight line basis over the lease term.

**3.14 Taxation**

Being a non-profit organisation, there is no impact of tax in the financial statements as no tax is payable in accordance with Section 100C of the Income Tax Ordinance, 2001. Accordingly, no provision is required in the financial statements.

**3.15 Cash and cash equivalents**

Cash and cash equivalents in the cash flow statement include cash in hand, balances with bank and short-term investments with original maturity of three months or less.

**3.16 Unrestricted funds**

Funds received for ongoing operations, without any restrictions on utilization, are classified as unrestricted funds. These funds are recognised as income when received. The expenses incurred against such funds are recognised in the income and expenditure account as and when incurred.

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**Restricted funds**

Funds received as grant for specific purposes are classified as restricted fund. For this purpose:

- When grants received are in excess of their outlay, these are recognised as income to the extent of related expenses incurred. The excess balance is carried forward to deferred income as a restricted fund balance; and
- In case of grants received are less than related expenditure incurred, the balance to the extent of commitment is recognized as receivable, if there is a strong probability of recovery of the contractual receivable from the respective donors.

Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional currency.

**3.17 Revenue Recognition**

Revenue from projects is recognised when services are rendered.

Return on bank deposits is recognised on a time proportion basis on the principle amount outstanding and the rate applicable.

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
<b>4. PROPERTY AND EQUIPMENT</b>			
Unrestricted	4.1	989,569	1,285,851
Restricted	4.2	2,537,043	3,578,451
		<u>3,526,612</u>	<u>4,864,302</u>

**4.1 Unrestricted**

	COST			ACCUMULATED DEPRECIATION			BOOK VALUE	Rate
	As at July 01, 2015	Additions/ (disposal)	As at June 30, 2016	As at July 01, 2015	For the year / (on disposal)	As at June 30, 2016	As at June 30, 2016	
<b>2016</b>				(Rupees)				%
Furniture and fixtures	1,640,268	-	1,640,268	1,610,482	7,140	1,617,622	22,646	10%
Office equipments	2,673,307	-	2,673,307	2,342,896	67,268	2,410,164	263,143	10%
Computer	3,306,529	-	3,306,529	3,306,529	-	3,306,529	-	35%
Motor vehicles	1,082,400	-	1,082,400	164,958	216,480	381,438	700,962	20%
Books and publications	11,611,516	3,145	11,614,661	11,603,304	8,539	11,611,843	2,818	25%
	<u>20,314,020</u>	<u>3,145</u>	<u>20,317,165</u>	<u>19,028,169</u>	<u>299,427</u>	<u>19,327,596</u>	<u>989,569</u>	
<b>2015</b>				(Rupees)				%
Furniture and fixtures	1,640,268	-	1,640,268	1,603,342	7,140	1,610,482	29,786	10%
Office equipments	2,673,307	-	2,673,307	2,264,228	78,668	2,342,896	330,411	10%
Computer	3,306,529	-	3,306,529	3,306,529	-	3,306,529	-	35%
Motor vehicles	486,150	596,250	1,082,400	8,103	156,855	164,958	917,442	20%
Books and publications	11,611,516	-	11,611,516	11,582,342	20,962	11,603,304	8,212	25%
	<u>19,717,770</u>	<u>596,250</u>	<u>20,314,020</u>	<u>18,764,522</u>	<u>263,625</u>	<u>19,028,169</u>	<u>1,285,851</u>	

## 4.2 Restricted

	COST			ACCUMULATED DEPRECIATION			BOOK VALUE	Rate
	As at July 01, 2015	Additions / (disposal)	As at June 30, 2016	As at July 01, 2015	For the year / (on disposal)	As at June 30, 2016	As at June 30, 2016	
<b>2016</b>	(Rupees)							%
Furniture and fixtures	222,197	-	222,197	41,298	22,220	63,517	158,680	10%
Office equipments	3,318,208	9,450	3,327,658	1,042,142	331,878	1,374,020	1,953,638	10%
Computer	3,220,731	-	3,220,731	2,585,715	418,271	3,003,986	216,745	35%
Books and publications	1,585,044	3,100	1,588,144	1,098,574	281,590	1,380,164	207,981	25%
	<b>8,346,180</b>	<b>12,550</b>	<b>8,358,730</b>	<b>4,767,729</b>	<b>1,053,958</b>	<b>5,821,687</b>	<b>2,537,043</b>	
<b>2015</b>	(Rupees)							%
Furniture and fixtures	222,197	-	222,197	19,078	22,220	41,298	180,899	10%
Office equipments	3,216,708	101,500	3,318,208	710,838	331,304	1,042,142	2,276,066	10%
Computer	2,805,231	415,500	3,220,731	1,966,620	619,095	2,585,715	635,016	35%
Books and publications	1,585,044	-	1,585,044	733,357	365,217	1,098,574	486,470	25%
	<b>7,829,180</b>	<b>517,000</b>	<b>8,346,180</b>	<b>3,429,893</b>	<b>1,337,836</b>	<b>4,767,729</b>	<b>3,578,451</b>	

## 4.3 Depreciation charge has been allocated to Funds as follows:

	June 30, 2016 Rupees	June 30, 2015 Rupees
<b>Unrestricted</b>	<b>299,427</b>	<b>263,625</b>
<b>Restricted</b>		
IDRC	105,305	173,050
GRP	941,401	1,057,940
GCC	6,130	106,847
TTI-II	1,122	106,847
	<b>1,053,958</b>	<b>1,337,837</b>
	<b>1,353,385</b>	<b>1,601,462</b>

## 5. INTANGIBLE ASSETS

	COST			ACCUMULATED AMORTIZATION			BOOK VALUE	Rate
	As at July 01, 2015	Additions / (disposal)	As at June 30, 2016	As at July 01, 2015	For the year	As at June 30, 2016	As at June 30, 2016	
<b>2016</b>	(Rupees)							%
<b>Computer software</b>								
Restricted	626,315	-	626,315	464,948	89,100	554,048	72,267	33%
Unrestricted	1,199,682	-	1,199,682	1,199,682	-	1,199,682	-	33%
	<b>1,825,997</b>	<b>-</b>	<b>1,825,997</b>	<b>1,664,630</b>	<b>89,100</b>	<b>1,753,730</b>	<b>72,267</b>	
<b>2015</b>	(Rupees)							%
<b>Computer software</b>								
Restricted	626,315	-	626,315	284,097	180,851	464,948	161,367	33%
Unrestricted	1,199,682	-	1,199,682	1,194,063	5,619	1,199,682	-	33%
	<b>1,825,997</b>	<b>-</b>	<b>1,825,997</b>	<b>1,478,160</b>	<b>186,470</b>	<b>1,664,630</b>	<b>161,367</b>	

	June 30, 2016	June 30, 2015 (Restated)
	Rupees	Rupees
<b>6. LONG-TERM INVESTMENTS – held to maturity</b>		
Pakistan Investment Bonds – at cost	27,723,730	27,723,730
Discount Amortisation	471,132	-
	<u>28,194,862</u>	<u>27,723,730</u>

6.1 These represent investment in Pakistan Investment Bonds (PIBs) having a term of three years, maturing on July 17, 2017 and carry a markup at the rate of 11.25% per annum.

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
<b>7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Advances – considered goods</b>			
Employees		1,410,552	1,383,483
Contractors		1,423,250	957,833
		<u>2,833,802</u>	<u>2,341,316</u>
<b>Deposits, prepayments and other receivables</b>			
Security deposits		200,998	202,398
Prepayments		205,020	279,556
Other receivables		4,939,473	56,500
		<u>5,345,491</u>	<u>538,454</u>
		<u>8,179,293</u>	<u>2,879,770</u>

**8. SHORT-TERM INVESTMENTS – held to maturity**

Pakistan Investment Bonds		-	219,615
Treasury bills	8.1	3,452,400	5,417,500
		<u>3,452,400</u>	<u>5,637,115</u>
<b>Accrued interest on:</b>			
Pakistan Investment Bonds		1,191,084	1,449,401
Treasury bills		20,400	33,393
		<u>1,211,484</u>	<u>1,482,794</u>
		<u>4,663,884</u>	<u>7,119,909</u>

8.1 This represents placement with Standard Chartered Bank for three months, carrying mark-up at the rate of 5.99% per annum.

		June 30, 2016 Rupees	June 30, 2015 Rupees
<b>9. CASH AND BANK BALANCES</b>			
<b>Cash at bank in:</b>			
<b>Savings accounts</b>			
Foreign currency [US\$ 45,409 (2015: US\$ 114,926)]		4,748,905	11,306,868
Local currency	9.1	237,133	195,967
<b>Current accounts</b>			
Foreign currency [US\$ 11,072 (2015: US\$ 5,066)]		1,157,959	514,659
Local currency		1,471,264	704,465
		<u>7,615,261</u>	<u>12,721,959</u>
<b>Cash in hand</b>		24,450	16,776
		<u>7,639,711</u>	<u>12,738,735</u>

9.1 These carry profit at the rate of 3.75% (2015: 4%) per annum

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
<b>10. DEFERRED CAPITAL GRANT – restricted</b>			
Balance at the beginning of the year		3,745,437	4,747,124
Capital expenditure on operating assets transferred	4.2	<u>12,550</u>	<u>517,000</u>
		3,757,987	5,264,124
Depreciation for the year credited to income		<u>(1,053,958)</u>	<u>(1,337,836)</u>
Amortization for the year credited to income		<u>(89,100)</u>	<u>(180,851)</u>
		(1,143,058)	(1,518,687)
		<u>2,614,929</u>	<u>3,745,437</u>

10.1 The Company utilizes grant received from various donor agencies for purchase of capital assets as per the grant agreement with respective donors.

	June 30, 2016 Rupees	June 30, 2015 Rupees
<b>11. TRADE AND OTHER PAYABLES</b>		
Sundry creditors	326,470	1,191,049
Accrued liabilities	7,306,698	6,841,908
Consultancy fee payable	1,501,101	886,167
Honorarium payable	1,082,691	1,359,067
Gratuity payable – Senior Economist	296,605	296,605
Other liabilities	-	2,240
	<u>10,513,565</u>	<u>10,577,036</u>

## 12. COMMITMENTS

### 12.1 Ijarah

Commitment for ijarah payments under an Ijarah agreement in respect of Motor Vehicles is as follows:

	June 30, 2016 Rupees	June 30, 2015 Rupees
Not later than one year	235,368	235,368
Later than one year and not later than five years	<u>39,228</u>	<u>274,596</u>
	<u>274,596</u>	<u>509,964</u>

## 13. OTHER INCOME

	2016			2015 (Restated)		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Rupees					
<b>From financial assets</b>						
Interest on investment	3,306,286	-	3,306,286	3,646,848	-	3,646,848
Exchange gain / (loss)	334,977	209,229	544,206	256,608	(77,817)	178,791
Return on bank deposits	27,266	-	27,266	39,133	-	39,133
Others	77,764	-	77,764	-	-	-
	<u>3,746,293</u>	<u>209,229</u>	<u>3,955,522</u>	<u>3,942,589</u>	<u>(77,817)</u>	<u>3,864,772</u>
<b>From other than financial assets</b>						
Liabilities written back	555,500	-	555,500	-	-	-
	<u>4,301,793</u>	<u>209,229</u>	<u>4,511,022</u>	<u>3,942,589</u>	<u>(77,817)</u>	<u>3,864,772</u>

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14. OPERATING COST

	2016	2016					2015					Total				
		Unrestricted		Restricted		Total	Unrestricted		Restricted		Total					
		Other Projects	IDRC	GRP	GCC		TTI-HI	USAID	Total	Other Projects (Restated)			IDRC	GRP	GCC	TTI-HI
Salaries and benefits	14.1	6,307,100	518,682	-	16,282,437	3,476,511	20,257,630	26,564,730	5,157,774	5,352,502	448,945	4,630,818	13,675,993	-	24,108,258	29,266,032
<b>Support and Administrative expenses:</b>																
Consultancy charges		2,109,783	750,000	-	1,931,697	1,115,000	3,798,697	5,906,480	756,206	2,613,795	50,000	3,214,295	1,187,551	-	7,065,641	6,634,296
Data collection and survey cost		221,744	-	-	1,925,555	18,660	2,500,914	2,722,658	287,100	169,365	-	6,844,899	3,497,320	-	10,511,584	7,301,364
Institutional support		845,188	-	-	1,269,598	17,420	1,336,952	2,182,140	417,579	603,513	106,140	462,077	914,192	-	2,085,922	1,589,309
Communication		823,061	-	-	512,430	148,200	660,630	1,451,691	169,214	409,172	-	403,587	511,905	-	1,323,854	981,973
Insurance		156,275	3,300	-	225,200	-	228,500	369,775	597	279,277	-	37,000	17,900	-	334,177	316,874
Printing, stationary and publications		34,580	-	-	667,120	-	672,510	707,090	4,320	678,453	813,000	4,392,714	431,805	-	6,315,972	5,888,487
Conference and seminar		285,614	-	-	1,325,789	23,575	1,349,834	1,635,448	6,300	643,898	612,920	257,230	116,643	-	1,630,691	1,520,348
Rent		2,461,500	-	-	2,992,500	83,889	2,992,500	5,454,000	1,732,292	660,000	-	564,000	1,813,500	-	3,037,500	2,956,292
Repair and maintenance		299,837	-	-	762,725	-	860,880	1,056,843	20,943	382,410	193,860	185,724	467,448	-	1,229,442	782,937
Security services		690,613	-	-	315,000	-	321,019	1,011,632	279,990	172,284	-	82,099	516,852	-	771,235	534,373
Computer maintenance		129,280	-	-	-	-	6,000	135,280	180,732	89,090	-	30,995	28,483	-	148,558	300,807
Legal and professional		46,710	-	-	4,500	-	4,500	51,210	-	-	60,000	42,000	116,850	-	218,850	102,000
Auditors remuneration	14.2	435,000	-	-	4,952	-	4,952	49,808	4,400	20,692	-	-	96,375	-	117,067	435,000
Books and periodicals		44,856	-	-	25	205	230	47,118	33,420	-	-	-	100	-	100	33,420
Bank charges		46,888	-	-	-	-	-	-	4,250	-	-	-	-	-	-	88,550
Others		3,314	-	-	26,000	-	26,000	29,314	4,250	50,310	-	33,960	11,791	-	96,061	88,550
<b>Total</b>		<b>8,634,243</b>	<b>753,300</b>	<b>-</b>	<b>11,937,091</b>	<b>1,406,949</b>	<b>14,762,118</b>	<b>23,396,361</b>	<b>4,332,373</b>	<b>6,772,259</b>	<b>1,835,920</b>	<b>16,550,570</b>	<b>9,727,905</b>	<b>-</b>	<b>34,886,654</b>	<b>39,219,027</b>
		<b>14,941,343</b>	<b>1,271,982</b>	<b>-</b>	<b>28,199,528</b>	<b>4,883,460</b>	<b>35,019,748</b>	<b>49,961,091</b>	<b>9,490,147</b>	<b>12,124,761</b>	<b>2,284,865</b>	<b>21,181,388</b>	<b>23,403,898</b>	<b>-</b>	<b>58,994,912</b>	<b>68,485,059</b>

14.1 Salaries and benefits include Rs. 1.79 million (2015: Rs. 1.99 million) in respect of staff retirement benefits.

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14.2 Auditors' remuneration

	June 30, 2016	June 30, 2015
Audit fee	375,000	375,000
Out of pocket expenses	60,000	60,000
<b>Total</b>	<b>435,000</b>	<b>435,000</b>



	June 30, 2016 Rupees	June 30, 2015 Rupees
<b>15. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	7,639,711	12,738,735
Short-term Investments	3,452,400	5,637,115
	<u>11,092,111</u>	<u>18,375,850</u>

**16. TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise retirement benefit funds and key management personnel. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Relationship	Nature of transactions	June 30, 2016 Rupees	June 30, 2015 Rupees
<b>Retirement benefit funds</b>			
Provident fund	Contributions	<u>1,795,107</u>	<u>1,988,834</u>
<b>Key management personnel – note 16.1</b>			
Managerial remuneration		4,433,376	4,433,376
Honorarium		309,590	1,264,415
Others		199,551	116,000
		<u>4,942,517</u>	<u>5,813,791</u>

16.1 Key management personnel represent Managing Director of the Company. No remuneration is paid to the Directors of the Company.

**17. PROVIDENT FUND RELATED DISCLOSURES**

The following information is based on latest un-audited financial statements of the Fund:

Size of the fund – total assets	<u>20,004,371</u>	<u>19,011,105</u>
Cost of investments made	<u>18,808,637</u>	<u>17,322,712</u>
Percentage of investments made	<u>98.10%</u>	<u>99.65%</u>
Fair value of investments	<u>19,624,129</u>	<u>18,944,373</u>

17.1 The break-up of fair value of investments is as follows:

	2016		2015	
	Rupees	%	Rupees	%
	----- Rupees -----			
Special savings certificates	18,405,986	94%	17,230,980	91%
Term deposit receipts	-	0%	1,000,000	5%
Bank balances	1,218,143	6%	713,393	4%
	<u>19,624,129</u>	<u>100%</u>	<u>18,944,373</u>	<u>100%</u>

17.2 The investment out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

**18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The managing committee of the Company review and agree policies for managing each of the risks which are summarised below:

*full*

## 18.1 Market risk management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise of currency risk and interest rate risk.

### 18.1.1 Currency risk

Foreign 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 the balance sheet date the Company is not exposed to currency risk.

### 18.1.2 Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. As of the balance sheet date, the Company is exposed to such risk in respect of bank balances and investment in PIBs. The following table demonstrates management's best estimate of the sensitivity of the accumulated fund and net surplus for the year to a reasonably possible change in interest rates, with all other variables held constant. In practice, actual results may differ from the sensitivity analysis and the difference could be material.

Increase / decrease in basis points	Effect on deficit 2016	Effect on deficit 2015
	----- Rupees -----	
100	392,870	468,504
(100)	(392,870)	(468,504)

## 18.2 Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As of the balance sheet date, the Company is not materially exposed to such credit risk.

The Company credit risk is primarily attributable to its bank balances and investment of PIBs. The credit risk on bank balances is limited because the counter parties are banks with reasonably high credit ratings. The credit quality of cash at bank as per credit rating agencies are as follows:

Rating	Rating
Standard Chartered	short-term A1+
Meezan Bank	A-1+

## 18.3 Liquidity risk management

Liquidity risk represents the risk that a Company will encounter difficulties in meeting obligations with the financial liabilities. The Company's objective is to maintain a balance in working capital management. The Company's financial liabilities are all current and due within one year. These will be settled at amounts as disclosed in the balance sheet.

## 19. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are material.

In the year 2015, Pakistan Investments Bonds (PIBs) were purchased by SPDC and the interest accrued between the auction date and the purchase date on such PIBs were wrongly included in the cost of PIBs. Further, Interest income was also credited by full amount when such coupon interest was subsequently received resulting in overstatement of long-term investments and interest income.

The above errors are accounted for retrospectively as a result of which the comparatives relating to unrestricted funds for prior year have been restated. Accordingly, the long-term investments and other income have been reduced by Rs. 750,822/-.

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**20. NUMBER OF EMPLOYEES**

The number of employees as at year end was 27 (2015: 29) and average number of employees during the period were 27 (2015: 29).

**21. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on \_\_\_\_\_ by the Company Members.

*2015*



\_\_\_\_\_  
MANAGING DIRECTOR



\_\_\_\_\_  
DIRECTOR



\_\_\_\_\_  
DIRECTOR