AKBAR KARE INSTITUTE
ISLAMABAD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2020

BDO

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INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF AKBAR KARE INSTITUTE

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **AKBAR KARE INSTITUTE** (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund, 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 Company's affairs as at June 30, 2020 and of the deficit and other comprehensive loss, its changes in fund and it cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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.

Information Other than the Financial Statements and Auditors 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 auditors report 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 or 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.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditors 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 auditors 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors 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 auditors report. However, future events or conditions may cause the Company 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.

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 Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund, the statement of cash flows 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 Company'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 auditors report is Iffat Hussain.

ISLAMABAD

DATED: 0 5 OCT 2020

Bdo ebrahim & Co.

BDO EBRAHIM & CO.

CHARTERED ACCOUNTANTS

AKBAR KARE INSTITUTE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	1,522,010	1,941,827
CURRENT ASSETS			
Receivables	6	-	1,450,487
Short term prepayments	7	-	35,408
Cash and bank balances	8	1,238,707	437,874
		1,238,707	1,923,769
TOTAL ASSETS		2,760,717	3,865,596
FUNDS AND LIABILITIES			
FUNDS			
General fund		1,516,050	1,930,902
NON CURRENT LIABILITIES			
Deferred capital grant	9	1,194,667	1,493,334
CURRENT LIABILITIES			
Accrued liabilities	10	50,000	441,360
CONTINGENCIES AND COMMITMENTS	11	-	-
TOTAL FUNDS AND LIABILITIES		2,760,717	3,865,596

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

AKBAR KARE INSTITUTE
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
INCOME			
Donation from related parties	12	21,900,000	14,500,000
Donations from Handicap International		1,714,955	1,450,487
Donations from Saifullah Foundation		570,000	8,200,000
Donations from others		4,388,184	3,976,370
Amortization of deferred capital grant	9	298,667	373,333
		28,871,806	28,500,190
EXPENDITURE			
Salaries and wages		18,602,969	14,496,873
EOBI		207,220	724,200
Rent expense		3,000,000	3,000,000
Other welfare activities		967,713	874,847
Medicine and equipment		948,810	1,698,161
Entertainment		837,748	826,410
Utilities		1,164,181	1,308,354
Insurance		521,291	424,378
Repair and maintenance		146,550	387,563
Patients' Social Support		185,350	308,310
Depreciation		419,817	545,940
Printing and stationery		107,221	141,947
Freight and conveyance		82,038	81,523
Auditors' remuneration	13	73,200	50,000
Legal and professional	14	45,065	286,885
Bank charges		13,113	97,144
Miscellaneous		249,417	114,159
Expenses against Handicap International donations	15	1,714,955	1,450,487
		29,286,658	26,817,181
(Deficit)/surplus for the year		(414,852)	1,683,009

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

AKBAR KARE INSTITUTE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020 Rupees	2019 Rupees
(Deficit)/surplus for the year	(414,852)	1,683,009
Other comprehensive income	-	-
Total comprehensive (loss)/income for the year	(414,852)	1,683,009

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

AKBAR KARE INSTITUTE
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Total
	Rupees	
Balance as at July 01, 2018	247,893	247,893
Surplus for the year	1,683,009	1,683,009
Balance as at June 30, 2019	1,930,902	1,930,902
Deficit for the year	(414,852)	(414,852)
Balance as at June 30, 2020	1,516,050	1,516,050

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

AKBAR KARE INSTITUTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit)/surplus for the year		(414,852)	1,683,009
Adjustments for non cash items:			
Depreciation	5	419,817	545,940
Amortization of deferred capital grant	9	(298,667)	(373,333)
(Deficit)/surplus before working capital changes		(293,702)	1,855,616
Working capital changes			
Receivables	6	1,450,487	(1,450,487)
Short term prepayments	7	35,408	(35,408)
Accrued liabilities		(391,360)	(1,757,040)
		1,094,535	(3,242,935)
Cash generated from/(used in) operations		800,833	(1,387,319)
Net cash generated from/(used in) operating activities		800,833	(1,387,319)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	5	-	(497,200)
Net cash used in investing activities		-	(497,200)
Net increase/(decrease) in cash and cash equivalents		800,833	(1,884,519)
Cash and cash equivalents at the beginning of the year		437,874	2,322,393
Cash and cash equivalents at the end of the year	8	1,238,707	437,874

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

AKBAR KARE INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 STATUS AND OBJECTIVES

1.1 Akbar Kare Institute ("the Company") was established on 09 October 2007 and was previously registered in the office of the registrar under firms and societies registration act XXI of 1860 (NWFP). Subsequently the Company was registered under section 42 of the repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017), as a company limited by guarantee having no share capital.

The Company is engaged to finance, establish, maintain and run healthcare Centre for disabled and retarded persons and to provide free appropriate treatment and specialization service for mental and physical impairment including self-care, respective and expressive language learning, self direction, mobility, independent living and rehabilitation counselling, nursing and provision of supportive devices used for specific medical and surgical treatment, medicine, restraints, and occupational therapy through qualified physical therapist, speech pathologists and qualified mental retardation professionals.

The registered office of the Company is situated at 4th Floor, Kashmir Commercial Complex, Blue Area, Islamabad. The Company is operating a Paediatric Development Rehabilitation Centre situated in Phase-5 Hayatabad Peshawar.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS for SMEs or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

2.2.1 Basis of Accounting

These financial statements have been prepared under the historical cost convention and on accrual basis of accounting except for the cash flow statement or as otherwise stated, in the respective policies and notes given hereunder.

The Company has adopted deferral method of accounting for recognition and presentation of restricted/unrestricted grants, endowment fund and its net assets as per Accounting Standard for NPOs.

2.2.2 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and Equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Normal repair and maintenance costs are charged to statement of income and expenditure as and when incurred. However, major renewals and improvements are capitalized. Gain and loss on disposal of fixed assets is charged to statement of income and expenditure, if any.

Depreciation is charged on assets on reducing balance method using rates specified in note 5.

3.2 Impairment

The carrying amount of Company's assets is reviewed at each statement of financial position date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recorded on a judgmental basis, for which, provisions may differ in future years based on actual experience.

3.3 Trade receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

3.4 General fund

The surplus / deficit of the unrestricted fund for the year is accumulated to general fund.

3.5 Deferred capital grant

Deferred capital grant is recognized when operating fixed assets are purchased from donor's funds which is amortized over the useful life of the respective assets based on annual depreciation of respective assets.

3.5 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is in the fair value of the consideration to be paid in future for the goods and services received, whether or not billed to the Company.

3.6 Revenue recognition

a) Unrestricted grants

Grants received or receivable from donor without any conditions are recognized as income during the year of receipt or when it is certain that grant will be received.

b) Restricted grants

Grants for specific purposes and interest thereon, are classified as restricted grants - external funding. If given to cover specific expenses, these are deferred and recognized as income on a systematic basis to match them with the related costs that they are intended to compensate.

c) Capital grants

Grants utilized for capital expenditure are classified as deferred capital grants, which are amortised on a systematic basis to match the related depreciation expense.

d) Donations

Donations are recognized in the statement of income and expenditure as and when received.

3.7 Taxation

The Company has obtained the registration as a "non-profit organization" under section 2(36) of the Income Tax Ordinance, 2001 from the Commissioner of Inland Revenue.

The Company meets the criteria of a non-profit organization and is registered as non-profit organization, therefore 100% tax credit under section 100C of the Ordinance is available to the Company in respect of incomes specified in the said section. Accordingly, no provision for taxation has been recognized in these financial statements.

3.8 Cash and cash equivalents

Cash and cash equivalent are carried in the statement of financial position at nominal amounts. For the purpose of statement of cash flows, cash and cash equivalent comprise cash in hand, cash with banks.

3.9 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

3.10 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

4 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards requires the management to:

- exercise its judgment in process of applying the Company's accounting policies, and
- use of certain critical accounting estimates and assumptions concerning the future.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:

Property and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

5 PROPERTY AND EQUIPMENT

Description	Note	Motor Vehicle	Computer Equipments	Electrical Equipments	Total
		Rupees			
Net carrying value basis					
Year ended June 30, 2020					
Opening net book value		1,592,454	241,933	107,440	1,941,827
Additions		-	-	-	-
Depreciation charge	5.1	(318,491)	(79,838)	(21,488)	(419,817)
Closing net book value		1,273,963	162,095	85,952	1,522,010
Gross carrying value basis					
At year ended June 30, 2020					
Cost		2,132,700	362,900	134,300	2,629,900
Accumulated depreciation		(858,737)	(200,805)	(48,348)	(1,107,890)
Net book value		1,273,963	162,095	85,952	1,522,010
Net carrying value basis					
Year ended June 30, 2019					
Opening net book value		1,990,567	-	-	1,990,567
Additions		-	362,900	134,300	497,200
Depreciation charge		(398,113)	(120,967)	(26,860)	(545,940)
Closing net book value		1,592,454	241,933	107,440	1,941,827
Gross carrying value basis					
At year ended June 30, 2019					
Cost		2,132,700	362,900	134,300	2,629,900
Accumulated depreciation		(540,246)	(120,967)	(26,860)	(688,073)
Net book value		1,592,454	241,933	107,440	1,941,827
Annual rate of depreciation		20%	33%	20%	

5.1 Depreciation for the year has been charged to expenses.

		2020 Rupees	2019 Rupees
6	**RECEIVABLES**		
	Opening balance - Handicap International	1,450,487	-
	Addition during the year	-	1,450,487
	Received during the year	(1,450,487)	-
	Closing balance - Handicap International	-	1,450,487
7	**SHORT TERM PREPAYMENTS**		
	Prepaid Insurance	-	35,408
8	**CASH AND BANK BALANCES**		
	Cash in hand	-	26,861
	Cash at banks - current accounts	1,238,707	411,013
		1,238,707	437,874
9	**DEFERRED CAPITAL GRANT**		
	Opening balance	1,493,334	1,866,667
	Amortization during the year	(298,667)	(373,333)
	Closing balance	1,194,667	1,493,334
10	**ACCRUED LIABILITIES**		
	Audit fee payable	50,000	50,000
	Rent payable	-	250,000
	Salaries payable	-	58,588
	Utilities	-	14,010
	EOBI	-	19,500
	Other payables	-	49,262
		50,000	441,360

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

The Company has no contingent liabilities as at June 30, 2020 (2019 : Rs. nil).

11.2 Commitments

The Company has no commitments as at June 30, 2020 (2019 : Rs. nil).

		Note	2020 Rupees	2019 Rupees
12	**DONATION FROM RELATED PARTIES**			
	Saif Holdings Limited		6,000,000	3,000,000
	Saif Textile Mills Limited		6,000,000	2,500,000
	Saif Power Limited		6,000,000	7,500,000
	Kohat Textile Mills Limited		3,900,000	1,500,000
			21,900,000	14,500,000
13	**AUDITOR'S REMUNERATION**			
	Statutory audit		50,000	50,000
	Certificate issuance fee		23,200	-
			73,200	50,000
14	**LEGAL AND PROFESSIONAL**			
	Legal and professional expenses	14.1	45,065	286,885

14.1 This includes an amount of Rs. 33,970 paid for SECP License renewal fee.

		2020 Rupees	2019 Rupees
15	**EXPENSES AGAINST HANDICAP INTERNATIONAL DONATIONS**		
	Physiotherapist Cost	837,900	1,020,000
	Staff Replacement Cost	452,000	270,000
	Operational Expenses.	425,055	160,487
		1,714,955	1,450,487

15.1 This represents expenses incurred against implementation of the project "Rehabilitation Outreach Compaign" of Handicap International as per the agreement between the Company and the said party.

16 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year in respect of remuneration including benefits given to the Chief Executive directors and executives of the Companv is as follows:

	2020				2019			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	Rupees							
Managerial remuneration	-	-	1,791,934	1,791,934	-	-	-	-
Benefits	-	-	-	-	-	-	-	-
	-	-	1,791,934	1,791,934	-	-	-	-
Number of persons	1	3	1	5	1	3	-	4

No other benefits are paid to Chief Executive, Directors and Executives of the Company during the year.

17 FINANCIAL ASSETS AND LIABILITIES

The Company's exposure to interest rate risk on its financial assets and liabilities are summarized as

2020

	Total	Interest / mark up bearing		Non interest / mark up bearing
		Maturity up to one year	Maturity after one year	
	---------- Rupees ----------			
Financial assets				
Loan and Advances at amortized cost				
Receivables	-	-		-
Cash and bank balances	1,238,707	-	-	1,238,707
	1,238,707	-	-	1,238,707
Financial liabilities				
Financial liabilities carried at amortized cost				
Accrued and other	50,000	50,000	-	50,000
	50,000	50,000	-	50,000
On balance sheet gap	1,188,707	(50,000)	-	1,188,707

2019

	Total	Interest / mark up bearing		Non interest / mark up bearing
		Maturity up to one year	Maturity after one year	
	---------- Rupees ----------			
Financial assets				
Loan and Advances at amortized cost				
Receivables	1,450,487	-	-	1,450,487
Cash and bank balances	437,874	-	-	437,874
	1,888,361	-	-	1,888,361
Financial liabilities				
Financial liabilities carried at amortized cost				
Accrued and other	441,360	441,360	-	441,360
	441,360	441,360	-	441,360
On balance sheet gap	1,447,001	(441,360)	-	1,447,001

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management policies

The Company's objective in managing risks is the creation and protection of stake holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing to meet their objectives. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

18.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting

	2020 Rupees	2019 Rupees
Receivables	-	1,450,487
Bank balance	1,238,707	437,874
	1,238,707	1,888,361

To manage exposure to credit risk in respect of financial assets, management performs credit reviews taking into account the third party's financial position, past experience and other factors.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year no assets have been impaired.

18.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	Amount	Contractual cash flows	Six months or less	Six to twelve months	Over five years
	Rupees				
2020					
Accrued and other liabilities	50,000	50,000	50,000	-	-
	50,000	50,000	50,000	-	-

	Amount	Contractual cash flows	Six months or less	Six to twelve months	Over five years
	Rupees				
2019					
Accrued and other liabilities	441,360	441,360	441,360	-	-
	441,360	441,360	441,360	-	-

18.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The Company is not exposed to any significant market risk.

18.4 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short borrowings. The Company is not exposed to any significant interest rate risk.

18.5 Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is not exposed to currency risk.

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IAS 39.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy which has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included with in Level 1 that are observable for assets and liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

20 TRANSACTIONS WITH RELATED PARTY

Related parties comprise subsidiary, associated companies, companies where directors also hold directorship, retirement benefits fund and key management personnel. Significant transactions with related parties during the year are as under:

Name of related party	Relationship	Transactions during the year	2020 Rupees	2019 Rupees
Saif Holdings Limited	By virtue of common directorship	Donations received during the year	6,000,000	3,000,000
Saif Textile Mills Limited	By virtue of common directorship	Donations received during the year	6,000,000	2,500,000
Saif Power Limited	By virtue of common directorship	Donations received during the year	6,000,000	7,500,000
Kohat Textile Mills Limited	By virtue of common directorship	Donations received during the year	3,900,000	1,500,000

21 IMPACT OF COVID-19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. In March, 2020, the Government of the Pakistan announced a temporary lock down as a measure to reduce the spread of the COVID–19. Complying with the lockdown, the Institute temporarily suspended its operations from March 16, 2020 to May 31, 2020. The management has assessed the accounting implications of these developments on these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

22 NUMBER OF EMPLOYEES

The number of employees as at year end were 31 (2019: 37) and average number of employees during the year were 35 (2019: 34).

23 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary for the purpose of better presentation. However, no significant reclassification has been made during the year.

24 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are authorized for issue by the Board of Directors on OCTOBER 05, 2020.

25 GENERAL

Figures have been rounded-off to the nearest rupee.

CHIEF EXECUTIVE **DIRECTOR**