

CEF - CHARACTER EDUCATION FOUNDATION

**FINANCIAL STATEMENTS
FOR THE PERIOD JULY 13, 2019 TO
JUNE 30, 2020**

AF•FERGUSON&CO.

*Chartered Accountants
a member firm of the PwC network*





INDEPENDENT AUDITOR'S REPORT

To the members of CEF- Character Education Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of CEF- Character Education Foundation (the Company), which comprise the statement of financial position as at June 30, 2020, and the income and expenditure statement, the statement of changes in funds, the statement of cash flows for the period July 13, 2019 to June 30, 2020, 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 income and expenditure statement, the statement of changes in funds 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 Company's affairs as at June 30, 2020 and of the surplus and other comprehensive surplus, the changes in funds and its cash flows for the period July 13, 2019 to June 30, 2020.

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 Auditor's 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 Auditor's Report Thereon

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

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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.

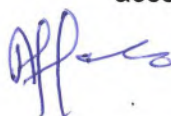
Board of directors are responsible for overseeing the Company's financial reporting process.

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 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 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 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 income and expenditure statement, the statement of changes in funds and 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 period 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 auditor's report is Asim Masood Iqbal.



Chartered Accountants
Islamabad
Date: January 21, 2021

CEF - CHARACTER EDUCATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 (Rupees '000)
NON-CURRENT ASSETS		
Property, plant and equipment	4	11,309
Long term deposits		630
		11,939
CURRENT ASSETS		
Inventories	5	32,727
Trade and other receivables	6	23,621
Receivable from donor	7	518
Deposits and prepayments	8	938
Loans to employees - unsecured	9	489
Cash at bank	10	1,155
		59,448
		71,387
FUND AND LIABILITIES		
FUND BALANCES		
General Fund		1,000
Accumulated surplus		24,298
		25,298
NON CURRENT LIABILITIES		
Long term portion of deferred capital grant	11	7,951
CURRENT LIABILITIES		
Current portion of deferred capital grant	11	2,625
Trade and other payables	12	34,017
Income tax payable		1,496
		38,138
		71,387
CONTINGENCIES AND COMMITMENTS		
	13	

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

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CHIEF EXECUTIVE OFFICER


DIRECTOR

CEF - CHARACTER EDUCATION FOUNDATION
INCOME AND EXPENDITURE STATEMENT
FOR THE PERIOD JULY 13, 2019 TO JUNE 30, 2020

	Note	2020 (Rupees '000)
INCOME		
Restricted grant recognized as income	7	92,719
Sale of books	14	71,775
General grant received during the period		2,907
Raw material donation	17.2.1	7,008
Amortisation of deferred capital grant income	11	1,818
Other income	15	2,853
		<u>179,080</u>
EXPENDITURE		
Program expenses	16	88,414
Cost of sale of books	17	42,139
Selling and distribution expenses	18	4,232
General and administrative expenses	19	11,256
Finance cost	20	7,125
		<u>153,166</u>
SURPLUS BEFORE TAXATION		<u>25,914</u>
Provision for taxation	21	(1,616)
SURPLUS FOR THE PERIOD		<u>24,298</u>
Other comprehensive surplus		-
TOTAL COMPREHENSIVE SURPLUS FOR THE PERIOD		<u><u>24,298</u></u>

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




 CHIEF EXECUTIVE OFFICER



DIRECTOR

CEF - CHARACTER EDUCATION FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE PERIOD JULY 13, 2019 TO JUNE 30, 2020

2020
(Rupees '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Surplus for the period 25,914

Adjustment:

Depreciation	1,896
Restricted grant recognized as income	(92,719)
Deferred capital grant recognized as income	(1,818)
Provision against trade receivables	1,433
Provision for inventory obsolescence	411
	(90,797)

Changes in working capital

(Increase) in inventories	(33,138)
(Increase) in trade and other receivables	(25,054)
(Increase) in deposits and prepayments	(938)
(Increase) in loans to employees	(489)
Increase in trade and other payables	34,017
	(25,602)
Cash (used in) operating activities	(90,485)

(Increase) in long term deposits	(630)
Restricted grant received during the period	92,201
Income taxes paid	(120)
	91,451
Net cash generated from operating activities	966

CASH FLOWS FROM INVESTING ACTIVITIES

Additions to property, plant and equipment	(811)
Net cash (used in) investing activities	(811)

CASH FLOWS FROM FINANCING ACTIVITIES

Promoters' contribution	1,000
Net cash generated from financing activities	1,000
Net increase in cash and cash equivalents	1,155
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at end of the period	1,155

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

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CHIEF EXECUTIVE OFFICER

DIRECTOR

CEF - CHARACTER EDUCATION FOUNDATION
STATEMENT OF CHANGES IN FUNDS
FOR THE PERIOD JULY 13, 2019 TO JUNE 30, 2020

	General fund	Accumulated surplus	Total
	-----Rupees ('000)-----		
Promoters' contribution	1,000	-	1,000
Surplus for the period	-	24,298	24,298
Other comprehensive surplus for the period	-	-	-
Total comprehensive surplus for the period	1,000	24,298	25,298
Balance at June 30, 2020	<u>1,000</u>	<u>24,298</u>	<u>25,298</u>

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

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 CHIEF EXECUTIVE OFFICER


 DIRECTOR

CEF - CHARACTER EDUCATION FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD JULY 13, 2019 TO JUNE 30, 2020

1. LEGAL STATUS AND OPERATIONS

CEF- Character Education Foundation is a Company limited by guarantee not having share capital which was incorporated in Pakistan under Section 42 of the Companies Act, 2017 on July 13, 2019. The Company was granted license under section 42 of the Companies Act, 2017 by Securities and Exchange Commission of Pakistan (SECP) on July 11, 2019 for a period of three years. The registered office address of the Company is House no 400, Street no 18, Block D, PWD Society, Islamabad and is currently operating in the cities of Islamabad, Lahore, Peshawar and Karachi.

The operating objective of the Company is to provide opportunities to students, teaching faculty and general public to understand Quran in an easy way and to develop, publish and implement research based purposeful curriculum, learning material and online support to Quranic Education for value driven character education of students and adults. To establish, manage, maintain, own, administer, promote and subsidize educational institutions for study and research and other educational fora with the permission of competent authority but not to act as degree awarding institution. To work for the development of integrated community program to enlighten communities on socially responsible, self reliant and self help principles for improving education quality, creating opportunities of economic growth and eliminating root causes of public health issue, and to do all other such lawful acts and things as are incidental or conducive to the attainment of the above objects or any one of them.

2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the 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.

These are the first financial statements of the Company. These financial statements are prepared for a period of less than 12 months, and cover the activities for the period from the date of Company's incorporation i.e. July 13, 2019 to June 30, 2020.



2.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- i) Estimate of fair value of property plant and equipment and raw material received as donation in kind - note 3.4, 3.5, 3.8, 4.1 and 17.2
- ii) Provision for inventories - note 3.8 and 5.1
- iii) Provision against trade receivables - note 3.7 and 6
- iv) Estimated useful life of property, plant and equipment - note 3.5 and 4
- v) Taxation - note 3.10 and 21

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of measurement

These financial statements have been prepared on the basis of 'historical cost convention'.

3.2 Management's assessment of going concern

During the period the Company received an amount of Rs 92,201 thousand from a donor under the agreement for the purpose of its character education and Quran education project. The agreement ended on June 30, 2020 with the completion of character education and Quran education project. The directors expect that the Company will have adequate resources to continue its operations for the foreseeable future through its sale of books operation and Association for Academic Quality (AFAQ), a related party, has committed to provide donations to the Company per its letter of intent. Accordingly, these financial statements have been prepared on going concern basis.

3.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company. Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of transactions. All assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange ruling on the date of the statement of financial position. Exchange differences are dealt with through the income and expenditure statement.

3.4 Income recognition

3.4.1 Grants

Restricted grant

Grants received for specific purposes are classified as restricted grant. Such grants are transferred to income to the extent of actual expenditure incurred there against. Expenditure incurred against committed grant but not received is accrued and recognized in income and is reflected as grant receivable from donor only if conditions of agreement are met. Unspent portion of such grants are reflected as restricted grants in statement of financial position.



Deferred capital grant

Grants utilized for capital expenditure are transferred to deferred capital grant and amortized as income over the useful life of the respective asset.

General grant

Grant received from donor without any conditions are recognised as income in the period of receipt.

Donations in kind

Donations received in the form of non monetary assets are recognized at fair value at the date of contribution.

Income from sale of books

The Company recognises revenue from the sale of books when all the following conditions are satisfied:

- a) the Company has transferred to the buyer the significant risks and rewards of ownership of the books;
- b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the books sold;
- c) the amount of revenue can be measured reliably;
- d) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sale of goods is measured at fair value of the consideration received or receivable net of returns, trade discounts, prompt settlement discounts and volume rebates allowed by the Company.

3.4.2 Profit on saving accounts

Profit on saving accounts is recorded on time proportion basis using effective rate of profit.

3.5 Property, plant and equipment

Assets received as donation in kind are recognized at fair value at the date of contribution less accumulated depreciation and impairment loss if any.

Purchased assets are stated at cost, which includes purchase price and directly attributable cost less accumulated depreciation and impairment loss, if any.

Normal repairs and maintenance are charged to income and expenditure statement as and when incurred whereas major improvements and modifications are capitalized.

Depreciation is provided on reducing balance method, using the rates specified in note 4. Depreciation methods, useful lives and residual values are reassessed at the reporting date. Depreciation on addition to property, plant and equipment is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is derecognized.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amounts of property, plant and equipment and are recognized within "other income" in the income and expenditure statement.

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3.6 Deposits and prepayments

These are initially stated at their fair value. subsequent to initial recognition, these are stated at amortized cost less provision for impairment if any. Known impaired receivables are written off, while, receivables considered doubtful for recovery are fully provided for.

3.7 Trade and other receivables

These are initially stated at their fair value. Subsequent to initial recognition, these are stated at amortized cost less provision for impairment if any. Known impaired receivables are written off, while receivables considered doubtful for recovery are fully provided for.

3.8 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method and comprises of direct materials, labor and printing cost. Inventory received as donation in kind is recognized at fair value at the date of contribution. Net realizable value signifies estimated selling price less estimated cost of completion and estimated cost to sell.

The Company reviews the carrying amount of Inventories on a regular basis and as appropriate, these are written down to their net realizable value or provision is made for obsolescence if there is any change in usage pattern and/or physical form of related inventory.

3.9 Trade and other payables

These are recognised and carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.10 Taxation

Current

The Company is eligible for tax credit under Section 100C of the Income Tax Ordinance, 2001 from donations, voluntary contributions, subscriptions and so much of the income chargeable under the head "income from business" as is expended in Pakistan for the purposes of carrying out welfare activities, and the remaining amount is chargeable to tax at applicable tax rates under the Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognized using the statement of financial position liability method, on all major temporary differences at the statement of financial position date, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3.11 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and when the obligation specified in the contract is discharged, cancelled and expired. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These are subsequently measured at fair value, amortised cost, as the case may be. Financial assets comprise trade and other receivables, receivable from donor, deposits, loans to employees and cash at bank. Financial liabilities comprise trade and other payables.



3.12 Impairment

(i) Financial assets

A financial asset is considered to be impaired at reporting date if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses and reversals, if any, are recognized in income and expenditure statement.

(ii) Non financial assets

The carrying amounts of Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in income and expenditure statement. Reversals of the impairment losses are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation, if no impairment loss has been recognised. An impairment loss or reversal of impairment loss is recognised in income and expenditure statement.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value and the risks specific to the asset.

3.13 Offsetting of financial assets and financial liabilities


Financial assets and financial liabilities are only off set and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on net basis or to realize the assets and to settle the liabilities simultaneously.

3.14 Provisions

Provisions are recognised when the Company has present legal or constructive obligation as a result of past event, it is probable that an 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.

3.15 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents represent cash in hand, bank balances and highly liquid short term investments with original maturity of three months or less, that are readily convertible to known amount of cash and which are subject to insignificant risk of change in value.



4. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures & fittings	Computer, software and electric equipment	Office equipment	Motor vehicle	Total
	-----Rupees ('000)-----				
Period ended June 30, 2020					
Opening net book value	-	-	-	-	-
Additions	3,616	8,717	272	600	13,205
Depreciation charge	(314)	(1,500)	(12)	(70)	(1,896)
Closing net book value	<u>3,302</u>	<u>7,217</u>	<u>260</u>	<u>530</u>	<u>11,309</u>
As at June 30, 2020					
Cost	3,616	8,717	272	600	13,205
Accumulated depreciation	(314)	(1,500)	(12)	(70)	(1,896)
Net book value	<u>3,302</u>	<u>7,217</u>	<u>260</u>	<u>530</u>	<u>11,309</u>
Annual rate of depreciation (%)	15	30	15	20	

4.1 Details of assets received as donation in kind from a related party, Association for Academic Quality (AFAQ) included in property, plant and equipment are as follows:

	Furniture, fixtures & fittings	Computer, software and electric equipment	Office equipment	Motor vehicle	Total
	-----Rupees ('000)-----				
Cost	3,514	8,182	98	600	12,394
Accumulated depreciation	(307)	(1,432)	(9)	(70)	(1,818)
Net book value	<u>3,207</u>	<u>6,750</u>	<u>89</u>	<u>530</u>	<u>10,576</u>

Note 2020
(Rupees '000)

4.2 Depreciation for the period has been allocated as follows:

Program expenses	16	1,121
General and administrative expenses	19	775
		<u>1,896</u>

5. INVENTORIES

Raw material	7,461
Finished goods - Books	25,677
	<u>33,138</u>
Less: provision for inventory obsolescence	5.1 (411)
	<u>32,727</u>

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	Note	2020 (Rupees '000)
5.1 Provision for inventory obsolescence		
Opening balance		-
Charge for the period		411
Closing balance		<u>411</u>

6. TRADE AND OTHRE RECEIVABLES

Trade receivables		16,949
Other receivables	6.1	<u>8,105</u>
		25,054
Less: provision against trade receivables	6.2	<u>(1,433)</u>
		<u>23,621</u>

- 6.1** This represents receivable from, a related party, Association for Academic Quality (AFAQ) against the payment made in respect of purchase of books and it is the maximum aggregate amount outstanding at the end of any month during the period.

	Note	2020 (Rupees '000)
6.2 Provision against trade receivables		
Opening balance		-
Charge for the period		1,433
Closing balance		<u>1,433</u>

7. RECEIVABLE FROM DONOR

Opening balance		-
Grant received during the period	7.1	92,201
less: expenditure recognized during the period	7.2	<u>92,719</u>
		<u>518</u>

- 7.1** This represents grant received during the period from, a related party, READ Foundation under agreement as detailed in note 3.2. The maximum aggregate amount outstanding at the end of any month during the period is Rs 11,924 thousand.

- 7.2** Breakup of expenditure recognised against grant received during the period is as follows:

	Note	2020 (Rupees '000)
Program expenses	16.1	85,331
General and administrative expenses	19.2	<u>7,388</u>
		<u>92,719</u>

Office

		2020 (Rupees '000)
8. DEPOSITS AND PREPAYMENTS		
Deposits		507
Prepayments		431
		<u>938</u>

9. LOANS TO EMPLOYEES - UNSECURED

These are interest free personal loans given to the employees of the Company to support their financial needs, in accordance with the terms of their employment and Company's policy. The loans are recoverable, as per applicable policy, over a period of twelve months.

10. CASH AT BANK

This represents balance in savings account which earned mark up ranging from 2.75% to 7.06% per annum.

11. LONG TERM PORTION OF DEFERRED CAPITAL GRANT

	Note	2020 (Rupees '000)
Balance at beginning of the period		-
Donation Received during the period	4.1	12,394
Deferred capital grant recognized as income during the period	4.1	<u>(1,818)</u>
Balance at end of the period		10,576
Less: current portion		<u>(2,625)</u>
		<u>7,951</u>

12. TRADE AND OTHER PAYABLES

Accrued liabilities		17,383
Payable to suppliers		13,691
Other Payables	12.1	<u>2,943</u>
		<u>34,017</u>

- 12.1** This includes an amount of Rs 2,016 thousand payable to Marketing and Training Officers (MTOs) in respect of sales incentive.



13. CONTINGENCIES AND COMMITMENTS

There were no known contingencies and commitments as at June 30, 2020.

14. SALE OF BOOKS

2020
(Rupees '000)

Sales	96,269
Less: Trade discount	(24,494)
	<u>71,775</u>

15. OTHER INCOME

Income from financial assets	
Profit on saving accounts	712
Income from non-financial assets	
Other income	<u>2,141</u>
	<u>2,853</u>

16. PROGRAM EXPENSES

	Note	Charactere ducation	Quran education	Total
		------(Rupees '000)-----		
Salaries & benefits		-	64,347	64,347
Workshop, training & seminar		470	7,484	7,954
Travelling & conveyance		5	4,343	4,348
Rent, rate & taxes		-	3,981	3,981
Communication charges		-	1,783	1,783
Depreciation		-	1,121	1,121
Office supplies & stationery		4	1,071	1,075
Repair & maintenance		-	702	702
Food & entertainment		23	652	675
Utilities		-	500	500
Advertisement & publicity		-	329	329
Legal & professional charges		50	112	162
Wages & labor charges		88	66	154
Other expenses		-	1,283	1,283
Total	16.1&16.2	<u>640</u>	<u>87,774</u>	<u>88,414</u>

16.1 This includes an amount of Rs 85,331 thousand charged to the donor under the agreement as detailed in note 3.2.

16.2 This includes an amount of Rs 4,332 thousand incurred in respect of research and development activities in relation to publishing titles of books.

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Note 2020
(Rupees '000)

17. COST OF SALE OF BOOKS

Books purchased	17.1	31,554
Raw material consumed	17.2	21,654
Printing cost		11,222
Plates		1,054
Packing material		128
Royalty	17.3	1,793
Provision for inventory obsolescence		411
Cost of books manufactured		<u>67,816</u>
Opening finished goods		-
Closing finished goods		<u>(25,677)</u>
Cost of sale of books		<u><u>42,139</u></u>

17.1 These books were purchased by the Company from, a related party, Association for Academic Quality (AFAQ).

Note 2020
(Rupees '000)

17.2 Opening stock		-
Add: Purchases during the period		21,936
Donation received during the period	17.2.1	<u>7,008</u>
		28,944
Carriage inward		171
Less: Closing stock		<u>(7,461)</u>
Raw material consumed		<u><u>21,654</u></u>

17.2.1 The donation of raw material was received during the period from, a related party, Association for Academic Quality (AFAQ).

17.3 Royalty expense is on account of use of logo of Army Public School And College System (APSACS) on books sold to Army Public Schools during the period. APSACS registered address is Secretariat Block, Army Central Library, Tameez-ud-Din Road, Rawalpindi, Pakistan.

2020
(Rupees '000)

18. SELLING AND DISTRIBUTION EXPENSES

Sales incentive	2,016
Salaries & benefits	686
Training cost	544
Advertisement & publicity	478
Travelling & conveyance	314
Wages & labor charges	194
	<u><u>4,232</u></u>

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	Note	2020 (Rupees '000)
19. GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries & benefits		4,717
Rent, rate & taxes		924
Depreciation		775
Communication charges		719
Travelling & conveyance		614
Auditors' remuneration	19.1	580
Office supplies & stationery		546
Utilities		499
Repair & maintenance		128
Food & entertainment		110
Bank charges		62
Legal & professional charges		22
Domain registration		20
Wages & labor charges		7
Provision against trade receivables		1,433
Other expenses		100
	19.2	<u>11,256</u>
19.1 Auditors' remuneration		
Statutory audit		430
Out of pocket expenses		150
		<u>580</u>
19.2 This includes an amount of Rs 7,388 thousand charged to the donor under the agreement as detailed in note 3.2.		
20. This represents amount paid to, a related party, Institute of Policy Studies (IPS) Islamabad, on financing of Rs 50 million obtained during the period under Islamic mode of financing.		
21. PROVISION FOR TAXATION		2020 (Rupees '000)
Current		1,616
Deferred	21.1	-
		<u>1,616</u>

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- 21.1** Deferred tax asset has not been recognised on the following as utilisation of these is not certain:

	2020 (Rupees '000)
Provision against trade receivables	1,433
Provision for inventory obsolescence	411
	<u>1,844</u>

22. TRANSACTIONS WITH RELATED PARTIES

The names of related parties with whom the Company had entered into transactions or had agreements / arrangements in place during the period are as follows:

	Basis of relationship
Associated company	
Association for Academic Quality (AFAQ)	Common directorship.
READ Foundation	Common directorship.
Institute of Policy Studies (IPS)	Common key management personnel.

Balances with related parties are disclosed in notes 6.1 and 7.2, and transactions with related parties are disclosed in notes 4.1, 16.1, 17.1, 17.2.1, 19.2, 20 and 23.

23. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive 2020 -----Rupees ('000)-----	Executive 2020 -----Rupees ('000)-----
Managerial remuneration	<u>-</u>	<u>8,683</u>
Number of person(s)	<u>1</u>	<u>4</u>

No remuneration was paid to Chief Executive during the period.

No meeting fee or any remuneration was paid to directors for attending Board of Directors meetings during the period.

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	2020 Number
24. NUMBER OF EMPLOYEES	
Total number of employees as at June 30, 2020	115
Average number of employees during the period	153

25. GENERAL

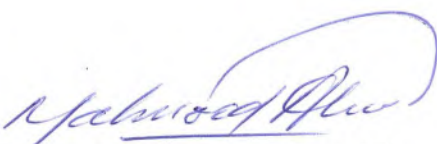
25.1 Figures have been rounded off to nearest thousand of rupees unless otherwise stated.

25.2 Impact of COVID - 19 on the financial statements

The spread of COVID - 19 as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) caused an overall economic slowdown and disruption to various businesses. The management continued its operations and carried out its program activities which mainly comprised conducting workshops, trainings & seminar through virtual and online medium. There was a slight decline in sales of books made during the period due to closure of schools and delay in recoveries of trade receivables from certain dealers due to imposition of lock down by Authorities. Sales of books and recoveries of trade receivables are resuming to their normal levels as per relaxation given by the Authorities. Based on management's assessment there is no material impact on the carrying values of assets and liabilities as of June 30, 2020. Accordingly, as of the date of these financial statements, we have not observed any particular material adverse impact to our operations, financial conditions and program activities. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

26. DATE OF AUTHORISATION

These financial statements were authorized for issue by the Board of Directors of the Company on January 08, 2021.



CHIEF EXECUTIVE OFFICER

DIRECTOR