

**SWISS BUSINESS
COUNCIL**

Financial Statements

for the year ended June 30, 2016

AUDITORS' REPORT TO THE MEMBERS

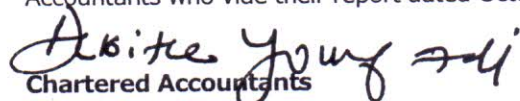
We have audited the annexed balance sheet of **Swiss Business Council** (the Council) as at **June 30, 2016** and the related income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in reserves together with the notes forming part thereof, for the 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 Council'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 accounts have been kept by the Council 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;
 - ii. the expenditure incurred during the year was for the purpose of the Council's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Council;
- 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, statement of comprehensive income, cash flow statement and statement of changes in reserves 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 Council's affairs as at June 30, 2016 and of the surplus, total comprehensive income its cash flows and reserves 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).

The financial statements of the Council for the year ended June 30, 2015 were audited by another firm of Chartered Accountants who vide their report dated October 07, 2015 expressed an unmodified opinion thereon.


Chartered Accountants

Engagement Partner

Naresh Kumar

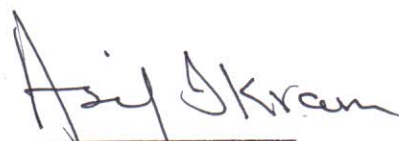
Dated: October 28, 2016

Place: Karachi

**SWISS BUSINESS COUNCIL
BALANCE SHEET
AS AT JUNE 30, 2016**

		June 30, 2016	June 30, 2015 (Restated)	June 30, 2014 (Restated)
	Note	----- Rupees -----		
ASSETS				
Non-current assets				
Property and equipment	5	588,818	725,263	-
Current assets				
Advance tax and prepayments	6	81,776	59,320	47,500
Fee receivable from Switzerland Global Enterprise		413,571	-	144,000
Cash and bank balances	7	3,149,353	3,316,100	3,801,794
		3,644,700	3,375,420	3,993,294
TOTAL ASSETS		4,233,518	4,100,683	3,993,294
RESERVES AND LIABILITIES				
Revenue reserve				
Accumulated surplus		2,655,044	2,518,648	2,152,155
Current liabilities				
Accrued and other payables		129,224	121,907	350,000
Advance fee	8	1,449,250	1,460,128	1,491,139
		1,578,474	1,582,035	1,841,139
TOTAL RESERVES AND LIABILITIES		4,233,518	4,100,683	3,993,294

The annexed notes from 1 to 14 form an integral part of these financial statements.



PRESIDENT



DIRECTOR

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

	Note	June 30, 2016	June 30, 2015 (Restated)
		----- Rupees -----	
INCOME			
Annual fee		1,839,600	1,857,000
Joining fee		222,000	388,000
Service fee		1,695,748	2,048,562
Advertisement income		316,295	655,296
Profit on term deposit	7.1	91,547	107,075
Exchange gain		939	-
Other income		-	8,000
		4,166,129	5,063,933
EXPENDITURE			
Salaries and allowances		1,788,490	1,615,867
Rent		662,705	604,223
Events and meetings		234,594	460,325
Audit fee		110,000	109,400
Depreciation	5.1	136,445	52,863
Membership fee written off		-	84,000
Website designing and maintenance		24,445	23,660
Advertisement		338,500	489,000
Repairs and maintenance		14,960	380,350
Legal and professional charges		235,945	164,470
Travelling		64,975	354,701
Utilities		125,690	159,006
Printing and stationery		99,530	72,895
Bank charges		10,481	2,644
Communication and internet		64,598	29,199
Postage and courier		53,483	37,894
Others		64,892	56,943
		4,029,733	4,697,440
Surplus for the year		136,396	366,493

The annexed notes from 1 to 14 form an integral part of these financial statements.


PRESIDENT

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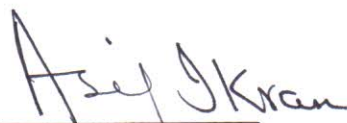
DIRECTOR

SWISS BUSINESS COUNCIL
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED JUNE 30, 2016

	June 30, 2016	June 30, 2015 (Restated)
Note	----- Rupees -----	----- Rupees -----
Accumulated surplus brought forward - As originally stated	2,518,648	3,088,155
Effect of prior period adjustment	4	(936,000)
Adjusted accumulated surplus brought forward	2,518,648	2,152,155
Other comprehensive income for the year - Surplus for the year	136,396	366,493
Accumulated surplus carried forward to the balance sheet	2,655,044	2,518,648

The annexed notes from 1 to 14 form an integral part of these financial statements.

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PRESIDENT

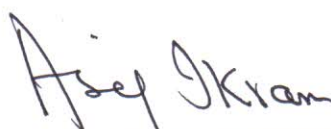


DIRECTOR

**SWISS BUSINESS COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

	June 30, 2016	June 30, 2015 (Restated)
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	136,396	366,493
Adjustments for non-cash and other items		
Depreciation	136,445	52,863
Membership fee written off	-	84,000
Profit on term deposit	(91,547)	(107,075)
Surplus before working capital changes	181,294	396,281
(Increase) / decrease in current assets		
Prepayments	(13,300)	(1,113)
Fee receivable	(413,571)	60,000
	(426,871)	58,887
Increase / (decrease) in current liabilities		
Accrued and other payables	7,317	(228,093)
Advance fee	(10,878)	(31,011)
	(3,561)	(259,104)
Tax paid on profit on term deposit	(9,156)	(10,707)
Net cash (used in) / from operating activities	(258,294)	185,357
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	-	(778,126)
Profit received on term deposit	91,547	107,075
Net cash from / (used in) investing activities	91,547	(671,051)
Net decrease in cash and cash equivalents	(166,747)	(485,694)
Cash and cash equivalents at the beginning of the year	3,316,100	3,801,794
Cash and cash equivalents at the end of the year	3,149,353	3,316,100

The annexed notes from 1 to 14 form an integral part of these financial statements.


PRESIDENT

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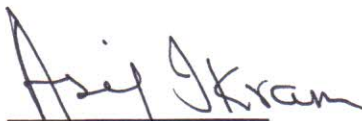

DIRECTOR

SWISS BUSINESS COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	June 30, 2016	June 30, 2015 (Restated)
	----- Rupees -----	
Surplus for the year	136,396	366,493
Other comprehensive income	-	-
Total comprehensive income for the year	<u>136,396</u>	<u>366,493</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.

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PRESIDENT


DIRECTOR

SWISS BUSINESS COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2016

1. THE COUNCIL AND ITS OPERATIONS

Swiss Business Council (the Council) was incorporated on May 22, 2008 as a company limited by Guarantee, without having share capital under Section 42 of the Companies Ordinance, 1984. Pursuant to the said Section, the Securities and Exchange Commission of Pakistan granted a license to the Council to register as a company with limited liability without the addition of the words "(Guarantee) Limited" to its name.

The Council has been formed with the objective of encouraging, facilitating and promoting Swiss Investment in Pakistan to develop trade, commerce, economic, cultural and media co-operation between the two countries. The registered office of the Council is located at 20th Floor, B.R.R Tower, Hassan Ali Street, Off I.I Chundrigar Road, Karachi.

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) 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.

The Council has voluntarily adopted this frame work.

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 Council's functional and presentation currency.

3.3 New accounting standards, amendments and IFRS interpretations that are not effective for the year ended June 30, 2016

The following standards, amendments and interpretations are effective for the year ended June 30, 2016. These standards, interpretations and the amendments are either not relevant to the Council's operations or are not expected to have significant impact on the Council's financial statements other than certain additional disclosures.

Standard or Interpretation	Effective from accounting period beginning on or after
IFRS 10 – Consolidated Financial Statements	January 1, 2015
IFRS 11 – Joint Arrangements	January 1, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 1, 2015
IFRS 13 – Fair Value Measurement	January 1, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 1, 2015
IAS 27 – Separate Financial Statements	January 1, 2016

Certain annual improvements have also been made to a number of IFRSs, which do not have an impact on these financial statements.

New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Council's operations or are not expected to have significant impact on the Council's financial statements other than certain additional disclosures.

Standard	IASB Effective date (annual periods beginning on or after)
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	January 1, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 1, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 1, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 1, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 1, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 1, 2016
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 1, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses	January 1, 2017
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 1, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases

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 Council'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 recognized in the period in which the estimate is revised and in any future periods affected.

3.5 Cash and cash equivalents

These are carried at cost and comprise of cash in hand and bank balances.

3.6 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Council and the revenue can be reliably measured which is the fair value of the consideration received or receivable. The specific criteria for each type of revenue is described below:

- Annual fee is recognised on accrual basis which coincides at the time of issuance of invoice to the existing members. Only those annual fees that are attributable to the current financial year are recognised as revenue. Annual fee that relate to future periods are shown in the balance sheet as advance fee under the heading of current liabilities.
- Joining fee from new members is recognized on receipt basis. Annual fee for the year in which member joins is exempt.
- Service fee is recognized when services are rendered.
- Advertisement income is recorded on receipt basis.
- Profit on term deposit is accounted for using the effective interest rate method.

3.7 Taxation

Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates. The Council's income is taxable under the provisions of the Income Tax Ordinance, 2001 (the Ordinance), however, the Council, being a non-profit organization, is also entitled to a tax credit equal to one hundred percent of the tax payable under the Ordinance, in view of provisions contained in section 100C of the Ordinance.

Deferred

Full tax credit is available to the Council under section 100C of the Income Tax Ordinance, 2001. Hence, there are no temporary differences and therefore no deferred tax asset / liability is required to be recognised in these financial statements.

3.8 Fee receivable

Fee receivable, if any, is carried at original invoice amount less an estimate made for doubtful receivables based on review of all outstanding amounts at the year end. Balances considered bad and irrecoverable are written-off when identified.

3.9 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is charged to income and expenditure account by applying the straight line method at the rates specified in note 5.1 to the financial statements. Depreciation on additions to property and equipment is charged from the month in which an item is capitalized while no depreciation is charged for the month in which an item is disposed of.

The asset's useful life is reviewed, and adjusted, if appropriate at each balance sheet date.

Subsequent costs are included in the assets' carrying amount or are recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of an item can be measured reliably. All other repairs and maintenance are charged to the income and expenditure account as and when incurred.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain and loss on disposal of fixed asset is included in income and expenditure account.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

3.10 Provisions

Provisions are recognized when the Council has the present legal or constructive obligation as a result of past events; it is probable that the outflow of the resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are reviewed at each balance sheet date to reflect the current best estimate.

3.11 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Council becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Council loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished that is, when the obligation specified in the contract is discharged, canceled or expires.

3.12 Offsetting of the financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to offset the recognized amounts and the Council intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

4. PRIOR PERIOD ADJUSTMENT

During the year, the Council rectified prior period adjustment in respect to presentation and measurement of annual fee. Previously, annual fee amount was recorded for the complete invoice year i.e. from January to December, instead of proportionating them to the financial year. However, in the current year, annual fee has been recorded for the period which relates to the financial year of the Council, and the remaining amount has been deferred and recorded as an 'Advance Fee' in Balance Sheet. This prior year effect has been revised retrospectively and the corresponding figures have been restated in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Details of the effects for these are summarized as follows;

	As per audited financial statements	Effect of prior year adjustment	Restated amount
 Rupees		
Effect of prior period adjustment on financial statements for the year ended June 30, 2015			
Restatement in Balance sheet			
Advance fee			
Annual fee	-	921,000	921,000
Restatement in Income and Expenditure Account			
Annual fee			
Deferred as an advance fee	-	(921,000)	-
Advance fee recognised as an income	-	936,000	-
	1,842,000	15,000	1,857,000
Restatement in Statement of Changes in Reserves			
Accumulated surplus brought forward	3,088,155	(936,000)	2,152,155
Effect of prior period adjustment on financial statements for the year ended June 30, 2014			
Advance fee			
		936,000	
Annual fee			
Deferred as an advance fee	-	(936,000)	-
Advance fee recognised as an income	-	762,000	-
	1,842,000	(174,000)	1,668,000
Restatement in Statement of Changes in Reserves			
Accumulated surplus brought forward	1,304,703	(762,000)	542,703

June 30,
2016
Rupees

June 30,
2015
Rupees

5. PROPERTY AND EQUIPMENT

Operating fixed assets 5.1 588,818 725,263

5.1 Operating fixed assets

2016								
	Cost		Accumulated Depreciation			Written down value	Depreciation rate per annum (%)	
	As at July 01, 2015	Additions	As at June 30, 2016	As at July 01, 2015	Charge for the year	As at June 30, 2016	As at June 30, 2016	
	Rupees							
Computers	88,400	-	88,400	21,943	26,520	48,463	39,937	30
Office equipment	409,526	-	409,526	17,196	81,905	99,101	310,425	20
Furniture and fixtures	280,200	-	280,200	13,724	28,020	41,744	238,456	10
	778,126	-	778,126	52,863	136,445	189,308	588,818	

2015								
	Cost		Accumulated Depreciation			Written down value	Depreciation rate per annum (%)	
	As at July 01, 2014	Additions	As at June 30, 2015	As at July 01, 2014	Charge for the year	As at June 30, 2015	As at June 30, 2015	
	Rupees							
Computers	-	88,400	88,400	-	21,943	21,943	66,457	30
Office equipment	-	409,526	409,526	-	17,196	17,196	392,330	20
Furniture and fixtures	-	280,200	280,200	-	13,724	13,724	266,476	10
	-	778,126	778,126	-	52,863	52,863	725,263	

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
6. ADVANCE TAX AND PREPAYMENTS			
Advance tax		19,863	10,707
Prepayments		61,913	48,613
		<u>81,776</u>	<u>59,320</u>

7. CASH AND BANK BALANCES

Cash in hand		39,785	3,877
Cash at bank			
- Current account		609,568	1,812,223
- Term deposit	7.1	2,500,000	1,500,000
		<u>3,149,353</u>	<u>3,316,100</u>

7.1 The term deposit is for 3 months on roll forward basis. It carries profit @ 5.5% (2015: 8%) per annum.

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees (Restated)
8. ADVANCE FEE			
Annual fee		918,600	921,000
Service fee	8.1	530,650	539,128
		<u>1,449,250</u>	<u>1,460,128</u>

8.1 The Council has an agreement with related party Switzerland Global Enterprise (the Enterprise) for the purpose of providing facilitation and consultation services to Swiss and Liechtenstein companies on behalf of the Enterprise.

9. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of Council members, Managing Committee, Switzerland Global Enterprise and the Patron & Consulate General of Switzerland in Karachi. The Council carries out transactions with related parties at agreed terms.

	June 30, 2016 Rupees	June 30, 2015 Rupees
9.1 Details of transactions with connected persons during the year are as follows:		
Annual Fee Received- Common Directorship	504,000	444,000
Advertisement Income - Common Directorship	116,695	70,000
Switzerland Global Enterprise - Partnership	1,696,482	2,048,562

9.2 Details of balances payable with connected person at the year-end is as follows:

Switzerland Global Enterprise - Partnership	413,571	-
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10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The managing committee of the Council reviews and agrees policies for managing each of the risks which are summarised below:

10.1 Market risk

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.

10.1.1 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 Council is not significantly exposed to currency risk.

10.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. Interest rate exposure arises from term deposit. At the balance sheet date, the interest rate risk profile of the Council's interest bearing financial instrument is:

	June 30, 2016 Rupees	June 30, 2015 Rupees
Fixed rate instrument		
Financial asset	2,500,000	1,500,000

10.2 Credit risk

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 Council is not materially exposed to such credit risk.

The Council's credit risk is primarily attributable to its bank balances. 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:

Credit rating	Rating agency	Credit rating	
		Long-term	Short-term
Habib Metropolitan Bank Limited	PACRA	AA+	A-1+

10.3 Liquidity risk management

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

10.4 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

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

11. NUMBER OF EMPLOYEES

The number of employees as at year end was 2 (2015: 2).

12. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison. Reclassifications made are as follows:

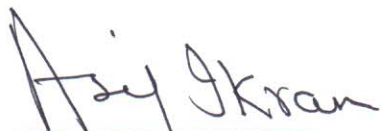
From	To	Nature	Amount in Rupees
Service fee	Advance fee	Deferred income	555,139
Others	Bank charges	Expenditure	2,644
Stationery	Printing and stationery	Expenditure	72,895
Legal and Professional	Audit fee	Expenditure	9,400

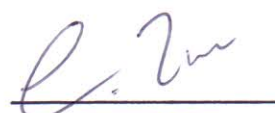
13. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on _____ by the Council Members.

14. GENERAL

14.1 Figures presented in these financial statements have been rounded off to the nearest Rupee.


PRESIDENT

17/17

DIRECTOR