

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SWISS BUSINESS COUNCIL

Opinion

We have audited the accompanying financial statements of Swiss Business Council (the Council), which comprise the statement of financial position as at June 30, 2018 and the related statement of income and expenditure account, statement of comprehensive income, statement of changes in reserves and statement of cash flows together with the notes forming part thereof, for the year then ended (hereafter referred to as "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, statement of income and expenditure account, statement of comprehensive income, statement of cash flows and the statement of changes in reserves 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, 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, 2018 and of the surplus, its comprehensive income, its changes in reserve and its cash flows and 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 Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Council in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted by the Institute of Chartered Accountants of Pakistan 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 other information. However, no such information is published along with these financial statements.

Responsibilities of Management and Managing Committee for the Financial Statements

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

Managing Committee is responsible for overseeing the Council's financial reporting process.

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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 ISA's 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 ISA's, we exercise professional judgement 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 expressing an opinion on the effectiveness of the 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 Council'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 Council 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 Managing Committee 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 accounts have been kept by the Council as required by the Companies Act, 2017;
- b) statement of financial position, statement of income and expenditure account, statement of comprehensive income, statement of changes in reserves and statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 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 Council'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 Naresh Kumar.


Chartered Accountants

Dated: October 18, 2018

Place: Karachi

SWISS BUSINESS COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

		June 30, 2018	June 30, 2017
	Note	----- Rupees -----	
ASSETS			
Non-current assets			
Property and equipment	4	96,308	171,900
Advance against computer software		-	65,900
Intangible asset	5	59,310	-
		155,618	237,888
Current assets			
Advance tax, prepayments and security deposit	6	102,716	143,547
Advance against expenses		-	305,100
Accrued interest on bank deposit		22,981	13,192
Fee receivable		-	60,000
Cash and bank balances	7	4,539,163	3,572,944
		4,664,860	4,094,783
TOTAL ASSETS		4,820,478	4,332,671
RESERVES AND LIABILITIES			
Revenue reserve			
Accumulated surplus		2,819,328	2,652,325
Current liabilities			
Accrued and other payables		118,000	143,246
Advance fee	8	1,883,150	1,537,100
		2,001,150	1,680,346
TOTAL RESERVES AND LIABILITIES		4,820,478	4,332,671

The annexed notes from 1 to 13 form an integral part of these financial statements.


PRESIDENT

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DIRECTOR

SWISS BUSINESS COUNCIL
STATEMENT OF INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 30, 2018	June 30, 2017
----- Rupees -----			
INCOME			
Annual fee		1,983,600	1,936,200
Joining fee		163,200	84,000
Service fee		1,103,117	1,875,340
Advertisement income		936,630	521,502
Profit on term deposit	7.1	151,477	121,024
Exchange gain		3,533	5,197
		4,341,557	4,543,263
EXPENDITURE			
Salaries and allowances		1,833,413	1,955,466
Rent		687,500	662,128
Events and meetings		240,965	276,511
Audit fee		118,000	185,000
Amortisation	5	6,590	-
Depreciation	4.1	75,680	86,019
Loss on disposal		-	211,211
Website designing and maintenance		36,250	29,185
Advertisement		399,332	220,000
Repairs and maintenance		10,000	6,760
Legal and professional charges		232,500	242,500
Travelling		253,782	276,824
Utilities		-	8,283
Printing and stationery		90,655	108,946
Bank charges		4,402	22,849
Communication and internet		78,550	99,047
Postage and courier		29,768	46,497
Entertainment expense		41,335	50,900
Others		35,832	57,856
		4,174,554	4,545,982
Surplus / (deficit) for the year		167,003	(2,719)

The annexed notes from 1 to 13 form an integral part of these financial statements.


PRESIDENT

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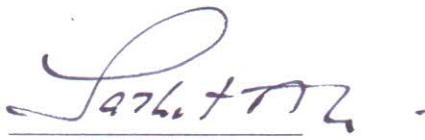

DIRECTOR

SWISS BUSINESS COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	June 30, 2018	June 30, 2017
	----- Rupees -----	
Surplus / (deficit) for the year	167,003	(2,719)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>167,003</u>	<u>(2,719)</u>

The annexed notes from 1 to 13 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, 2018

	June 30, 2018	June 30, 2017
Note	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus / (deficit) for the year	167,003	(2,719)
Adjustments for non-cash and other items		
Depreciation	75,680	86,019
Amortisation	6,590	
Loss on disposal	-	211,211
Profit on term deposit	(151,477)	(121,024)
Surplus before working capital changes	97,796	173,487
Decrease in current assets		
Prepayments and security deposits	55,000	(48,087)
Advance against expenses	305,100	(305,100)
Fee receivable	60,000	353,571
	420,100	384
(Decrease) / increase in current liabilities		
Accrued and other payables	(25,246)	14,022
Advance fee	346,050	87,850
	320,804	101,872
Tax deducted by withholding tax agents	(14,169)	(13,684)
Net cash from operating activities	824,531	262,059
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	-	215,000
Payments for purchase of property and equipment	-	(95,400)
Advance against computer software	-	(65,900)
Profit received on term deposit	141,688	107,832
Net cash from investing activities	141,688	161,532
Net increase in cash and cash equivalents	966,219	423,591
Cash and cash equivalents at the beginning of the year	3,572,944	3,149,353
Cash and cash equivalents at the end of the year	4,539,163	3,572,944

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The annexed notes from 1 to 13 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, 2018

	June 30, 2018	June 30, 2017
	----- Rupees -----	
Accumulated surplus brought forward	2,652,325	2,655,044
Other comprehensive income for the year - Surplus / (deficit) for the year	167,003	(2,719)
Accumulated surplus carried forward to the balance sheet	2,819,328	2,652,325

The annexed notes from 1 to 13 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, 2018**

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 the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) 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;
- Provisions of and directives issued under the Companies Act, 2017 (the Act); and

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

As per the requirements of the third schedule of the Act, the Council is required to follow Accounting and Financial Reporting Standards for Small Size Entities, however, by virtue of SRO, 1092 (I) / 2018, the Council has voluntarily adopted above mentioned framework.

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 APPLICATION OF NEW ACCOUNTING STANDARDS / AMENDMENTS AND IFRS INTERPRETATIONS

3.3.1 Amendments that are effective for the year ended June 30, 2018

The following amendments are effective for the year ended June 30, 2018. These amendments are either not relevant to the entity's operations or are not expected to have significant impact on the entity's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
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 unrealised losses	January 1, 2017
Certain annual improvements have also been made to a number of IFRSs, which are also not relevant for the council.	

3.3.2 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 amendments (except IFRS 9 'Financial Instruments') are either not relevant to the Council's operations or are not expected to have significant impact on the Council's financial statements.

	Effective from accounting period beginning on or after:
IFRS 15 'Revenue from contracts with customers' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 1, 2018
IFRS 16 'Leases' - This standard will supersede IAS 17 'Leases' upon its effective date.	January 1, 2019
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 1, 2018
IFRS 9 'Financial Instruments'	July 1, 2018
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 1, 2019
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	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.

Effective from accounting period beginning on or after:

IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.

An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after January 01, 2018.

Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in associates and joint ventures

January 1, 2019

Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement

January 1, 2019

Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property

January 1, 2018

IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.

January 1, 2018

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

January 1, 2018

Certain annual improvements have also been made to a number of IFRSs, which are also not expected to have material impact on final reporting of the fund.

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 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

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. The area where judgement was exercised in application of accounting policies is as follows:

- Review of useful life and residual value of property and equipments (Note 4); and
- Review of useful life and residual value of intangibles (Note 5).

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 accrual 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 4.1 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 and residual life are reviewed, and adjusted, if appropriate at each date of Statement of Financial Position.

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 Intangible assets - computer software

These are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged using straight line method over a period of 10 years.

Gains and losses on disposal of software, if any, are taken to profit and loss account.

3.12 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.

3.13 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.

June 30, June 30,
2018 2017
Note ----- Rupees -----

4. PROPERTY AND EQUIPMENT

Operating fixed assets 4.1 96,308 171,988

4.1 Operating fixed assets

	2018								Depreciation rate per annum (%)
	Cost		Accumulated Depreciation				Written down value		
	As at July 01, 2017	Additions / (Disposals)	As at June 30, 2018	As at July 01, 2017	Charge for the year	Disposals	As at June 30, 2018	As at June 30, 2018	
	----- Rupees -----								
Computers	183,800	-	183,800	100,838	42,036	-	142,874	40,926	30
Office equipment	168,223	-	168,223	79,197	33,644	-	112,841	55,382	20
	352,023	-	352,023	180,035	75,680	-	255,715	96,308	

	2017								Depreciation rate per annum (%)
	Cost		Accumulated Depreciation				Written down value		
	As at July 01, 2016	Additions / (Disposals)	As at June 30, 2017	As at July 01, 2016	Charge for the year	Disposals	As at June 30, 2017	As at June 30, 2017	
	----- Rupees -----								
Computers	88,400	95,400	183,800	48,463	52,375	-	100,838	82,962	30
Office equipment	409,526	(241,303)	168,223	99,101	33,644	(53,548)	79,197	89,026	20
Furniture and fixtures	280,200	(280,200)	-	41,744	-	(41,744)	-	-	10
	778,126	(426,103)	352,023	189,308	86,019	(95,292)	180,035	171,988	

5. Intangible asset

	2018								Depreciation rate per annum (%)
	Cost		Accumulated Ammortisation				Written down value		
	As at July 01, 2017	Additions / (Disposals)	As at June 30, 2018	As at July 01, 2017	Charge for the year	Disposals	As at June 30, 2018	As at June 30, 2018	
	----- Rupees -----								
Computer software	-	65,900	65,900	-	6,590	-	6,590	59,310	10

	Note	June 30, 2018	June 30, 2017
		----- Rupees -----	
6. ADVANCE TAX, PREPAYMENTS AND SECURITY DEPOSIT			
Advance tax		47,716	33,547
Prepayments		-	55,000
Security deposit		55,000	55,000
		<u>102,716</u>	<u>143,547</u>

7. CASH AND BANK BALANCES			
Cash in hand		20,390	23,096
Cash at bank			
- Current account		318,773	549,848
- Term deposit	7.1	4,200,000	3,000,000
		<u>4,539,163</u>	<u>3,572,944</u>

7.1 The term deposit is for 3 months on roll forward basis. It carries profit @ 6.00% (2017: 5.35%) per annum.

	Note	June 30, 2018	June 30, 2017
		----- Rupees -----	
8. ADVANCE FEE			
Annual fee		966,000	1,017,600
Service fee	8.1	587,150	519,500
Advertisement fee		330,000	-
		<u>1,883,150</u>	<u>1,537,100</u>

8.1 The Council has an agreement with related party Switzerland Global Enterprise (the Enterprise), incorporated in Switzerland, having registered address Stampfenbachstrasse 85, 8006 Zurich, 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.

9.1 Details of transactions with related parties / connected persons during the year

	2018		2017	
	Advertisement income	Annual fee	Advertisement income	Annual fee
Polygal N.V. - Common directorship	15,000	60,000	-	60,000
Archroma Pakistan Limited - Common directorship	60,000	60,000	30,000	60,000
Al Amin Trading - Common directorship	35,000	24,000	20,000	24,000
Novartis Pharmaceuticals (Pakistan) Limited - Common directorship	65,000	60,000	20,000	60,000
Sika Pakistan (Private) Limited - Common directorship	75,000	60,000	20,000	60,000
SICPA Inks - Common directorship	75,000	60,000	50,000	60,000
Habib Metro Bank Limited - Common directorship	65,000	60,000	30,000	60,000
Philip Morris (Pakistan) Limited - Common directorship	35,000	60,000	20,000	60,000
SGS Pakistan - Common directorship	-	-	-	60,000

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.

10.2.1 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.

10.2.2 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 date of Statment of Financial Position, the interest rate risk profile of the Council's interest bearing financial instrument is:

	June 30, 2018	June 30, 2017
	----- Rupees -----	
Fixed rate instrument		
Financial asset	4,200,000	3,000,000

10.3 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:

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2018 was as follows:

	June 30, 2018	June 30, 2017
	----- Rupees -----	
Bank balance	4,518,773	3,549,848
Accrued interest on bank deposit	22,981	13,192
Fee receivable	-	60,000
Advance against expenses	-	305,100
Security deposit	55,000	55,000
	<u>4,596,754</u>	<u>3,983,140</u>

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

10.4 Liquidity risk

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.

10.5 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer 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.

11. NUMBER OF EMPLOYEES

The number of employees as at year end was 1 (2017: 2).

12. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 16 OCT 2018 by the Council Members.

13. GENERAL

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

DYP


PRESIDENT


DIRECTOR