

Swiss Business Council

Financial Statements
for the Year Ended
June 30, 2020

INDEPENDENT AUDITORS' REPORT

To the members of Swiss Business Council Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Swiss Business Council (the Council), which comprise the statement of financial position as at June 30, 2020 and the statement of income and expenditure account, statement of comprehensive income, statement of cash flow and statement of changes in reserves for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose 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 flow and 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 (XIX of 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, 2020 and of the income and expenditure account and other comprehensive income or loss, or the surplus, the changes in reserves and its cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the 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 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 annual 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.

Responsibilities of Management and Management Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan and requirements of the 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 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.

Management Committee is responsible for overseeing the Council'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 ISA's as applicable in Pakistan, 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 the purpose of expressing an opinion on the effectiveness of the Council'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 evidenced 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 the Management 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 account have been kept by the Council as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of income and expenditure account, the statement of comprehensive income, the statement of changes in reserves 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 year were for the purpose of the 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 Mr. Naresh Kumar.


Chartered Accountants

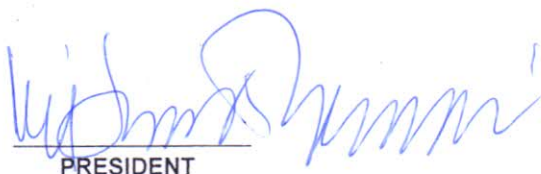
Place: Karachi

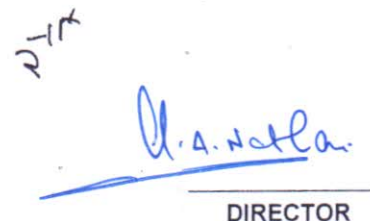
Dated: October 16, 2020

SWISS BUSINESS COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

		June 30, 2020	June 30, 2019
	Note	----- Rupees -----	
ASSETS			
Non-current assets			
Property and equipment	4	4	34,044
Intangible asset	5	46,130	52,720
Security deposit		33,903	55,000
Right of use of asset	6	3,025,415	-
		3,105,452	141,764
Current assets			
Advance tax and prepayments	7	163,243	161,601
Accounts receivable		14,900	-
Accrued interest on term deposit receipts		73,110	33,586
Cash and bank balances	8	8,150,614	5,628,987
		8,401,867	5,824,174
TOTAL ASSETS		11,507,319	5,965,938
RESERVES AND LIABILITIES			
Revenue reserve			
Accumulated surplus		5,249,068	3,567,498
Non-current liabilities			
Liability against subject to finance lease	10	3,303,244	-
Current liabilities			
Accrued and other payables		157,500	147,500
Advance fee	9	2,431,541	2,250,940
Current maturity of liability against subject to finance lease	10	365,966	-
		2,955,007	2,398,440
TOTAL RESERVES AND LIABILITIES		11,507,319	5,965,938

The annexed notes from 1 to 15 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, 2020

	Note	June 30, 2020	June 30, 2019
		----- Rupees -----	
INCOME			
Annual fee		3,120,000	2,526,000
Joining fee		61,609	-
Service fee		1,619,650	1,430,657
Advertisement income		879,360	729,850
Profit on term deposit receipts	8.1	501,363	207,946
Exchange gain		119,301	3,492
Unwinding of security deposit		2,592	-
		<u>6,303,875</u>	<u>4,897,945</u>
EXPENDITURE			
Salaries and allowances		2,057,596	1,820,700
Rent		-	693,000
Events and meetings		156,138	262,006
Audit fee		157,500	147,500
Amortisation	5.1	6,590	6,590
Depreciation	4.1	34,040	62,264
Depreciation-expense on right of use of asset	6.1	505,386	-
Website designing and maintenance		24,389	6,900
Advertisement		238,680	602,360
Repairs and maintenance		-	1,680
Legal and professional charges		297,460	160,035
Travelling and conveyance		8,090	196,305
Printing and stationery		116,775	25,061
Communication and internet		78,133	76,625
Postage and courier		32,752	27,010
Entertainment		28,313	29,785
Interest expense on lease liability	10	308,440	-
Others		40,864	31,954
		<u>4,091,146</u>	<u>4,149,775</u>
Surplus for the year		<u>2,212,729</u>	<u>748,170</u>

The annexed notes from 1 to 15 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, 2020

	June 30, 2020	June 30, 2019
	----- Rupees -----	
Surplus for the year	2,212,729	748,170
Other comprehensive income	-	-
Total comprehensive income for the year	<u>2,212,729</u>	<u>748,170</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.

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PRESIDENT

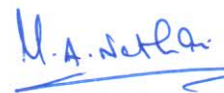

DIRECTOR

SWISS BUSINESS COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	2,212,729	748,170
Adjustments for non-cash and other items		
Depreciation	34,040	62,264
Depreciation on right of use of asset	505,386	-
Amortisation	6,590	6,590
Interest expense on lease liability	308,440	-
Unwinding of security deposit	(2,592)	
Profit on term deposit receipts	(501,363)	(207,946)
	<u>2,563,230</u>	<u>609,078</u>
Surplus before working capital changes		
Decrease / (increase) in current assets		
Prepayments and security deposits	57,750	(57,750)
Accounts receivable	(14,900)	-
	42,850	(57,750)
Increase / (decrease) in current liabilities		
Accrued and other payables	10,000	29,500
Advance fee	180,601	367,790
	190,601	397,290
Tax deducted by withholding tax agents	(59,392)	(56,135)
Lease rentals paid during the year	(677,500)	
	<u>2,059,789</u>	<u>892,483</u>
Net cash from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Profit received on term deposit receipts	461,838	197,341
Net cash from investing activities	<u>461,838</u>	<u>197,341</u>
Net increase in cash and cash equivalents	2,521,627	1,089,824
Cash and cash equivalents at the beginning of the year	5,628,987	4,539,163
Cash and cash equivalents at the end of the year	<u>8,150,614</u>	<u>5,628,987</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.


PRESIDENT

D/N

DIRECTOR

SWISS BUSINESS COUNCIL
 STATEMENT OF CHANGES IN RESERVES
 FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
Note	----- Rupees -----	-----
Accumulated surplus brought forward	3,567,498	2,819,328
Impact upon adoption of IFRS 16 'Leases'	3.15.1 (531,159)	-
Accumulated surplus brought forward - As restated	3,036,339	2,819,328
Other comprehensive income for the year - Surplus for the year	2,212,729	748,170
Accumulated surplus carried forward to the Statement of Financial Position	<u>5,249,068</u>	<u>3,567,498</u>

The annexed notes from 1 to 15 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, 2020**

1. THE COUNCIL AND ITS OPERATIONS

1.1 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.

1.2 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.

1.3 Impact of COVID -19

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. Measures taken to contain the spread of the virus, including lock-downs, travel bans, quarantines, social distancing, and closures of non-essential services and factories triggered significant disruptions to businesses worldwide and in Pakistan, resulting in an economic slowdown.

The Council has considered various measures to run the operations of the Council which included work from home, flexible working hours, online meetings and alternate working days. The Council's major revenue was based on fees from members, which were intact throughout the year. Therefore, there is no material impact on the operations and results of the Council due to COVID-19.

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; 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, 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 ADOPTION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS:

3.3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2020

The following standards, amendments and interpretations are effective for the year ended June 30, 2020. 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 except for IFRS 16 'Leases' other than certain additional disclosures.

	Effective from accounting period beginning on or after:
IFRS 16 - Leases: This standard superseded IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
Amendments to IFRS 9 - Financial Instruments: Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
Amendments to IAS 19 - Employee Benefits: Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
IFRS 14 – Regulatory Deferral Accounts	July 01, 2019
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 01, 2019

Certain annual improvements have also been made to a number of IFRSs, which are also not relevant to 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 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.

	Effective from accounting periods beginning on or after:
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Amendments to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material	January 01, 2020
Amendments to IFRS 3 - Business Combinations: Amendments regarding the definition of business	January 01, 2020
Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurement and IFRS 7 - Financial Instruments: Disclosures - Interest rate benchmark reform	January 01, 2020
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2023
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2023

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 17 – Insurance Contracts

3.4 Significant accounting judgments and estimates

The preparation of financial statements in conformity with approved accounting standards and reporting 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 measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. The specific criteria for each type of revenue is described below:

- Council's main income is derived from the annual fee obtained from members. As Council's subscription year is not coterminous with the financial year, annual fee is received in advance only that portion of annual fee which is attributable to current financial year is recognized as revenue and the remaining is deferred into the relevant period and is shown as "Advance fee" in the statement of financial position under the heading of current liabilities.
- Joining fee from new members is recognized from the date joining of member till the date of first annual fee. Annual fee for the year in which member joins is exempt. As Council's subscription year is not coterminous with the financial year, annual fee is received in advance only that portion of joining fee which is attributable to current financial year is recognized as revenue and the remaining is deferred into the relevant period and is shown as "Advance fee" in the statement of financial position under the heading of current liabilities.
- As Council's subscription year is not coterminous with the financial year, service fee is received in advance only that portion of service fee which is attributable to current financial year is recognized as revenue and the remaining is deferred into the relevant period and is shown as "Deferred revenue" in the statement of financial position under the heading of current liabilities.
- Advertisement income is recognized when performance obligation is satisfied at a point in time i.e. when income is received.
- 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 is 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 date of Statement of Financial Position to reflect the current best estimate.

3.11 Intangible assets - computer, software

These are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is charged using straight line method over a period of 10 years.

Gains and losses on disposal of software, if any, are taken to income and expenditure 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.

3.14 Financial assets and liabilities

3.14.1 Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

The Council recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognized unless one of the parties has performed its part of the contract or the contract is a derivative contract.

3.14.2 Classification and measurement

3.14.2.1 Financial assets

There are three principal classification categories for financial assets:

- Measured at amortized cost ("AC"),
- Fair value through other comprehensive income ("FVTOCI") and
- Fair value through profit or loss ("FVTPL").

Financial asset at amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Asset at FVTOCI

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, for an equity investment that is not held for trading, the Council may irrevocably elect to present subsequent changes in fair value in OCI, only dividend income is recognised in income statement. This election is made on an investment-by-investment basis.

FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Financial asset at FVTPL

All other financial assets are classified as measured at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVTOCI).

In addition, on initial recognition, the Council may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Council changes its business model for managing financial assets.

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the profit or loss

3.14.2.2 Financial liabilities

The Council classifies its financial liabilities in the following categories

- Measured at amortized cost (AC) ;or
- Measured at Fair value through profit or loss (FVTPL) ;or

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Council has opted to measure them at FVTPL.

Classification and measurement of financial liabilities

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

3.14.3 Impairment of financial assets

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. Under IFRS 9, the Council is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Council's historical experience and informed credit assessment and including forward-looking information.

3.15 Adoption of IFRS 16 - Leases

The Council has adopted IFRS 16 "Leases" from July 01, 2019 as notified by the Securities and Exchange Commission of Pakistan vide its SRO 434 (I)/2018 dated April 09, 2018. The standard replaces the existing guidance on leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The Council has adopted IFRS 16 retrospectively from July 01, 2019, but has not restated comparatives for the reporting period, as permitted under the specific transitional provisions in the IFRS 16. The reclassifications and the adjustments arising from the IFRS 16 are therefore recognised in the opening balance sheet on July 01, 2019.

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The entity recognises a right-of-use asset and lease liability at the lease commencement date. Assets and liabilities arising from a lease are initially measured on a present value basis.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain re-measurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The effect of this change in accounting policy is as follows:

3.15.1 Impact on net assets :

	July 01, 2019 Rupees
Recognition of right of use asset	3,530,801
Financial asset - Present value of security deposit	31,310
Recognition of lease liability	(4,038,270)
Security deposit reversed	(55,000)
Impact on net assets	<u>(531,159)</u>

	Note	June 30, 2020	June 30, 2019
		-----Rupees-----	
4. PROPERTY AND EQUIPMENT			
Operating fixed assets	4.1	<u>4</u>	<u>34,044</u>

4.1 Operating fixed assets

2020

	Cost		Accumulated Depreciation			Written down value		Depreciation rate per annum (%)	
	As at July 01, 2019	Additions / (Disposals)	As at June 30, 2020	As at July 01, 2019	Charge for the year	Disposals	As at June 30, 2020		As at June 30, 2020
	----- Rupees -----								
Computers	183,800	-	183,800	171,494	12,304	-	183,798	2	30
Office equipment	168,223	-	168,223	146,485	21,736	-	168,221	2	20
	352,023	-	352,023	317,979	34,040	-	352,019	4	

2019

	Cost		Accumulated Depreciation			Written down value		Depreciation rate per annum (%)	
	As at July 01, 2018	Additions / (Disposals)	As at June 30, 2019	As at July 01, 2018	Charge for the year	Disposals	As at June 30, 2019		As at June 30, 2019
	----- Rupees -----								
Computers	183,800	-	183,800	142,874	28,620	-	171,494	12,306	30
Office equipment	168,223	-	168,223	112,841	33,644	-	146,485	21,738	20
	352,023	-	352,023	255,715	62,264	-	317,979	34,044	

5. INTANGIBLE ASSETS

Computer software

Note	June 30, 2020	June 30, 2019
	-----Rupees-----	
5.1	<u>46,130</u>	<u>52,720</u>

5.1 Computer software

2020								
Cost		Accumulated Amortisation				Written down value		Amortisation rate per annum (%)
As at July 01, 2019	Additions / (Disposals)	As at June 30, 2020	As at July 01, 2019	Charge for the year	Disposals	As at June 30, 2020	As at June 30, 2020	
----- Rupees -----								
65,900	-	65,900	13,180	6,590	-	19,770	46,130	10

2019								
Cost		Accumulated Amortisation				Written down value		Amortisation rate per annum (%)
As at July 01, 2018	Additions / (Disposals)	As at June 30, 2019	As at July 01, 2018	Charge for the year	Disposals	As at June 30, 2019	As at June 30, 2019	
----- Rupees -----								
65,900	-	65,900	6,590	6,590	-	13,180	52,720	10

	Note	June 30, 2020	June 30, 2019
		-----Rupees-----	
6. RIGHT OF USE OF ASSET			
Balance at initial application of IFRS 16 on July 01, 2019		3,530,801	-
Depreciation	6.1.1	(505,386)	-
Closing net book value		<u>3,025,415</u>	<u>-</u>

6.1 This represents the lease of office premises occupied by the Council for a lease term of ten years commencing from August 01, 2016 to August 31, 2026. The depreciation is charged on the straight line basis for the remaining period of lease term.

	Note	June 30, 2020	June 30, 2019
		-----Rupees-----	
7. ADVANCE TAX, PREPAYMENTS AND SECURITY DEPOSIT			
Advance tax		163,243	103,851
Prepayments		-	57,750
		<u>163,243</u>	<u>161,601</u>

8. CASH AND BANK BALANCES

	Note	June 30, 2020	June 30, 2019
		-----Rupees-----	
Cash in hand		21,027	18,356
Cash at bank			
- Current account		629,587	410,631
- Term deposit	8.1	7,500,000	5,200,000
		<u>8,150,614</u>	<u>5,628,987</u>

8.1 The term deposit is for 3 months to 12 months on roll forward basis. Which carries a profit @ 7.00% (2019: 10.25%) per annum. The short term rating of the Bank is A-1+ and long term rating is AA+. Therefore, no ECL provision has been recorded.

	Note	June 30, 2020	June 30, 2019
		-----Rupees-----	
9. ADVANCE FEE			
Annual fee		1,560,000	1,560,000
Service fee	9.1	803,150	690,940
Joining fee		68,391	-
		<u>2,431,541</u>	<u>2,250,940</u>

9.1 Annual fee represents the membership fee obtained from the members of the Council. There are three categories of members, following are the annual fee for each category:

	June 30, 2020	June 30, 2019
	-----Rupees-----	
Category A	100,000	100,000
Category B	30,000	30,000
Category C	25,000	25,000

9.2 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.

	June 30, 2020	June 30, 2019
	-----Rupees-----	
10. LEASE LIABILITY		
Opening as of July 01, 2019	4,038,270	-
Less: Lease rental paid during the year	(677,500)	-
Add: Unwinding of finance cost	308,440	-
	<u>3,669,210</u>	<u>-</u>
Less: Current portion shown in current liability	(365,966)	-
	<u>3,303,244</u>	<u>-</u>

The future payments of assets subject to finance lease are as follows:

	2020		
	Future minimum lease payments	Financial charges	Principal repayments
	----- Rupees -----		
Not later than one year	646,500	280,534	365,966
later than one year but not later than five years	4,062,520	759,275	3,303,245
	<u>4,709,020</u>	<u>1,039,810</u>	<u>3,669,210</u>

11 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of Council members, Managing Committee, Switzerland Global Enterprise and the Patron-in-Chief at Switzerland Embassy in Islamabad. The Council carries out transactions with related parties at agreed terms.

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

	2020		2019	
	----- Rupees -----			
	Advertisement income	Annual fee	Advertisement income	Annual fee
Polygal N.V. - Common directorship	8,000	100,000	10,000	100,000
Archroma Pakistan Limited - Common directorship	38,000	100,000	10,000	100,000
Al Ameen Trading - Common directorship	28,000	30,000	10,000	30,000
Sika Pakistan (Private) Limited - Common directorship	38,000	100,000	10,000	100,000
SICPA Inks - Common directorship	28,000	100,000	10,000	100,000
Habib Metro Bank Limited - Common directorship	58,000	100,000	10,000	100,000
Philip Morris (Pakistan) Limited - Common directorship	28,000	100,000	10,000	100,000
Imtiaz Enterprises - Common directorship	-	25,000	10,000	25,000
Roche Pakistan Limited - Common directorship	8,000	100,000	10,000	100,000

12 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:

12.1 Market risk management

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

12.1.1 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 date of Statement of Financial Position, the Council is not significantly exposed to currency risk.

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

	June 30, 2020	June 30, 2019
	-----Rupees-----	
Fixed rate instrument		
Financial asset	<u>7,500,000</u>	<u>5,200,000</u>

12.2 Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As of the date of Statement of Financial Position, 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 Council has bank balance only in one bank i.e. Habib Metro Bank Limited bearing a credit ratings of A-1+ for short term and AA+ for long term by credit rating agency PACRA.

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2020 was as follows:

	June 30, 2020	June 30, 2019
	-----Rupees-----	
	Balance as per Statement of Financial Position	
Bank balance	8,129,587	5,610,631
Accrued interest on bank deposit	73,110	33,586
Security deposit	55,000	55,000
	<u>8,257,697</u>	<u>5,699,217</u>

12.3 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 Statement of Financial Position.

12.4 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.

13 NUMBER OF EMPLOYEES


The number of employees as at year end was 2 (2019: 2).

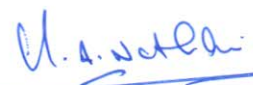
14 DATE OF AUTHORISATION FOR ISSUE .

These financial statements were authorised for issue on 15 OCT 2020 by the Council Members.

15 GENERAL

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

D-11

PRESIDENT


DIRECTOR