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**AUDITORS' REPORT ON FINANCIAL STATEMENTS OF**

**SWISS BUSINESS COUNCIL**

**FOR THE YEAR ENDED 30 JUNE 2015**

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Chartered Accountants  
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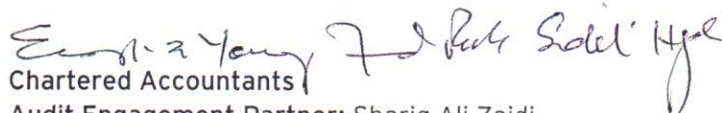
## Auditors' report to the members

We have audited the annexed balance sheet of **Swiss Business Council** (the Council) as at **30 June 2015** and the related income and expenditure account, statement of comprehensive income and cash flow statement 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 account 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 applied consistently;
  - (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 and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, given 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 **30 June 2015** and of the surplus, its comprehensive income and cash flows 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).

  
Chartered Accountants  
Audit Engagement Partner: Shariq Ali Zaidi  
Date: 07 October 2015  
Karachi

**SWISS BUSINESS COUNCIL**

**BALANCE SHEET  
AS AT JUNE 30, 2015**

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
<b><u>ASSETS</u></b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	4	725,263	-
<b>CURRENT ASSETS</b>			
Fee receivable		-	144,000
Advance tax and prepayment	5	59,320	47,500
Cash and bank balances	6	3,316,100	3,801,794
		<b>3,375,420</b>	<b>3,993,294</b>
<b>TOTAL ASSETS</b>		<b><u>4,100,683</u></b>	<b><u>3,993,294</u></b>
<b><u>RESERVES AND LIABILITIES</u></b>			
<b>REVENUE RESERVE</b>			
Accumulated surplus		3,439,648	3,088,155
<b>CURRENT LIABILITIES</b>			
Accrued and other payables		121,907	350,000
Service fee received in advance	7	539,128	555,139
		<b>661,035</b>	<b>905,139</b>
<b>TOTAL RESERVES AND LIABILITIES</b>		<b><u>4,100,683</u></b>	<b><u>3,993,294</u></b>
<b>CONTINGENCIES AND COMMITMENTS</b>			

The annexed notes 1 to 12 form an integral part of these financial statements.

*M. Mohamed*

**PRESIDENT**

*E. Z...*

**DIRECTOR**

**SWISS BUSINESS COUNCIL**

**INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2015**

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
<b>INCOME</b>			
Annual fee	3.6	1,842,000	1,872,000
Joining fee	3.6	388,000	50,000
Service fee	7	2,048,562	555,139
Advertisement income		655,296	1,842,000
Less: related expenses		(489,000)	(173,536)
		166,296	1,668,464
Profit on deposit account		107,075	51,739
Other income – scrap sales		8,000	-
		<b>4,559,933</b>	<b>4,197,342</b>
<b>EXPENDITURE</b>			
Salaries and allowances		1,615,867	913,000
Rent		604,223	547,400
Events and meetings		460,325	478,058
Audit fee		100,000	57,900
Depreciation	4.1	52,863	-
Membership fee written off		84,000	-
Website designing and maintenance		23,660	24,780
Repairs and maintenance		380,350	30,115
Legal and professional charges		173,870	25,125
Travelling		354,701	139,890
Utilities		159,006	118,556
Stationery		72,895	5,946
Communication and internet		29,199	31,885
Postage and courier		37,894	15,425
Others		59,587	25,810
		<b>4,208,440</b>	<b>2,413,890</b>
<b>SURPLUS FOR THE YEAR</b>		<b>351,493</b>	<b>1,783,452</b>
Accumulated surplus brought forward		3,088,155	1,304,703
<b>ACCUMULATED SURPLUS CARRIED FORWARD TO THE BALANCE SHEET</b>		<b>3,439,648</b>	<b>3,088,155</b>

The annexed notes 1 to 12 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, 2015**

	June 30, 2015 Rupees	June 30, 2014 Rupees
Surplus for the year	351,493	1,783,452
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>351,493</b>	<b>1,783,452</b>

The annexed notes 1 to 12 form an integral part of these financial statements



**PRESIDENT**



**DIRECTOR**

**SWISS BUSINESS COUNCIL**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2015**

	June 30, 2015 Rupees	June 30, 2014 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus for the year	351,493	1,783,452
<b>Adjustment for non-cash and other items</b>		
Depreciation	52,863	-
Membership fee written off	84,000	-
Profit on deposit account	(107,075)	(51,739)
<b>Surplus before working capital changes</b>	<u>381,284</u>	<u>1,731,713</u>
<b>Decrease / (increase) in current assets</b>		
Prepayment	(1,113)	(5,100)
Fee receivable	60,000	(144,000)
	58,887	(149,100)
<b>(Decrease) / increase in current liabilities</b>		
Accrued and other payables	(228,093)	310,000
Service fee received in advance	(16,011)	555,139
	(244,104)	865,139
Tax paid on profit on deposit account	(10,707)	-
<b>Net cash flows from operating activities</b>	<u>185,537</u>	<u>2,447,752</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment	(778,126)	-
Profit received on deposit account	107,075	57,475
<b>Net cash used in investing activities</b>	(671,051)	57,475
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	-	-
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(485,694)</u>	<u>2,505,227</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	3,801,794	1,296,567
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>3,316,100</u>	<u>3,801,794</u>

The annexed notes 1 to 12 form an integral part of these financial statements.

*Ernst*

*M. Mohamed*

**PRESIDENT**

*E. J. ...*

**DIRECTOR**

## SWISS BUSINESS COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

#### 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 10 Sasi Town, Abdullah Haroon Road, Karachi.

#### 2. STATEMENT OF COMPLIANCE

2.1 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.

2.2 Previously, the Council used to prepare the financial statements in accordance with approved accounting standards comprising Accounting and Financial Reporting Standard for Small-Sized Entities issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. The management for the purpose of improved presentation of the financial statements changed the accounting framework which, however, has not resulted in any change in accounting policy.

#### 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 interpretations that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities (Amendment)	January 01, 2015

<b>Standard or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	January 01, 2016
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 – Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

The above standards and amendments are not expected to have any impact on the Council's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2016. The Council expects that such improvements to the standards will not have any material impact on the Council's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standard</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018

### 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 recognised 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 recognised 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 from existing members is recognised on accrual basis which coincides at the time of issuance of invoice to the existing members. Joining fee from new members is recognised on receipt basis.
- Service fee is recognized when services are rendered.
- Advertisement income net off related expenses is recorded on receipt basis.
- Profit on deposit account is accounted for using the effective interest rate method.

**3.7 Taxation**

Being a non-profit organization, no tax expense has been accounted for in these financial statements as no tax is payable in accordance with Section 100C to the Income Tax Ordinance, 2001.

**3.7 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.

**3.8 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 balance sheet date.

Maintenance and normal repairs are charged to income and expenditure account as and when incurred. Major renewals and improvements are capitalized.

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.

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
<b>4. PROPERTY AND EQUIPMENT</b>			
Operating fixed assets	4.1	<u>725,263</u>	<u>-</u>

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## 4.1 Operating fixed assets

	COST		ACCUMULATED DEPRECIATION			CARRYING VALUE		Depreci- ation Rate %
	As at July 01, 2014	Additions	As at June 30, 2015	As at July 01, 2014 (Rupees)	For the year	As at June 30, 2015	As at June 30, 2015	
Computer	-	88,400	88,400	-	21,943	21,943	66,457	30%
Office equipments	-	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%
<b>2015</b>	<b>-</b>	<b>778,126</b>	<b>778,126</b>	<b>-</b>	<b>52,863</b>	<b>52,863</b>	<b>725,263</b>	

## 5. ADVANCE TAX AND PREPAYMENT

Advance tax		<b>10,707</b>	-
Prepayment – office rent		<b>48,613</b>	47,500
		<b>59,320</b>	<b>47,500</b>

## 6. CASH AND BANK BALANCES

Cash in hand		<b>3,877</b>	2,641
Cash at banks in:			
- Current account		<b>1,812,223</b>	2,299,153
- Deposit account	6.1	<b>1,500,000</b>	1,500,000
		<b>3,312,223</b>	3,799,153
		<b>3,316,100</b>	<b>3,801,794</b>

6.1 This carries profit at the rate of 8% (2014: 7%) per annum.

## 7. SERVICE FEE RECEIVED IN ADVANCE

Service fee received in advance	7.1	<b>539,128</b>	555,139
7.1 Amount received during the year		<b>2,587,690</b>	1,110,278
Less: Income recognised during the year		<b>2,048,562</b>	555,139
	7.2	<b>539,128</b>	<b>555,139</b>

7.2 During the year ended June 30, 2014, the Council entered into an agreement with Switzerland Global Enterprise (the Enterprise) for the purpose of providing free facilitation and consultation services to Swiss and Liechtenstein companies on behalf of the Enterprise. In accordance with the agreement a total of CHF 10,000/- is paid to the Council on an annual basis to compensate for services provided by the Council. Revenue is recognized in accordance with accounting policy mentioned in note 3.6 to these financial statements, i.e. as and when such services are rendered.

## 8. 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 in the normal course of business. Details of transactions during the year with these related parties, if any, have been disclosed in the relevant notes to these financial statements.

## 9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

### 9.1 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.

#### 9.1.1 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 exposed to currency risk.

#### 9.1.2 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. As at balance sheet date, the Council is not significantly exposed to interest rate risk.

### 9.2 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 balance sheet date, the Council is not materially exposed to such credit risk.

The Council 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:

Rating	Rating
Habib Metropolitan Bank Limited	<u>Short Term</u> A1+

### 9.3 Liquidity risk management

Liquidity risk represents the risk that a 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.

### 9.4 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. As at June 30, 2015, the Council does not have any financial instruments that have been carried at fair value.

## 10. NUMBER OF EMPLOYEES

The number of employees as at year end was 2 (2014: 4).

## 11. DATE OF AUTHORISATION FOR ISSUE

**07 OCT 2015**

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

## 12. GENERAL

12.1 Certain prior year figures have been rearranged and reclassified for better presentation.

12.2 Figures presented in these financial statements have been rounded off to the nearest rupee.

**PRESIDENT**

**DIRECTOR**