



**Building a better
working world**

**PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan Institute of Corporate Governance
Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed statement of financial position of **Pakistan Institute of Corporate Governance** (the Institute) as at **31 December 2020** and the related condensed interim income and expenditure statement, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is **Shalkh Ahmed Salman**.

Chartered Accountants

Karachi

Date: 01 April 2021

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	(Unaudited) December 31, 2020 Rupees	(Audited) June 30, 2020 Rupees
ASSETS			
Non-current assets			
Property and equipment		1,922,510	5,227,461
Right of use asset		15,161,082	17,292,440
Financial assets at amortised cost - Long term	6	52,303,331	14,581,240
Security deposits	7	1,540,470	1,540,470
		<u>70,927,393</u>	<u>38,641,611</u>
Current assets			
Receivable from members	8	5,463,245	2,007,345
Short-term prepayments and advances		363,456	287,505
Financial assets at amortised cost - Short term	9	62,166,411	66,735,057
Tax refunds due from Government	10	3,703,810	12,246,937
Other receivables		1,986,467	3,105,776
Cash and bank balances		8,697,515	10,699,626
		<u>82,380,904</u>	<u>95,082,246</u>
Total assets		<u><u>153,308,297</u></u>	<u><u>133,723,857</u></u>
FUND BALANCE & LIABILITIES			
Fund Balance			
Accumulated fund		113,138,627	105,606,404
Non-current Liability			
Lease liability		11,847,178	10,200,712
Current Liabilities			
Fees in advance		20,826,397	9,721,397
Accrued expenses		2,398,211	806,956
Other payables		1,819,206	1,568,590
Current portion of lease liability		3,278,678	5,819,798
		<u>28,322,492</u>	<u>17,916,741</u>
Total liabilities		<u>40,169,670</u>	<u>28,117,453</u>
Total Fund Balance and Liabilities		<u><u>153,308,297</u></u>	<u><u>133,723,857</u></u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.


Chief Executive Officer


Chief Financial Officer


Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
CONDENSED INTERIM INCOME AND EXPENDITURE STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

	Note	December 31, 2020 Rupees	December 31, 2019 Rupees
INCOME			
Revenue from services	11	34,507,434	29,443,158
EXPENDITURE			
Salaries, allowances and benefits		16,156,840	15,801,455
Professional service fee		9,082,709	7,252,160
Depreciation on property and equipment		329,067	509,890
Depreciation on right of use asset		2,131,358	2,760,400
Expected credit loss		1,318,315	41,563
Travelling and conveyance		248,056	500,114
Utilities		585,040	640,992
Printing and stationery		133,889	571,551
Insurance		88,332	113,177
Repair and maintenance		499,028	589,295
Conference cost		-	974,725
Other expenditure	12	625,081	2,026,545
		31,197,715	31,781,867
Operating surplus / (deficit)		3,309,719	(2,338,709)
Return on bank balances and investments		5,870,657	5,767,383
Finance cost		(1,648,153)	(1,934,370)
Surplus for the period		7,532,223	1,494,304
Other comprehensive income		-	-
Total comprehensive income		7,532,223	1,494,304

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.


 Chief Executive Officer


 Chief Financial Officer



 Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

	Note	December 31, 2020 Rupees	December 31, 2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the period		7,532,223	1,494,304
Adjustment for:			
Return on bank balances and investments		(5,870,657)	(5,767,383)
Depreciation		329,067	509,890
Depreciation on lease		2,131,358	2,760,400
Interest cost on lease		1,646,466	1,932,280
Gain on disposal of fixed asset		(424,116)	26,539
Expected credit loss		1,318,315	41,563
Surplus before working capital changes		6,662,656	997,593
(Increase) / decrease in current assets:			
Receivable from members		(4,355,150)	(5,369,524)
Short term prepayments and advances		(75,951)	921,667
Other receivables		700,244	3,261,469
		(3,730,857)	(1,186,388)
Increase / (decrease) in current liabilities:			
Fees in advance		11,105,000	7,222,424
Accrued expenses		1,591,255	(3,827,433)
Other payables		250,616	83,572
		12,946,871	3,478,563
Withholding tax paid		8,543,127	(684,232)
Net cash generated from operating activities		24,421,797	2,605,536
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets		-	(3,980,375)
Proceeds from maturity of short-term investments		-	8,733,334
Purchase of long term investments		(37,235,414)	-
Proceeds from disposal of operating fixed assets		3,400,000	29,900
Return on bank balances and investments received		5,383,980	5,829,291
Net cash (used in) / generated from investing activities		(28,451,434)	10,612,150
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment against lease liabilities		(2,541,120)	(4,701,069)
Net cash used in financing activities		(2,541,120)	(4,701,069)
Net (decrease) / increase in cash and cash equivalents		(6,570,757)	8,516,617
Cash and cash equivalents at beginning of the period		77,434,683	66,382,119
Cash and cash equivalents at end of the period	13	70,863,926	74,898,736

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.


Chief Executive Officer


Chief Financial Officer


Director

4

**PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)**

	Accumulated fund Rupees
Balance as at July 01, 2019	97,524,244
Total comprehensive income for the half year ended December 31, 2019	1,494,304
Balance at December 31, 2019	<u>99,018,548</u>
Balance at July 01, 2020	105,606,404
Total comprehensive income for the half year ended December 31, 2020	7,532,223
Balance at December 31, 2020	<u>113,138,627</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.


Chief Executive Officer


Chief Financial Officer


Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

1. THE INSTITUTE AND ITS OPERATIONS

1.1 Pakistan Institute of Corporate Governance (the Institute) was incorporated in Pakistan as a company limited by guarantee without share capital on December 01, 2004 under section 42 of the repealed Companies Ordinance, 1984 (now section 42 of the Companies Act, 2017). Its members include 95 (June 30, 2020: 94) Corporate, 34 (June 30, 2020: 27) Individual and the following founding members:

- Securities & Exchange Commission of Pakistan
- The State Bank of Pakistan
- The Pakistan Stock Exchange Limited
- Institute of Business Administration
- Lahore University of Management Sciences
- Institute of Chartered Accountants of Pakistan
- Institute of Corporate Secretaries of Pakistan
- Institute of Cost and Management Accountants of Pakistan
- Overseas Investors Chamber of Commerce and Industry
- Federation of Pakistan Chambers of Commerce and Industry
- Insurance Association of Pakistan
- Mutual Funds Association of Pakistan
- Pakistan Banks Association

1.2 The main objective of the Institute is to promote awareness of corporate governance and encourage compliance with good corporate governance practices by corporate bodies and professionals. In this regard, the Institute also conducts Directors' Training Program based on a standard curricula for which the Institute has arrangements with foreign organisations.

1.3 Securities and Exchange Commission of Pakistan (SECP) through various circulars has directed all companies set up in pursuance of section 42 and have completed five years' time from issuance of their license to apply for renewal of license. Accordingly, on 16 December 2020, the Institute applied for renewal of license which is pending approval from SECP.

1.4 The registered office of the Institute is situated at Office Suite 316, "The Forum", Clifton, Karachi, Pakistan.

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Sen

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the institute's annual financial statements for the year ended June 30, 2020.

2.3 These condensed interim financial statements are unaudited, but subject to limited scope review by the external auditors.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Institute's annual financial statements for the year ended June 30, 2020 except for the adoption of new standards, amendments and interpretation of International Financial Reporting Standards (IFRSs) as disclosed in note 5. The Institute's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Institute for the year ended June 30, 2020.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied in the Institute's annual financial statements for the year ended June 30, 2020.

5. NEW STANDARDS, AMMENDMENTS AND IMPROVEMENTS OF IFRSs

The Institute has adopted the following accounting standards and amendments of IFRSs and the improvements to accounting standards which became effective during the current period:

Amendments to IFRS 3: Definition of a Business

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

Amendments to IAS 1 and IAS 8 Definition of Material

Conceptual Framework for Financial Reporting issued on March 29, 2018

Amendments to IFRS 16 Covid-19 Related Rent Concessions

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Institute's condensed interim financial statements.

	Note	(Unaudited) December 31, 2020 Rupees	(Audited) June 30, 2020 Rupees
6. FINANCIAL ASSET AT AMORTISED COST - LONG-TERM			
Pakistan Investment Bonds	6.1	<u>52,303,331</u>	<u>14,581,240</u>

6.1 These carry profit yield @ 7.25% - 9.00% per annum (June 30, 2019: 7.25% per annum) payable at six month interval and are carried at amortised cost maturing on July 12, 2021, September 19, 2022, June 19, 2023 and August 20, 2023.

7. LONG TERM SECURITY DEPOSITS

These represent security deposit paid to The Forum in accordance with Rental agreements for office suite No. 315 and 316.

	Note	(Unaudited) December 31, 2020 Rupees	(Audited) June 30, 2020 Rupees
8. RECEIVABLE FROM MEMBERS			
Annual subscription		4,919,000	652,500
Directors Training Program		1,396,500	819,000
Fee from specialised workshops and others		661,245	1,162,595
		<u>6,976,745</u>	<u>2,634,095</u>
Less: Provision for doubtful debts		(1,513,500)	(626,750)
		<u>5,463,245</u>	<u>2,007,345</u>

9. FINANCIAL ASSET AT AMORTISED COST - SHORT-TERM

Market treasury bills	9.1	<u>62,166,411</u>	<u>66,735,057</u>
9.1 This carries interest rate of 7.11% (June 30, 2020: 8.09% - 13.02%) per annum. The security has an aggregate face value of Rs.63 million (June 30, 2020: Rs.70 million) and is maturing on 11 March 2021.			

10. TAX REFUNDS DUE FROM GOVERNMENT

This represents income tax refundable from income tax authorities on account of withholding tax deducted from payments made to the Institute. The institute is currently in the process of recovering the said balance from the authorities.

	(Unaudited)	
	December 31, 2020 Rupees	December 31, 2019 Rupees
11. REVENUE		
Entrance fee from members	1,440,000	365,000
Annual subscription and application fee	8,345,000	4,392,996
Fee from Directors Training Program	18,359,500	16,146,832
Fee from specialized workshops	2,896,616	5,972,500
Advisory services board evaluation	3,043,202	844,200
Gain on disposal of operating fixed assets	424,116	-
Conference fee	-	1,716,630
Other income	-	5,000
	<u>34,507,434</u>	<u>29,443,158</u>

12. OTHER EXPENDITURE

Marketing and advertisement	91,666	133,380
Publication expenses	407,550	428,695
Canteen supplies	52,941	116,752
Membership fees	43,326	172,264
Boarding and lodging	-	300,000
Loss on disposal of operating fixed assets	-	26,539
Others	29,598	848,915
	<u>625,081</u>	<u>2,026,545</u>

(Unaudited)

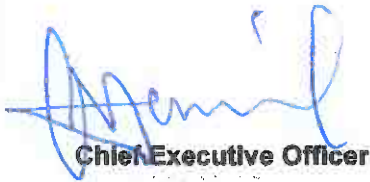
	December 31, 2020 Rupees	December 31, 2019 Rupees
13. CASH AND CASH EQUIVALENTS		
Cash and bank balances	8,697,515	9,853,303
Short-term investments	62,166,411	65,045,433
	<u>70,863,926</u>	<u>74,898,736</u>

14. GENERAL

- 14.1** Figures in this condensed interim financial information have been rounded off to the nearest Rupee, unless otherwise stated.
- 14.2** Comparative figures have been reclassified for the purpose of better presentation and comparison, wherever necessary.

15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Institute in their meeting held on March 1, 2021.



Chief Executive Officer



Chief Financial Officer



Director