QUARTER 3 & 4, 2019:

MEETINGS WITH DIGNARITIES AND GOVERNMENT OFFICIALS:

Dopasi emphasizes on engagements with the National and International level donors. The company engages with dignitaries and notable officials at districts and provincial levels. Different stakeholders visited Dopasi Office during this quarter. The visits were helpful in sensitizing the officials about the scope and objectives of Dopasi foundation and how their collaborations can contribute and impact the overall society.

QUARTER 1&2, 2020

EFFECT OF COVID-19 ON OPERATIONAL ACTIVITIES

During the start of year 2020, the operational activities were slow down when the first case of COVID-19 was reported in in February 2020. The COVID-19 outbreak has also effected different part of the country. And due to strict orders of the government most of the cities were completely locked own and all the official, educational departments and commercial areas were closed. Considering the implications of Covid-19 and to avoid a complete halt in our operations, some activities were rescheduled and consolidated based on the priority scale. Therefore, during the initial wave of COVID-19 the Dopasi office was closed and staff performed its duties from home. As safety and protection is one of the top priority of the company, after the lockdown was relaxed by the government and the institutes were allowed to reopen. It was ensured that strong infection control measures to be taken and use of personal protective equipment were made mandatory in the office premises. The COVID-19 safety protocols were implemented rigorously.
APPLICATION FOR TB REACH WAVE 8

TB Reach opens up for accepting grant proposal for Wave 8 during the first quarter, 2020. Dopasi Foundation under the umbrella of its senior advisory board conduct different meetings. The purpose of these meetings was to brainstorm, generate ideas, draft a concept note and to prepare the proposal. The proposal was prepared and submitted to the donor in the second quarter 2020. The Results were out and DOPASI Foundation was rewarded TB Reach wave 8 in July 2020. Grant Agreement was expected to be signed in the third quarter, 2020.

WAY FORWARD:

- **Grant Approval and agreement:** The project approval was received during July 2020 and the Grant Support Agreement (GSA) to be signed on August 15, 2020.
- **Draft Consolidated Work plan:** A work plan to be draft for the project to ensure smooth implementation of the project
- **Facilitation:** Engage Pakistan Pharmaceuticals Manufacturing Association, Private pharmacies and district level health offices for the implementation of the project.
- **Recruitment and Induction of Staff:** Plan the essential executive staff recruitment for the country office including project team and research associates.
- **Orientation Meetings:** Organize orientation meetings with the project stakeholders at different levels.
INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS

OPINION
We have audited the annexed consolidated financial statements of DOPASI FOUNDATION, which comprise the consolidated statement of financial position as at June 30, 2020 and the consolidated income and expenditure account and the consolidated statement of cash flows for the year ended June 30, 2020, and notes to the consolidated 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 consolidated statement of financial position, consolidated income and expenditure account and the consolidated statement of cash flows together with the notes forming part thereof conform with approved accounting and reporting standards as applicable in Pakistan and 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 company’s affairs as at June 30, 2020 and of the income and expenditure and its cash flows for the year ended June 30, 2020.

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 Consolidated financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants as adopted by the relevant institute (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.

KEY AUDIT MATTER
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There were no key audit matters for discussion.
RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’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 Company or to cease operations, or has no realistic alternative but to do so.

Boards of directors are responsible for overseeing the Company’s financial reporting process.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 Company’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 evidence obtained, whether a material uncertainty exists related to events or conditions that may cause significant doubt on the Company’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 consolidated 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 Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in the manner that achieves fair presentation.

We communicate with the board of directors 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.

We also provided the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

We communicate with the board of directors 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.

We also provided the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships...
# Dopasi Foundation

A Company Registered Under Section 42 of Companies Act 2017

## Statement of Financial Position

**As at June 30, 2020**

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating fixed assets</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances, deposits and prepayments</td>
<td>4</td>
<td>3,000</td>
<td>313,560</td>
</tr>
<tr>
<td>Other receivable</td>
<td>5</td>
<td>4,333</td>
<td>44,333</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>6</td>
<td>51,871</td>
<td>358,785</td>
</tr>
<tr>
<td></td>
<td></td>
<td>59,204</td>
<td>716,678</td>
</tr>
<tr>
<td><strong>Accumulated funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated funds</td>
<td>6</td>
<td>(905,282)</td>
<td>153,916</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>7</td>
<td>964,486</td>
<td>45,753</td>
</tr>
<tr>
<td>Creditors and other payables</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan from directors</td>
<td></td>
<td>-</td>
<td>211,515</td>
</tr>
<tr>
<td>Income tax payable</td>
<td></td>
<td>-</td>
<td>305,494</td>
</tr>
<tr>
<td></td>
<td></td>
<td>964,486</td>
<td>562,762</td>
</tr>
<tr>
<td></td>
<td></td>
<td>59,204</td>
<td>716,678</td>
</tr>
</tbody>
</table>

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

![Signature: Chief Executive]

![Signature: Director]
DOPASI FOUNDATION
A COMPANY REGISTERED UNDER SECTION 42 OF COMPANIES ACT 2017
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2020

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>2020 Rupees</th>
<th>2019 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>8</td>
<td>-</td>
<td>3,006,675</td>
</tr>
<tr>
<td>Less: Project expenses</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less: General and administrative expenses</td>
<td>9</td>
<td>1,379,198</td>
<td>3,158,361</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1,379,198)</td>
<td>(151,686)</td>
</tr>
<tr>
<td>Less: Financial charges</td>
<td></td>
<td>-</td>
<td>(9,059)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1,379,198)</td>
<td>(160,745)</td>
</tr>
<tr>
<td>Add: Other income</td>
<td></td>
<td>320,000</td>
<td>280,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1,059,198)</td>
<td>119,255</td>
</tr>
<tr>
<td>Less: Provision for taxation</td>
<td></td>
<td>-</td>
<td>(348,633)</td>
</tr>
<tr>
<td>Deficit for the year</td>
<td></td>
<td>(1,059,198)</td>
<td>(229,378)</td>
</tr>
</tbody>
</table>

The annexed notes form an integral part of these financial statements.
DOPASI FOUNDATION
A COMPANY REGISTERED UNDER SECTION 42 OF COMPANIES ACT 2017
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

<table>
<thead>
<tr>
<th>(A) Cash flow from operating activities</th>
<th>2020 Rupees</th>
<th>2019 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Deficit) / Surplus before taxation</td>
<td>(1,059,198)</td>
<td>119,255</td>
</tr>
<tr>
<td>Adjustment for non-cash charges and other items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial charges</td>
<td>-</td>
<td>(9,059)</td>
</tr>
<tr>
<td>Operating profit before working capital changes</td>
<td>(1,059,198)</td>
<td>110,196</td>
</tr>
</tbody>
</table>

| Working capital changes:                 |             |             |
| (Increase) / decrease in current assets |             |             |
| Advances, deposits and prepayments      | 310,560     | 436,949     |
| Other receivable                        | 40,000      | 44,333      |
| Increase / (decrease) in current liabilities | 918,733    | 15,753      |
| Creditors and other payables           | (211,515)   | (453,795)   |
| Loan from directors                    |             |             |
| Changes in working capital             | 1,057,778   | (45,426)    |
| Cash (used in) / generated from operations | (1,420)   | 64,770      |
| Less:                                   |             |             |
| Income tax paid                        | (305,494)   | (257,774)   |
| Financial charges                      | -           | 9,059       |
| Net cash out flow from operating activities | (306,914) | (183,945)   |

| (B) Cash flow from investing activities |             |             |
| Addition to fixed assets                | -           | -           |
| Net cash flow used in investing activities |         |             |

| (C) Cash flow from financing activities |             |             |
| Financing activities                    | -           | -           |
| Net cash flow from financing activities | -           | -           |

<table>
<thead>
<tr>
<th>Net cash changes (A+B+C)</th>
<th>2020 Rupees</th>
<th>2019 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(306,914)</td>
<td>(183,945)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash and cash equivalent at the beginning of the year</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>358,785</td>
<td>542,730</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash and cash equivalent at the end of the year</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>51,871</td>
<td>358,785</td>
</tr>
</tbody>
</table>

The annexed notes form an integral part of these financial statements.
DOPASI FOUNDATION
A COMPANY REGISTERED UNDER SECTION 42 OF COMPANIES ACT 2017
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 Corporate and general information
1.1 Legal status and operations
DOPASI Foundation is a non-profit organization and public limited company registered with
the Securities and Exchange Commission of Pakistan as of 15th February 2017, under section
42 of the Companies Act (previously Ordinance), 2017. The company has its registered Head
Office in Islamabad with the singular mission of “Bringing Sustainable Improvement in the
Quality of Life of the Underprivileged.”

2 Basis of preparation
2.1 Statement of compliance
These consolidated financial statements have been prepared in accordance with the
accounting and reporting standards as applicable in Pakistan. The accounting and reporting
standards applicable in Pakistan comprise of:
- International Financial Reporting Standard for Small and Medium Sized Entities (IFRS for
  SMEs) issued by the International Accounting Standards Board (IASB) as notified under the
  Companies Act, 2017; and
Where provisions of and directives issued under the Companies Act, 2017 differ from the
IFRS for SMEs, the provisions of and directives issued under the Companies Act, 2017 have
been followed.

2.2 Basis of measurement
These consolidated financial statements have been prepared under the historical cost
convention, except for certain items as disclosed in the relevant accounting policies below.

2.3 Functional and presentation currency
These consolidated financial statements are presented in Pakistan Rupee (Rs. / Rupees)
which is the Company’s functional currency. Amounts presented in the consolidated
financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise
stated.
2.4 Key judgements and estimates
The preparation of consolidated financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company’s accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:
- Useful lives, residual values and depreciation method of property, plant and equipment
- Useful lives, residual values and depreciation method of investment property measured at cost
- Fair value of investment property
- Useful lives, residual values and amortization method of intangible assets
- Provision for impairment of inventories
- Provision for doubtful trade receivables
- Estimation of provisions
- Estimation of contingent liabilities
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses)

The revisions to accounting estimates (if any) are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3 Summary of significant accounting policies
The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property, plant and equipment
Initial recognition
All items of property, plant and equipment are initially recorded at cost.

Subsequent measurement
Items of property, plant and equipment other than land, buildings, leasehold improvements and capital work in progress are measured at cost less accumulated depreciation and impairment loss (if any).

Land, buildings and leasehold improvements are measured at the revalued amount less accumulated depreciation and impairment loss (if any).

Capital work in progress is stated at cost less impairment loss (if any).
Revaluation

Any revaluation increase arising on the revaluation of land, buildings and leasehold improvements is recognized in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and leasehold improvements is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation buildings and leasehold improvements to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

During the year the Company changed its accounting policy in respect of the accounting and presentation of revaluation surplus on property, plant and equipment. Previously, the Company's accounting policy was in accordance with the provisions of repealed Companies Ordinance, 1984. Those provisions and resultant previous policy of the company was not in alignment with the accounting treatment and presentation of revaluation surplus as prescribed in the IFRS for SMEs. However, the Companies Act, 2017 has not specified any accounting treatment for revaluation surplus, accordingly the Company has changed the accounting policy and is now following the IFRS for SMEs prescribed accounting treatment and presentation of revaluation surplus.

Depreciation

Depreciation is charged so as to write off the cost or revalued amount of assets (other than land and capital work in progress) over their estimated useful lives, using the straight-line method at rates specified in the financial statements.

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Disposal

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized as other income in the statement of profit or loss. In case of the sale or retirement of a revalued items, the attributable revaluation surplus remaining in the surplus on revaluation of such item is transferred directly to the unappropriated profit.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis.

The effect of any changes in estimate is accounted for on a prospective basis.
3.2 Investment property

Recognition and measurement

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment property whose fair value can be measured reliably without undue cost or effort on an ongoing basis after initial recognition are measured at fair value, at each reporting date. The changes in fair value recognized in the statement of profit or loss. Any other investment property (whose fair value cannot be measured reliably without undue cost or effort) is measured at cost less accumulated depreciation and any impairment loss.

The fair value of investment property is determined at the end of each year using current market prices for comparable real estate, adjusted for any differences in nature, location and condition.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis. Further, determining adjustments for any differences in nature, location and condition of the investment property involves significant judgment.

Rental income

Rental income from investment property that is leased to a third party under an operating lease is recognized in the statement of profit or loss on a straight-line basis over the lease term and is included in 'other income'.

3.3 Intangible assets

Measurement

Intangible assets, other than goodwill, are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method at the rates specified in the financial statements.

Research and development expenditure is charged to 'administrative expenses' in the statement of profit or loss, as and when incurred.

Judgment and estimates

The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

3.4 Investment in associates

Investment in associates is accounted for at cost less any accumulated impairment losses. Dividend income from investments in associates is recognized in profit or loss and included in other income when the company’s right to receive payment has been established.

3.5 Dividend income

Dividend income is recognized when the Company's right to receive payment has been established and is recognized in profit or loss and included in other income.
3.6 Inventories

Measurement

Inventories are stated at the lower of cost and net realizable value.
Cost is calculated using the weighted average method and comprises direct materials, direct
labour costs and direct overheads that have been incurred in bringing the inventories to
their present location and condition.

Net realizable value represents the estimated selling price in the ordinary course of the
business less all estimated costs of completion and estimated costs necessary to be incurred
in order to make the sale.

Impairment

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the
carrying amount is reduced to its selling price less costs to complete and sell. The
impairment loss is recognized immediately in the cost of sales in the statement of profit or
loss.

Judgments and estimates

Inventory write-down is made based on the current market conditions, historical experience
and selling goods of similar nature. It could change significantly as a result of changes in
market conditions. A review is made periodically on inventories for excess inventories,
obsolescence and decline in net realizable value and an allowance is recorded against the
inventory balances for any such decline.

3.7 Impairment of non-financial assets other than inventories

The assets that are subject to depreciation or amortization are assessed at each reporting
date to determine whether there is any indication that the assets are impaired. If there is an
indication of possible impairment, the recoverable amount of the asset is estimated and
compared with its carrying amount.
An impairment loss is recognized if the carrying amount of an asset exceeds its estimated
recoverable amount. The impairment loss is recognized in the statement of profit or loss,
unless the relevant asset is carried at a revalued amount, in which case the impairment loss
is treated as a revaluation decrease.
An impairment loss is reversed only to the extent that the asset carrying amount does not
exceed the carrying amount that would have been determined, net of depreciation or
amortization, if no impairment loss had been recognized. The Company recognizes the
reversal immediately in the statement of profit or loss, unless the asset is carried at a
revalued amount in accordance with the revaluation model. Any reversal of an impairment
loss of a revalued asset is treated as a revaluation increase.

3.8 Trade and other receivables

Measurement

Trade receivables and other receivables are recognized at transaction price less an
allowance for impairment.
Impairment

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognized in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

Judgments and estimates

The allowance for doubtful debts of the Company is based on the ageing analysis and management’s continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realization of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

3.9 Impairment of financial assets other than trade receivables

The financial assets other than those that are carried at fair value are assessed at each reporting date to determine whether there is any objective evidence of their impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

The impairment loss is recognized immediately in the statement of profit or loss and the carrying amount of the related financial asset is reduced accordingly. An impairment loss is reversed only if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

3.10 Borrowings

Measurement

Loans are measured at amortized cost using the effective interest method.

Overdrafts are repayable in full on demand and are initially measured and subsequently stated at face value (the amount of the loan).

Interest

Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

Interest-free loan

In case the loan is interest-free or carries interest below the prevalent market rate, it is initially recognized at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The difference between the discounted present value and actual receipt is recognized as finance income. Subsequently, the interest-free loan is measured at amortized cost, using the effective interest rate method, this involves unwinding of discount, such that at the repayment date, the carrying value of obligation equals the amount to be repaid. The unwinding of discount is included in finance costs in the statement of profit or loss.
3.11 Leases
At its inception, a lease is classified as either a finance lease or an operating lease. Finance leases transfer substantially all the risks and rewards of ownership. All other leases are classified as operating leases.

Finance leases
Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is apportioned between the liability and finance charges using the effective interest method. Rental obligations, net of finance charges, are included in borrowings in the statement of financial position.

Operating leases
Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Minimum lease payments receivable under operating leases are recognized as revenue on a straight-line basis over the term of the lease.

3.12 Trade and other payables
Trade payables are obligations under normal short-term credit terms. These are measured at the undiscounted amount of cash to be paid.

3.13 Income tax
Income tax comprises of current tax and deferred tax.
Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity (if any), in which case the tax amounts are recognized directly in other comprehensive income or equity.

Current tax
Current tax is the expected tax payable on the taxable income for the year; calculated using rates enacted or substantively enacted by the end of the reporting period. The calculation of current tax takes into account tax credit and tax rebates, if any, and is inclusive of any adjustment to income tax payable or recoverable in respect of previous years.

Deferred tax
A deferred tax liability is recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, and the carryforward of unused tax losses.
The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted at the balance sheet date.

Judgment and estimates
Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax
determination is uncertain during the ordinary course of business.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Off-setting
Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority.

3.14 Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognized at present value using a pre-tax discount rate. The unwinding of the discount is recognized as finance cost in the statement of profit or

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

Provision for warranty obligations
All goods sold by the Company are warranted to be free of manufacturing defects for a period of one year. Provisions for warranty costs are recognized at the date of sale of the relevant products, at the management’s best estimate of the expenditure required to settle the Company’s obligation.

3.15 Contingent liabilities
A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is
not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.16 Off-setting of financial assets and liabilities
Financial assets and financial liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.17 Revenue recognition
Revenue is recognized to the extent the Company has delivered goods or rendered services under an agreement, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue is measured at the fair value of the consideration received or receivable, exclusive of sales tax and trade discounts.

3.18 Borrowing costs
Borrowing costs are recognized on the basis of the effective interest method. During the year, the company changed its accounting policy and now all borrowing costs are recognized as an expense in profit or loss in the period in which they are incurred.

3.19 Foreign currency transactions and translations
Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupees at the rate of exchange ruling on the balance sheet date and exchange differences, if any, are charged in the statement of profit or loss.
### 4. Advances, deposits and prepayments

<table>
<thead>
<tr>
<th>Description</th>
<th>2020 Rupees</th>
<th>2019 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance income tax paid</td>
<td>3,000</td>
<td>300,914</td>
</tr>
<tr>
<td>Advances to employees</td>
<td>-</td>
<td>12,646</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,000</strong></td>
<td><strong>313,560</strong></td>
</tr>
</tbody>
</table>

### 5. Cash and bank balances

<table>
<thead>
<tr>
<th>Description</th>
<th>2020 Rupees</th>
<th>2019 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand</td>
<td>-</td>
<td>11,058</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>51,871</td>
<td>347,727</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51,871</strong></td>
<td><strong>358,785</strong></td>
</tr>
</tbody>
</table>

### 6. Accumulated funds

<table>
<thead>
<tr>
<th>Description</th>
<th>2020 Rupees</th>
<th>2019 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>153,916</td>
<td>383,294</td>
</tr>
<tr>
<td>Deficit for the year</td>
<td>(1,059,198)</td>
<td>(229,378)</td>
</tr>
<tr>
<td>Closing balance</td>
<td>(905,282)</td>
<td>153,916</td>
</tr>
</tbody>
</table>

### 7. Creditors and other payables

<table>
<thead>
<tr>
<th>Description</th>
<th>2020 Rupees</th>
<th>2019 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit fee payable</td>
<td>-</td>
<td>30,000</td>
</tr>
<tr>
<td>Other payable</td>
<td>13,903</td>
<td>-</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>950,583</td>
<td>15,753</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>964,486</strong></td>
<td><strong>45,753</strong></td>
</tr>
</tbody>
</table>

### 8. Revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>2020 Rupees</th>
<th>2019 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services revenue</td>
<td>-</td>
<td>3,006,675</td>
</tr>
<tr>
<td>Other sources</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td><strong>3,006,675</strong></td>
</tr>
</tbody>
</table>

### 9. General and administrative expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2020 Rupees</th>
<th>2019 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, wages and benefits</td>
<td>340,000</td>
<td>1,550,000</td>
</tr>
<tr>
<td>Rent rates and taxes</td>
<td>450,741</td>
<td>420,500</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td>Utilities</td>
<td>191,625</td>
<td>43,117</td>
</tr>
<tr>
<td>Meetings and conferences</td>
<td>-</td>
<td>46,144</td>
</tr>
<tr>
<td>Travelling and conveyance</td>
<td>-</td>
<td>385,000</td>
</tr>
<tr>
<td>Professional charges</td>
<td>47,332</td>
<td>631,000</td>
</tr>
<tr>
<td>Audit fee</td>
<td>84,816</td>
<td>30,000</td>
</tr>
<tr>
<td>Other expenses</td>
<td>264,684</td>
<td>2,600</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,379,198</strong></td>
<td><strong>3,158,361</strong></td>
</tr>
</tbody>
</table>
10. **Corresponding figures**
Corresponding figures have been rearranged and reclassified,

11. **Date of authorization**
These financial statements were authorized for issue on **Dec 31**, 2020 by the Board of Directors of the Company.

12. **General**
Figures have been rounded-off to the nearest Pakistani Rupee except stated otherwise.

[Signatures and seals]

**CHIEF EXECUTIVE**

**DIRECTOR**