

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISLAMABAD CHAMBER OF COMMERCE AND INDUSTRY****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of **ISLAMABAD CHAMBER OF COMMERCE AND INDUSTRY** ("the Company"), which comprise the statement of financial position as at June 30, 2023 and the statement of income and expenditure account, the statement of comprehensive income, the statement of changes in accumulated funds and the statement of cash flows 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 explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure account, the statement of comprehensive income, the statement of changes in accumulated funds and the statement of cash flows 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 Company's affairs as at June 30, 2023 and of the income and comprehensive loss, the changes in accumulated funds 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 Company 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 director's 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 Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting 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 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 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.

Board of directors is responsible for overseeing the Company'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 ISAs as applicable in Pakistan, we exercise professional judgment 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 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 cast 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 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 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 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.

## 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 Company 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 accumulated funds 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 Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) by the company.

### Other Matter

#### *Prior Year Financial Statements Audited by Predecessor Auditor*

The financial statements of the Company for the year ended June 30, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on September 13, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Shahzad Qazi (FCA).



**Crowe Hussain Chaudhury & Co.**  
Chartered Accountants



Place: Islamabad

Date: - **28 SEP 2023**

UDIN: AR202310328Paj4WgEGu



**ISLAMABAD CHAMBER OF COMMERCE AND INDUSTRY**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>(Rupees)</b>	<b>(Rupees)</b>
<b>FUND AND LIABILITIES</b>			
Accumulated fund	5	317,269,804	295,904,694
<b>LONG TERM LIABILITIES</b>			
Long term security deposits	6	2,779,890	3,170,850
Employee benefit - Deferred	7	38,091,828	29,753,499
		40,871,718	32,924,349
<b>CURRENT LIABILITIES</b>			
Advance Fee		22,714,309	18,104,063
Advance Rental Income		23,215,729	13,089,930
Accrued liabilities		676,718	264,658
Retention money		932,813	847,791
		47,539,569	32,306,442
Contingencies and Commitments	8	-	-
		405,681,091	361,135,485
<b>NON - CURRENT ASSETS</b>			
Property and equipment	9	214,503,595	234,703,840
Capital Work in Progress	10	5,231,134	3,659,795
Long term security deposits		689,524	689,524
Long term advances & others	11	3,159,000	3,445,000
		223,583,253	242,498,159
<b>CURRENT ASSETS</b>			
Prepayments and other receivables	12	2,921,039	1,422,703
Current portion of advances & others		1,070,000	420,000
Income tax refundable	13	8,064,367	10,954,429
Cash and bank balances	14	170,042,432	105,840,194
		182,097,838	118,637,326
		405,681,091	361,135,485

The annexed notes from 1 to 27 form an integral part of these financial statements.

**ASSISTANT SECRETARY FINANCE**

**SECRETARY GENERAL**

**PRESIDENT**

**ISLAMABAD CHAMBER OF COMMERCE AND INDUSTRY  
(A COMPANY LIMITED BY GUARANTEE)  
STATEMENT OF INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 (Rupees)	2022 (Rupees)
Income	15	93,597,775	82,054,278
Expenditures:			
Administrative expenses	16	(96,034,855)	(73,288,588)
Other income	17	37,565,194	41,738,979
Finance cost		(18,236)	(12,693)
		37,546,958	41,726,286
Surplus before tax		35,109,878	50,491,976
Taxation	18	(10,893,906)	(11,937,978)
Surplus after tax		24,215,972	38,553,998

The annexed notes from 1 to 27 form an integral part of these financial statements.



**ASSISTANT SECRETARY FINANCE**



**SECRETARY GENERAL**



**PRESIDENT**

**ISLAMABAD CHAMBER OF COMMERCE AND INDUSTRY  
(A COMPANY LIMITED BY GUARANTEE)  
STATNMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 (Rupees)	2022 (Rupees)
Surplus after tax		24,215,972	38,553,998
<b>Other comprehensive income</b>			
Items that will be subsequently reclassified in income and expenditure account:		-	-
Items that will not be subsequently reclassified in income and expenditure account:		-	-
Actuarial (losses) on employee benefit obligations		(2,748,462)	(814,658)
Other Comprehensive (loss)		(2,748,462)	(814,658)
Total comprehensive income for the year		<u>21,467,510</u>	<u>37,739,340</u>

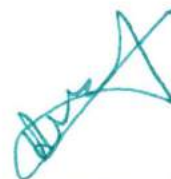
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**ASSISTANT SECRETARY FINANCE**



**SECRETARY GENERAL**



**PRESIDENT**

**ISLAMABAD CHAMBER OF COMMERCE AND INDUSTRY**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**STATEMENT OF CHANGES IN ACCUMULATED FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<i>(All amount in PKR)</i>			
	<b>General Fund</b>	<b>Accumulated Surplus/ Deficit</b>	<b>Restricted Fund</b>	<b>TOTAL</b>
Balance as at July 01, 2021	214,500,626	35,322,103	8,456,403	258,279,132
Surplus for the year	-	38,553,998	-	38,553,998
Other comprehensive (loss) for the year	-	(814,658)	-	(814,658)
Ammortization	-	-	(113,778)	(113,778)
Balance as at June 30, 2022	<u>214,500,626</u>	<u>73,061,443</u>	<u>8,342,625</u>	<u>295,904,694</u>
Balance as at July 01, 2022	214,500,626	73,061,443	8,342,625	295,904,694
Surplus for the year	-	24,215,972	-	24,215,972
Other comprehensive (loss) for the year	-	(2,748,462)	-	(2,748,462)
Ammortization	-	-	(102,400)	(102,400)
Balance as at June 30, 2023	<u>214,500,626</u>	<u>94,528,953</u>	<u>8,240,225</u>	<u>317,269,804</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.



**ASSISTANT SECRETARY FINANCE**



**SECRETARY GENERAL**



**PRESIDENT**



**ISLAMABAD CHAMBER OF COMMERCE AND INDUSTRY**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 (Rupees)	2022 (Rupees)
<b>Cash Flow From Operating Activities:</b>			
Surplus before tax		35,109,878	50,491,976
Add: Non-Cash items			
Depreciation	9	23,532,942	25,777,412
Employee benefit - Gratuity	7.1.2	5,589,867	3,629,882
Amortization of Restricted fund		(102,400)	(113,778)
Loss on Disposal of Fixed Asset		-	477,351
Cash flow before working capital changes		64,130,287	80,262,843
Changes in Working Capital			
Prepayments and other receivables		(1,498,336)	(530,196)
Rent receivables		-	(279,154)
Advance Fee		4,610,246	1,550,625
Advance Rental Income		10,125,799	(5,719,309)
Retention money		412,060	(2,767,652)
Accrued liabilities		85,022	(992,201)
		13,734,791	(8,737,887)
Cash flow from operations		77,865,078	71,524,956
Income tax paid		(8,003,844)	(5,232,733)
Net Cash flow generated from operating activities:		69,861,234	66,292,223
<b>Cash Flow From Investing Activities:</b>			
Addition in Property and equipment		(3,332,697)	(2,799,812)
Proceeds from disposal of fixed assets		-	39,720
Capital work in progress	10	(1,571,339)	(3,659,795)
Long term security deposits		(390,960)	-
Advances and others		(364,000)	420,000
Net cash (outflow) from investing activities		(5,658,996)	(5,999,887)
<b>Cash Flow from Financing Activities:</b>			
Employee benefit - Gratuity paid		-	(561,153)
Net cash (outflow) from financing activities		-	(561,153)
Net cash inflow during the year		64,202,238	59,731,183
Cash and cash equivalents at the beginning of the year		105,840,194	46,109,011
Cash and cash equivalent at the end of the year	14	170,042,432	105,840,194

The annexed notes from 1 to 27 form an integral part of these financial statements.



ASSISTANT SECRETARY FINANCE



SECRETARY GENERAL



PRESIDENT



**ISLAMABAD CHAMBER OF COMMERCE AND INDUSTRY  
(A COMPANY LIMITED BY GUARANTEE)  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**1 Corporate and general information**

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**1.1 Legal status and operations**

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Islamabad Chamber of Commerce and Industry was incorporated in Pakistan on August 26, 1984 as a Company Limited by Guarantee under Companies ACT VII, 1913 (Repealed with the enactment of Companies Ordinance, 1984 which was further repealed with the enactment of the Companies Act, 2017 on May 30, 2017.

The Company is a non-trading organization providing services to its member in the field of Commerce and Industry.

The Company's registered office is situated at Aiwan-e-Sanat-o-Tajarat Road, Mauve Area, Sector G-8/1, Islamabad, Pakistan.

**2 Basis Preparation**

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**2.1 Statement of compliance**

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

- International Financial Reporting Standard for Medium Sized Entities (IFRS for SMEs) 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 for SMEs or the accounting standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 Basis of measurement**

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These financial statements have been prepared under the historical cost convention, except cashflow statement and for certain items as disclosed in the relevant accounting policies below.

**2.3 Functional and presentation currency**

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These financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency, amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

**2.4 Key judgments and estimates**

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The preparation of 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:



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**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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- Useful lives, residual values and depreciation method of property and equipment – Note 4.1.
- Current income tax expense and provision for current tax.

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.

#### **2.4.1 Property and equipment**

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property and equipment with corresponding effect on the depreciation charge and impairment loss.

#### **2.4.2 Provisions**

A provision is recognized when, and only when the Company has a present obligation (legal or constructive) as a result of past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

#### **2.4.3 Impairment**

The carrying amount of the Company's assets are reviewed regularly to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is charged to income and expenditure account.

#### **2.4.4 Income taxes**

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

### **3 New accounting standards, amendments and IFRIC interpretations that are not yet effective**

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 01, 2023 and considered not to be relevant for the Company's financial statements have not been detailed here.

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning from the dates specified below:

- Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements (effective for annual reporting periods beginning on or after January 1, 2024)

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.



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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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Further, the following new standards and interpretations have been issued by the IASB, which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

- IFRS 1 First-time adoption of International Financial Reporting Standards
- IFRS 17 Insurance Contracts

#### **4 Significant Accounting Policies**

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **4.1 Property and equipment**

###### **Initial recognition**

All items of property and equipment are initially recorded at cost.

The cost of an item of property and equipment shall be recognised as an asset if, and only if:

- (a) it is probable that future economic benefits associated with the item will flow to the entity; and
- (b) the cost of the item can be measured reliably.

###### **Subsequent measurement**

Items of property and equipment other than land and capital work in progress are measured at historical cost less accumulated depreciation less impairment losses, if any.

Historical cost includes expenditure that is directly attributable to the acquisition of the item including borrowing costs. The cost of self constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The cost of the day to day servicing of property and equipment are recognized in statement of income and expenditure during the financial year in which they are incurred.

###### **Depreciation**

Depreciation on property and equipment other than land is charged on reducing balance method at the rates given in note 9 to the financial statements, after taking into account their respective residual values, if any, so as to write off the historical costs of assets over their estimated useful lives. Full year depreciation is charged on additions while no depreciation is charged on assets disposed during the year.

Maintenance and normal repairs are charged to income and expenditure account as and when incurred while cost of major replacements and improvements, if any, are capitalized.

###### **Disposal**

Gain and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal and the carrying amount of property and equipment and are recognized in statement of income and expenditure.

**ISLAMABAD CHAMBER OF COMMERCE AND INDUSTRY  
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**Judgment and estimates**

The Company reviews the useful life and residual value of property and equipment on a regular basis, any change in estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on depreciation charge.

**4.2 Capital Work in Progress**

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Capital work-in-progress is stated at cost less identified impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to fixed assets as and when these are available for use.

**4.3 Impairment**

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**Non-financial assets**

The Company assesses at each statement of financial position date whether there is any indication that assets excluding inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds recoverable amount, assets are written down to their recoverable amount and the difference is charged to statement of income and expenditure account, unless the asset is carried at revalued amount, any impairment loss of a revalued asset is treated as revaluation decrease.

**4.4 Income tax**

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Income tax expense represents current tax expense. Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates, if any.

**4.5 Income recognition**

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Income as presented in Statement of Income and Expenditure account is the revenue as defined under IFRS 15: Revenue from Contracts with Customers. IFRS 15 establishes the principles that an entity shall apply about the nature, amount, timing and uncertainty of revenue and cashflows arising from contract with a customer. On evaluation of the performance obligations associated with the stream of revenue/income, accounting policies with respect to the revenue / income recognition are enumerated below:

- Subscription Income from members is accounted for on receipt basis. Subscription receipts for period beyond the current financial year are then shown in Advance Fee.
- Income from Other charges paid by Members includes Identity Card Fee, Visa Letter Fee, Certificate of origin Fee, Urgent Fee and Attestation Fee. Income from Other charges paid by Members other than Identity Card Fee is recognized on receipt basis. Only Identity Card Fee is recognized on systematic apportionate basis for the months relating to current financial year only.
- Rental Income is recognized on systematic apportionate basis for the months relating to current financial year only.
- Income from Election Fee and Sale of Membership Forms is recognized on receipt basis.
- Other Income is recognized on receipt basis



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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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#### **4.6 Provisions**

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A provision is recognized when, and only when the Company has a present obligation (legal or constructive) as a result of past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

#### **4.7 Contingent liabilities**

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Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent liability is also disclosed when there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits would be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

#### **4.8 Financial instruments**

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A financial instrument is any contract that gives rise to a financial asset of one entity and another entity.

##### **4.8.1 Financial asset**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **Classification**

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through income or expenditure account. Currently, the Company classifies its financial assets at amortized cost and fair value through income and expenditure account. This classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

##### **Initial recognition and measurement**

All financial assets are initially measured at cost plus transaction costs that are directly attributable to its acquisition except for trade receivables. Trade receivables are initially measured at the transaction price.

##### **Subsequent measurement**

Financial assets measured at amortized cost are subsequently measured using the effective interest rate method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of income and expenditure account.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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Financial assets measured at fair value through income and expenditure account are subsequently measured at fair value prevailing at the reporting date. The difference arising is charged to the income and expenditure account.

Financial assets measured at fair value through other comprehensive income are subsequently measured at fair value prevailing at the reporting date. The difference arising is charged to the other comprehensive income.

**Derecognition**

Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired. The difference between the carrying amount and the consideration received is recognized in income and expenditure account.

**Impairment of financial assets**

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

**4.8.2 Financial liabilities**

**a) Initial recognition and measurement**

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and include trade and other payables, loans or borrowings and accrued mark up etc.

**b) Subsequent measurement**

The Company measures its financial liabilities subsequently at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of income and expenditure account. Difference between carrying amount and consideration paid is recognized in the statement of income and expenditure account when the liabilities are derecognized.

**4.8.3 Off-setting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**4.9 Leases**

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At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.



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**Company as a lessee**

**Recognition and measurement**

The Company recognizes a right-of-use asset and a lease liability at the commencement date. A commencement date is the date on which the lessor makes an underlying asset available for use by the lessee (the Company).

**Lease liability**

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate if the implicit rate is not readily available. Generally, the Company uses its incremental borrowing rate as the discount rate.

After the commencement date, the Company re-measures the lease liability to reflect the affect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the statement of income and expenditure account.

After the commencement date, the Company re-measures the lease liability to reflect the affect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the statement of income and expenditure account.

**Right-of-use asset**

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred

After the commencement date, the Company measures the right-of-use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability.

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**4.10 Restricted Fund - Buildings**

Donations for capital expenditure are depreciated on reducing balance method, using rates applied to assets for which they are utilized, to offset the depreciation charged on assets constructed or purchased from such grants.

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**4.11 Employee benefit - Deferred**

The Company operates unfunded gratuity scheme for its officers and employees. Provision for gratuity is made on the basis of last drawn salary for each completed year of service. Minimum qualifying period for gratuity benefit is above six months from the date of joining. Staff retirement benefits are payable to staff on completion of the prescribed qualifying period of service under these funds/scheme after the settlement of advances taken by the staff.

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**4.12 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalent consists of cash in hand and balances with banks net of borrowings not considered to be in the nature of financing activities.

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**4.13 Segment reporting**

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An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.

**4.14 Significant accounting judgments and critical accounting estimates / assumptions**

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The preparation of financial statements in conformity with approved accounting standards requires the management to:-

- exercise its judgment in process of applying the Company's accounting policies, and
- use of certain critical accounting estimates and assumptions concerning the future.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

**a) Income taxes**

The Company takes into account relevant provisions of the prevailing income tax laws while providing for current and deferred taxes as explained in note 4.4 of these financial statements.

**b) Staff retirement benefits**

Certain actuarial assumptions have been adopted as disclosed in note 7.1 of these financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future years might affect actuarial gains / losses recognized in those years with corresponding effect on carrying amount of defined benefit plan liability / asset.

**c) Property and equipment**

The estimates for revalued amounts, if any, of different classes of property and equipment, are based on valuation performed by external professional valuers and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and useful lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in these estimates in future years might affect the carrying amounts of the respective items of property and equipment with corresponding effect on the depreciation charge and impairment loss.

**d) Allowance for expected credit loss**

Receivables are assessed on a regular basis and if there is any doubt about recoverability of these receivables, allowance for expected credit loss is made as per Company policy.



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<b>5 Accumulated Fund</b>	<b>2023</b>	<b>2022</b>
	<b>Rupees</b>	
General Fund:		
Balance brought forward	287,562,069	249,822,729
Total comprehensive income for the year	21,467,510	37,739,340
	<u>309,029,579</u>	<u>287,562,069</u>
Restricted Fund:		
Opening balance	8,342,625	8,456,403
Less: Depreciation for the year	(102,400)	(113,778)
	<u>8,240,225</u>	<u>8,342,625</u>
	<u>317,269,804</u>	<u>295,904,694</u>

**6 Long Term Security Deposits**

This represents the security received from tenants, which is refundable at the time of handing back of premises, after the adjustment/clearance of all unpaid utility bills & damages, if any caused to the premises shall be made good clear/replaced by the lessee and is kept in separate bank account maintained for that purpose as required under section 217(2) of the Companies Act, 2017. It has not been utilized and kept intact.

<b>7 Employee Benefit - Deferred</b>	<b>2023</b>	<b>2022</b>
	<b>Rupees</b>	
Gratuity	38,091,828	29,753,499
	<u>38,091,828</u>	<u>29,753,499</u>

**7.1 Gratuity**

**2023**

**2022**

As stated in note 4.11, Company operates an unfunded gratuity scheme for its officers and employees. Actuarial valuation of the scheme is carried out annually by an independent actuary and the latest actuarial valuation was carried out at June 30, 2023 using project unit credit method.

During the year, the number of eligible employees in gratuity scheme are 19 on the basis of the information included in the latest actuarial report, the actuarial valuation of the scheme has resulted in post employment benefits obligation in current year as presented in the following notes:

**7.1.1 Movement in liability recognized in the statement of financial position**

Balance as at July 01,	29,753,499	25,870,112
Current service cost	1,647,528	1,454,771
Interest expense	3,942,339	2,175,111
Remeasurements recognized in other comprehensive income	2,748,462	814,658
Benefits paid	-	(561,153)
Balance as at June 30,	<u>38,091,828</u>	<u>29,753,499</u>

**7.1.2 Amounts recognized in statement of income and expenditure**

Current service cost	1,647,528	1,454,771
Interest cost for the year	3,942,339	2,175,111
	<u>5,589,867</u>	<u>3,629,882</u>

**7.1.3 Amount recognized in statement of comprehensive income**

Actuarial loss due to experience adjustments	2,748,462	814,658
	<u>2,748,462</u>	<u>814,658</u>

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<b>7.1.4 Principal actuarial assumptions</b>	<b>2023</b>	<b>2022</b>
Discount rate	16.25%	13.25%
Expected rate of increase in salary	15.25%	12.25%
Average duration of liability	5 years	5 years
Expected mortality rate	SLIC(2001-2005)	SLIC(2001-2005)

<b>7.1.5 Attained age</b>	<b>Mortality Rate</b>	<b>Withdrawal Rate</b>
18	0.00084	0.78030
20	0.00094	0.68850
25	0.00103	0.45900
30	0.00119	0.32125
35	0.00149	0.20536
40	0.00208	0.10247
45	0.00322	0.05146
50	0.00538	0.02946
55	0.00915	0.02238
60	-	-

<b>7.1.6 Sensitivity analysis</b>	<b>Rupees</b>
Defined benefit obligation	38,091,828
Discount Rate + 1 %	36,365,132
Discount Rate - 1 %	39,968,599
Salary growth rate + 1 %	39,973,247
Salary growth rate - 1 %	36,331,178

**7.1.7 Risks associated with the gratuity scheme**

Through its defined gratuity benefit plan, The Company is exposed to a number of risks, the most significant of which are detailed below:

**7.1.8 Final Salary Risk (Linked to Inflation Risk)**

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

**7.1.9 Demographic Risks**

**7.1.10 Mortality Risk**

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

**7.1.11 Withdrawal Risk**

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

**8 Contingencies and Commitments**

There are no material contingencies and commitments outstanding as at June 30, 2023 (2022: Nil)



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9 Property and equipment

	Land	Buildings	Furniture And Fixture	Kitchen Equipment	Electric Equipment	Computer	Library Books	Office Equipment	Vehicle	Parking	Sign Board	Generator	Elevator	Total
Cost	2,707,135	283,950,078	8,310,180	1,653,513	6,721,894	1,950,666	88,296	3,145,380	4,477,654	242,685	873,604	2,096,485	2,192,491	318,410,051
Accumulated depreciation	-	(67,927,230)	(4,050,043)	(590,204)	(3,194,619)	(888,516)	(80,248)	(1,622,557)	(1,776,588)	(180,914)	(373,958)	(1,280,258)	(1,741,076)	(83,706,211)
Carrying amount at June 30, 2022	2,707,135	216,022,848	4,260,137	1,063,309	3,527,265	1,062,150	8,048	1,522,823	2,701,066	61,771	499,646	816,227	451,415	234,703,840
Additions	-	1,405,350	893,000	-	661,537	158,005	-	175,975	-	-	-	38,830	-	3,332,697
Adjustment - Carrying Amount	-	(18,861,997)	4,470,671	-	6,118,253	-	-	3,645,000	-	-	(499,646)	-	5,127,719	-
Disposals - carrying amount	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	19,856,620	962,381	106,331	1,030,706	122,016	805	534,380	270,107	6,177	-	85,506	557,913	23,532,942
Carrying amount at June 30, 2023	2,707,135	178,709,581	8,661,427	956,978	9,276,349	1,098,139	7,243	4,809,418	2,430,959	55,594	-	769,551	5,021,221	214,503,595

The carrying amount as at June 30, 2023 is aggregate of:

Cost	2,707,135	259,399,529	14,979,284	1,653,513	14,936,820	2,108,671	88,296	7,821,355	4,477,654	242,685	-	2,135,315	11,192,491	321,742,748
Accumulated depreciation	-	(80,689,948)	(6,317,857)	(696,535)	(5,660,471)	(1,010,532)	(81,053)	(3,011,937)	(2,046,605)	(187,091)	-	(1,365,764)	(6,171,270)	(107,229,153)
Carrying amount at June 30, 2021	2,707,135	178,709,581	8,661,427	956,978	9,276,349	1,098,139	7,243	4,809,418	2,430,959	55,594	-	769,551	5,021,221	214,503,595
Rate of depreciation per annum (%)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Cost	2,707,135	284,132,623	8,316,724	1,340,672	6,482,826	1,993,867	88,296	2,952,010	2,707,892	242,685	873,604	2,096,485	2,192,491	316,127,310
Accumulated depreciation	-	(43,924,691)	(3,576,694)	(472,059)	(2,802,701)	(770,499)	(79,334)	(1,453,354)	(1,476,469)	(174,051)	(318,442)	(1,189,566)	(1,690,919)	(57,928,799)
Carrying amount at June 30, 2021	2,707,135	240,207,932	4,740,030	868,613	3,680,125	1,223,368	8,942	1,498,656	1,231,423	68,634	555,162	906,919	501,572	258,198,511
Additions	-	192,245	18,000	313,894	239,058	-	-	266,853	1,769,762	-	-	-	-	2,799,812
Disposals - carrying amount	-	374,790	24,544	1,053	-	43,201	894	73,483	-	-	-	-	-	51,071
Depreciation charge for the year	-	24,002,539	473,349	118,145	391,918	118,017	894	169,203	300,119	6,863	55,516	90,692	50,157	25,777,412
Carrying amount at June 30, 2022	2,707,135	216,022,848	4,260,137	1,063,309	3,527,265	1,062,150	8,048	1,522,823	2,701,066	61,771	499,646	816,227	451,415	234,703,840
Rate of depreciation per annum (%)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

9.1 Apportionment of Depreciation

	2023	2022
Administrative Expenses	23,430,542	25,663,634
Accumulated Fund	102,400	113,778
	23,532,942	25,777,412

9.2 Particulars of buildings in the name of Company as follows:

Description	Location / Address	Total plot area (sq.ft)	Covered Area (sq.ft)
Head Office Building	ICC building G-8/1, Islamabad	14000	25772
Export Display Center Building	EDC building G-8/1, Islamabad	14000	52716

9.3 Second and third floor in Head Office Building and ground floor, second and third floor of Export Display Centre Building are rented out to tenants.

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<b>10 Capital Work in Progress</b>		<b>2023</b>	<b>2022</b>
		<b>Rupees</b>	
Building on freehold land:			
Opening balance		3,659,795	-
Additions during the year		1,571,339	3,659,795
		5,231,134	3,659,795
Transferred to operating fixed assets		-	-
		5,231,134	3,659,795
<b>11 Long Term Advances &amp; Others</b>		<b>2023</b>	<b>2022</b>
		<b>Rupees</b>	
Opening Balance		3,865,000	4,285,000
Advances issued during the year		966,000	-
Advances adjusted/ recovered during the year		(602,000)	(420,000)
		4,229,000	3,865,000
Less: Current portion of Advances		1,070,000	420,000
		3,159,000	3,445,000
<b>11.1</b> This represents interest free advance given to employees against gratuity fund of respective employees to meet their personal requirements. Fair value adjustment in accordance with the requirements of IFRS 9: Amortised Cost arising in respect of staff loans is not considered material and hence not recognized. The advance is subsequently recovered from salary in monthly installments.			
<b>12 Prepayments and other receivables</b>		<b>2023</b>	<b>2022</b>
		<b>Rupees</b>	
Prepayments		421,039	647,183
Rent Receivable		-	775,520
Other receivables		2,500,000	-
		2,921,039	1,422,703
<b>13 Income Tax Refundable</b>		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>Rupees</b>	
Opening advance tax		10,954,429	17,659,674
Add: Deducted during the year	13.1	8,003,844	5,232,733
Less: Provision for taxation for the year	18	(10,893,906)	(11,937,978)
		8,064,367	10,954,429
<b>13.1 Deducted during the year</b>			
Tax on Rental income		7,545,101	5,075,354
Vehicle Tax		1,750	26,750
WHT on Utility bills		122,511	63,226
WHT on Building Maintenance		16,524	46,919
WHT on Functions		132,229	-
WHT of Events		185,729	20,484
		8,003,844	5,232,733
<b>14 Cash and Bank Balances</b>		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>Rupees</b>	
Cash in hand		52,849	144,713
Cash at banks - Current accounts		169,989,583	105,695,481
		170,042,432	105,840,194



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<b>15 Income</b>		<b>2023</b>	<b>2022</b>
		<b>Rupees</b>	
Members subscription		35,782,012	31,291,813
Other charges paid by members	15.1	11,682,450	9,190,812
Rental income		43,765,913	39,894,053
Election fee		900,000	1,050,000
Sale of membership forms		137,400	108,600
Adds for newsletter / diary		1,330,000	519,000
		<u>93,597,775</u>	<u>82,054,278</u>
<b>15.1 Other Charges Paid by Members</b>			
Identity card fee		1,413,250	1,223,312
Visa letter fee		9,374,000	6,646,000
Certificate of origin fee		770,700	737,400
Urgent fee		-	485,000
Attestation fee		124,500	99,100
		<u>11,682,450</u>	<u>9,190,812</u>
<b>16 Administrative Expenses</b>		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>Rupees</b>	
Staff Salary, perks & benefits		35,530,141	27,251,155
Communication		623,221	487,923
Electricity		3,262,275	2,807,913
Stationary & Printing		3,027,921	862,730
Newsletter / Annual Report / Diary		3,870,941	2,597,050
Travelling and Conveyance		818,310	293,618
Newspapers and Periodicals		165,002	144,232
Meetings and entertainment expenses		5,990,388	3,917,480
Sui Gas & Water Bills		754,779	365,810
Fee & Subscription		119,501	94,561
Legal & Professional		1,419,519	520,441
Rent, Rates and Taxes		139,831	279,662
Advertisement		58,900	950,137
Repair & Maintenance		2,012,791	1,035,090
Shields & Awards		1,663,940	653,957
Insurance Premium		204,383	206,293
Donation / Gift		5,478,000	150,000
Security Expenses		707,438	1,174,057
Internship / Staff Courses/ Visits		61,398	195,830
Miscellaneous Expenses		2,407,461	303,797
Groceries		2,748,141	1,330,624
Automation Expense		256,399	450,924
CSR Fund Exp		90,000	800,000
Ambulance Expenses		397,125	171,311
Courier & Postage		575,288	422,773
Depreciation	9	23,430,542	25,663,634
Other Operating Expenses	16.1	221,220	157,586
		<u>96,034,855</u>	<u>73,288,588</u>
<b>16.1 Other Operating Expenses</b>			
Audit fee		165,400	116,000
Out of pocket		18,700	11,600
Others		37,120	29,986
		<u>221,220</u>	<u>157,586</u>

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<b>17 Other Income</b>	<b>2023</b>	<b>2022</b>
	<b>Rupees</b>	
Corporate social responsibility Fund	657,500	573,400
Building Maintenance Charges	-	586,487
Events (Awards, Expo, Conferences, Seminars, delegations)	36,907,694	40,631,843
Sale of old newspapers	-	13,615
Loss on disposal of assets	-	(127,351)
Sale of Scrap	-	60,985
	<u>37,565,194</u>	<u>41,738,979</u>

<b>18 Taxation</b>	<b>2023</b>	<b>2022</b>
	<b>Rupees</b>	
Provision for the year		
Current	18.1 10,893,906	11,937,978
Deferred	18.2 -	-
	<u>10,893,906</u>	<u>11,937,978</u>

**18.1** The Company is being taxed under u/s 100c minimum taxation as per income tax ordinance 2001, provision for tax is made accordingly. Provision for deferred tax is not required. Members contribution and rental income is not chargeable to tax.

**18.2** The relationship between income tax expense and accounting profit has not been presented in these financial statements as the income from publications and seminars is taxed a normal rate. Provision is based on minimum tax or tax payable whichever is higher.

<b>19 Number of Employees</b>	<b>2023</b>	<b>2022</b>
	<b>Rupees</b>	
Number of employees at June 30,	35	31
Average number of employees	<u>33</u>	<u>28</u>

<b>20 Remuneration to Chief Executive, Directors and Executives</b>	<b>Chief Executive Officer</b>		<b>Directors</b>		<b>Executives</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Rupees</b>					
Managerial remuneration	-	-	-	-	5,478,144	9,733,997
Bonus	-	-	-	-	684,768	748,769
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,162,912</u>	<u>10,482,766</u>
Number of person	0	0	0	0	3	4

**20.1** Executive means those employees whose basic salaries exceeds twelve hundred thousand rupees in the financial year.



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**21 Financial Assets and Liabilities**

The Company's exposure to interest rate risk on its financial assets and liabilities are summarized as follows: -

	2023				
	Total	Interest/mark up bearing			Not interest / mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	
Financial Instruments by Category	(Rupees)				
At amortized cost:					
Financial assets					
Long term security deposits	689,524	-	-	-	689,524
Long term advances & others	3,159,000	-	-	-	3,159,000
Prepayments and other receivables	2,921,039	-	-	-	2,921,039
Current portion of advances & others	1,070,000	-	-	-	1,070,000
Cash & bank balances	170,042,432	-	-	-	170,042,432
	177,881,995	-	-	-	177,881,995
At amortized cost:					
Financial liabilities					
Long term security deposits	2,779,890	-	-	-	2,779,890
Advance Fee	22,714,309	-	-	-	22,714,309
Advance Rental Income	23,215,729	-	-	-	23,215,729
Accrued liabilities	676,718	-	-	-	676,718
Retention money	932,813	-	-	-	932,813
	50,319,459	-	-	-	50,319,459
On balance sheet gap	127,562,536	-	-	-	127,562,536
Off balance sheet gap					
Financial commitments:	-	-	-	-	-
Total Gap - 2023	127,562,536	-	-	-	127,562,536

	2022				
	Total	Interest/mark up bearing			Not interest / mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	
Financial Instruments by Category	(Rupees)				
At amortized cost:					
Financial assets					
Long term security deposits	689,524	-	-	-	689,524
Long term advances & others	3,445,000	-	-	-	3,445,000
Prepayments and other receivables	1,422,703	-	-	-	1,422,703
Current portion of advances & others	420,000	-	-	-	420,000
Cash & bank balances	105,840,194	-	-	-	105,840,194
	111,817,421	-	-	-	111,817,421
At amortized cost:					
Financial liabilities					
Long term security deposits	3,170,850	-	-	-	3,170,850
Advance Fee	18,104,063	-	-	-	18,104,063
Advance Rental Income	13,089,930	-	-	-	13,089,930
Accrued liabilities	264,658	-	-	-	264,658
Retention money	847,791	-	-	-	847,791
	35,477,292	-	-	-	35,477,292
On balance sheet gap	76,340,129	-	-	-	76,340,129
Off balance sheet gap					
Financial commitments:	-	-	-	-	-
Total Gap - 2022	76,340,129	-	-	-	76,340,129

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**22 Financial risk management**

**Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

**Market risk**

**(i) Currency risk**

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. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to foreign payables. Currently, the Company's foreign exchange risk exposure is restricted to:

	2023	2022
	Rupees	
Trade Creditors (Secured)	-	-
Letters of credit commitments	-	-

The following exchange rates were applied during the year:

Rupees per foreign currency rate		
Average rate - Rupees per US Dollar	248.55	177.64
Reporting date rate - Rupees per US Dollar	285.99	204.03

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from short and long-term borrowings. These are benchmarked to variable rates which expose the Company to cash flow interest rate risk.

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates. The interest rate profile of the Company's interest-bearing financial instruments as at the reporting date is as follows:

	2023	2022
	Rupees	
<b>Fixed rate instruments</b>		
Financial liabilities	-	-
<b>Floating rate instruments</b>		
Financial liabilities	-	-



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**Cash flow sensitivity analysis for variable rate instruments**

As the Company has no fixed / floating rate instruments , therefore no sensitivity analysis is presented.

**(iii) Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

**The Company is not exposed to any market price risk.**

**(b) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk of the Company arises from deposits with banks, trade receivables and other receivables. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings, if any. As at June 30, 2023, the maximum exposure to credit risk is equal to the carrying amount of the financial assets as detailed below:

	2023	2022
	Rupees	
Long term security deposits	689,524	689,524
Long term advances & others	3,159,000	3,445,000
Prepayments and other receivables	2,921,039	1,422,703
Current portion of advances & others	1,070,000	420,000
Cash & bank balances	170,042,432	105,840,194
	<u>177,881,995</u>	<u>111,817,421</u>

Company has no trade debts at reporting date hence aging of trade debts is not given

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Short Term	Rating Long Term	Agency	2023 Rupees	2022
Meezan Bank Limited	A-1+	AAA	VIS	2,783,270	3,174,230
Allied Bank Limited	A-1+	AAA	PACRA	17,019,981	13,773,761
Allied Bank Limited	A-1+	AAA	PACRA	105,891,477	65,627,621
Allied Bank Limited	A-1+	AAA	PACRA	933,662	848,710
Bank Al Falah Limited	A-1+	AA+	PACRA	42,779,895	21,968,613
National Bank of Pakistan	A-1+	AAA	PACRA	98,656	98,656
Telenor Microfinance Bank Limited	A-1	A	PACRA	482,642	203,890
				<u>169,989,583</u>	<u>105,695,481</u>



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**(c) Liquidity risk**

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios and maintaining debt financing plans. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

**Contractual maturities of financial liabilities as at June 30, 2023:**

	Carrying amount	Contractual cash flows	Within 1 year	2-5 Years	Above 5 years
	(Rupees)				
Long term security deposits	2,779,890	2,779,890	176,490	2,603,400	-
Advance Fee	22,714,309	22,714,309	22,714,309	-	-
Advance Rental Income	23,215,729	23,215,729	23,215,729	-	-
Accrued liabilities	676,718	676,718	676,718	-	-
Retention money	932,813	932,813	-	932,813	-
	50,319,459	50,319,459	46,783,246	3,536,213	-

**Contractual maturities of financial liabilities as at June 30, 2022:**

	Carrying amount	Contractual cash flows	Within 1 year	2-5 Years	Above 5 years
	(Rupees)				
Long term security deposits	3,170,850	3,170,850	2,803,560	367,290	-
Advance Fee	18,104,063	18,104,063	18,104,063	-	-
Advance Rental Income	13,089,930	13,089,930	13,089,930	-	-
Accrued liabilities	264,658	264,658	264,658	-	-
Retention money	847,791	847,791	-	847,791	-
	35,477,292	35,477,292	34,262,211	1,215,081	-

**Fair Value of Financial Instruments**

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. Fair value is determined on the basis of objective evidence at each reporting date. The management believes that the fair values of financial assets and financial liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

**Financial instruments by categories**

	2023	2022
	Rupees	
<b>Financial asset as at amortized cost</b>		
Long term security deposits	689,524	689,524
Long term advances & others	3,159,000	3,445,000
Prepayments and other receivables	2,921,039	1,422,703
Current portion of advances & others	1,070,000	420,000
Cash & bank balances	170,042,432	105,840,194
	177,881,995	111,817,421



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The Company did not possess any financial assets designated as fair value through income and expenditure and fair value through other comprehensive income categories.

	2023	2022
	Rupees	
<b>Financial liabilities at amortized cost</b>		
Long term security deposits	2,779,890	3,170,850
Advance Fee	22,714,309	18,104,063
Advance Rental Income	23,215,729	13,089,930
Accrued liabilities	676,718	264,658
Retention money	932,813	847,791
	<u>50,319,459</u>	<u>35,477,292</u>

## **23 Fair Value of Financial Instruments**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in arms length transactions.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IFRS 9 Financial Instruments.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

### **23.1 Fair value hierarchy**

The table below analyses financial instruments carried at fair value by valuation method. The different values have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: input other than quoted prices included with in Level 1 that are observable for assets and liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change occurred.

### **23.2 Interest rate used for determining fair value**

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since majority of the interest bearing instruments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are of short term in nature, fair value significantly approximates to carrying value.

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**24 Transactions with related parties**

Related parties comprise key management personnel and staff retirement funds. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Outstanding balances at the reporting date are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. Significant balances and transactions with related parties are as follows:

Name of the related party	Relationship and percentage shareholding	Transactions	2023	2022
			Rupees	Rupees
Majid Shabbir	Key Management	Long term advance recovered	360,000	360,000
Abdul Ghaffar	Personnel	during the year	60,000	60,000
Balance outstanding as at June 30,				
Majid Shabbir	Key Management		2,160,000	2,520,000
Abdul Ghaffar	Personnel	Long term advances & others	1,285,000	1,345,000
Employee benefit - Gratuity	Permanent Employees	Long Term Liabilities	38,091,828	29,753,499

Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

Party Name	Basis of Relationship	% of Shareholding
Majid Shabbir	Secretary General	-
Abdul Ghaffar	Assistant Secretary	-

**25 Capital Risk Management**

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption and meets stakeholders' expectations. The Company ensures its sustainable growth via maintaining optimal capital structure.

In line with the industry norms, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and not current) less cash and cash equivalents. Total capital is calculated as accumulated fund, as shown in the statement of financial position, plus net debt.

As at the reporting date, the gearing ratio of the Company was worked out as under:

	2023	2022
	Rupees	
Total borrowings	-	-
Cash and bank balances	(170,042,432)	(105,840,194)
Net debt	(170,042,432)	(105,840,194)
Accumulated fund	328,163,710	295,904,694
Total Capital Employed	158,121,278	190,064,500
Gearing Ratio	-108%	-56%



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**26 Date of Authorization for issue**

These financial statements were authorized for issue on 28 SEP 2023 by the Executive Members of Islamabad Chamber Of Commerce and Industry (ICCI).

**27 General**

Comparative figures have been rearranged/ reclassified wherever necessary for the purpose of better presentation. Following major reclassification have been made in these financial statements:

Description	Reclassified from	Reclassified to	2022 Rupees
Advance Rental Income	Advance fee	Current Assets	13,089,930
Elevators	Buildings	Elevator	5,127,719
Sign Boards	Property and Equipment	Furniture And Fixture	499,646
SMD Screen	Buildings	Office Equipment	3,645,000
Auditorium Chairs	Buildings	Furniture And Fixture	3,971,025
Air Conditioners	Buildings	Electric Equipment	4,440,662
Transformer in EDC Building	Buildings	Electric Equipment	1,677,591

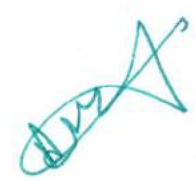
- Figures have been rounded off to the nearest rupee.



**ASSISTANT SECRETARY FINANCE**



**SECRETARY GENERAL**



**PRESIDENT**