KPMG Taseer Hadi & Co.

Pakistan Microfinance Network

Financial Statements
For the year ended
31 December 2018

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Microfinance Network

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Pakistan Microfinance Network (the Company), which comprise the statement of financial position as at 31 December 2018, and the income and expenditure statement, the statement of comprehensive income, the statement of changes in funds and reserves, 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, income and expenditure statement, statement of comprehensive income, the statement of changes in funds and reserves 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 31 December 2018 and of the surplus and other comprehensive income, the changes in funds and reserves and its cash flows for the year then ended.

Basis for Opinion

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

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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.

Emphasis of Matter

We draw attention to note 1.2 to the financial statements wherein matters relating to Company's registration with the Economic Affairs Division are discussed. Our opinion is not modified in respect of this matter.

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 are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those 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 auditors' 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 auditors' 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);

KPMG

b) the statement of financial position, income and expenditure statement, statement of comprehensive income, the statement of changes in funds and reserves and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the Company for the year ended 31 December 2017 were audited by another auditor whose report dated 06 August 2018 expressed an unmodified opinion on those financial statements.

As part of our audit of the financial statements of the Company for the year ended 31 December 2018, we also audited the adjustments described in note 38 that were applied to amend the financial statements for the year ended 31 December 2017. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the financial statements for the year ended 31 December 2017 other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the financial statements for the year ended 31 December 2017 taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is Riaz Pesnani.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

02 October 2019

Pakistan Microfinance Network

Statement of Financial Position

As at 31 December 2018

	Note	2018	2017
		----------Pak Rupees----------	
			(Restated)
NON - CURRENT ASSETS			
Property and equipment	7	**9,181,951**	5,477,317
Intangible assets	8	**37,999,170**	984,536
Long term loans	9	**908,779**	677,277
Long term investments	10	**82,918,709**	79,019,446
		131,008,609	86,158,576
CURRENT ASSETS			
Grant receivable	11	**46,126,618**	61,039,472
Consultancy fees receivable	12	**9,404,443**	5,519,961
Loans and advances	13	**5,523,397**	5,334,353
Deposits and short term prepayments	14	**5,699,745**	5,851,554
Other receivables	15	**35,593,990**	31,099,881
Short term investments	16	**-**	20,171,312
Current portion of long term investments	10	**12,357,684**	-
Bank balances	17	**6,760,638**	14,026,360
		121,466,515	143,042,893
TOTAL ASSETS		**252,475,124**	229,201,469
FUNDS AND RESERVES			
Unrestricted funds		**143,925,063**	126,733,041
Endowment fund		**70,485,728**	70,485,728
		214,410,791	197,218,769
NON CURRENT LIABILITIES			
Deferred capital grants	18	**1,933,338**	3,097,662
CURRENT LIABILITIES			
Accrued and other liabilities	19	**36,130,995**	28,885,038
TOTAL FUNDS, RESERVES AND LIABILITIES		**252,475,124**	229,201,469
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes, from 1 to 40, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Pakistan Microfinance Network
Income and Expenditure Statement
For the year ended 31 December 2018

	Note	2018	2017
		----------Pak Rupees----------	
			(Restated)
INCOME			
Grant income	21	**163,531,064**	175,795,364
Members' contributions		**8,975,000**	8,850,000
Trainings	22	**15,519,791**	9,923,352
Consultancy income	23	**15,352,389**	-
Income from sponsorships	24	**20,552,713**	14,692,536
Other income	25	**12,580,807**	17,817,235
		236,511,764	227,078,487
EXPENDITURE			
Governance and management	26	**(23,773,172)**	(21,683,389)
Capacity building	27	**(12,642,538)**	(15,865,904)
Enabling environment	28	**(77,365,017)**	(81,455,598)
Information hub	29	**(48,586,013)**	(55,697,616)
		(162,366,740)	(174,702,507)
Other operating expenses	30	**(56,953,002)**	(41,517,549)
SURPLUS FOR THE YEAR		**17,192,022**	10,858,431

The annexed notes, from 1 to 40, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Pakistan Microfinance Network

Statement of Comprehensive Income

For the year ended 31 December 2018

	2018	2017
	----------Pak Rupees----------	
		(Restated)
SURPLUS FOR THE YEAR	**17,192,022**	10,858,431
Other comprehensive income for the year	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**17,192,022**	10,858,431

The annexed notes, from 1 to 40, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Pakistan Microfinance Network

Statement of Cash Flows

For the year ended 31 December 2018

	Note	2018	2017
		----------Pak Rupees----------	
			(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		**17,192,022**	10,858,431
Adjustments for:			
Depreciation	7.1	**2,152,550**	2,051,620
Amortization	8.1	**761,042**	517,824
Gain on disposal of items of property and equipment		**-**	(139,938)
Grant receivable written off	11	**4,714,780**	15,302,047
Other receivables written off	26	**-**	3,124,576
Consultancy receivables written off	26	**-**	1,698,400
Provision against doubtful receivables	26	**2,685,146**	5,665,001
Amortization of deferred capital grant	21	**(1,164,324)**	(1,092,858)
Liabilities written back	25	**-**	(36,517)
Interest income	25	**(8,923,676)**	(8,651,988)
		225,518	18,438,167
Changes in:			
Consultancy fees receivable		**(3,884,482)**	8,855,580
Loans and advances		**(189,044)**	(1,008,156)
Deposits and short-term prepayments		**151,809**	(2,651,897)
Grant receivable		**10,198,074**	(27,211,502)
Other receivables		**(7,179,255)**	(27,090,023)
Accrued and other liabilities		**7,245,957**	17,705,531
		6,343,059	(31,400,467)
Deferred capital grants		**-**	3,316,176
Net cash generated from operating activities		**23,760,599**	1,212,307
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property and equipment		**(5,857,184)**	(3,316,176)
Payments for Intangible assets		**(37,775,676)**	(538,283)
Sale proceeds on disposal of property and equipment		**-**	147,000
Short term investments made		**-**	(20,000,000)
Short term investments redeemed		**20,000,000**	40,000,000
Long term investments made		**(20,000,000)**	(53,242,958)
Long term investments redeemed		**10,000,000**	-
Long term loans		**(231,502)**	(401,811)
Interest received		**2,838,041**	9,616,738
Net cash used in investing activities		**(31,026,321)**	(27,735,490)
CASH FLOWS FROM FINANCING ACTIVITIES		**-**	-
Net decrease in cash and cash equivalents during the year		**(7,265,722)**	(26,523,183)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**14,026,360**	40,549,543
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	17	**6,760,638**	14,026,360

The annexed notes, from 1 to 40, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Pakistan Microfinance Network

Statement of Changes in Funds and Reserves

For the year ended 31 December 2018

	Funds and Reserves		
	Unrestricted funds	Endowment fund	Total
	----------Pak Rupees----------		
Balance as at 01 January 2017	115,874,610	70,485,728	186,360,338
Total comprehensive income for the year	10,858,431	-	10,858,431
Balance as at 31 December 2017 - as restated	126,733,041	70,485,728	197,218,769
Balance as at 01 January 2018 - As previously reported	130,598,223	70,485,728	201,083,951
Effect of restatement (Note - 37)	(3,865,182)	-	(3,865,182)
Balance as at 01 January 2018 - as restated	**126,733,041**	**70,485,728**	**197,218,769**
Total comprehensive income for the year	**17,192,022**	-	**17,192,022**
Balance as at 31 December 2018	**143,925,063**	**70,485,728**	**214,410,791**

The annexed notes, from 1 to 40, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Pakistan Microfinance Network

Notes to the Financial Statements

For the year ended 31 December 2018

1 LEGAL STATUS AND OPERATIONS

1.1 Pakistan Microfinance Network (the Company), was incorporated on April 24, 2001, under section 42 of the Companies Ordinance, 1984 (the Ordinance) (repealed on promulgation of the Companies Act 2017 w.e.f. 30 May, 2017) as a guarantee limited company. The mission of the Company is to enhance the scale, quality, diversity and sustainability of retail Microfinance Institutions (MFIs) in Pakistan. The Company pursues this mission through the achievement of the following three primary objectives:

(i) Enhancing the capacity of retail MFIs;

(ii) Establishing the use of performance measures and promoting financial transparency in retail MFIs; and

(iii) Creating an enabling policy environment for retail MFIs.

The registered office of the Company is situated at 3rd Floor, Mandir Square, plot 12-C/2, G-8 Markaz, Islamabad.

1.2 The Company intends to apply for registration with the Economic Affairs Division (EAD), in compliance with the requirements of 'Policy for regulation of organizations receiving foreign contributions' notified by the EAD on November 28, 2013 via notification No. 1(5)INGO/05.

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- During the year the Company initiated a project named Digital Services Platform (DSP). The project aims to digitize loan payment and recovery system of Microfinance institutions in Pakistan. Mobilization advances amounting to Rs. 42 million were issued to hardware and software vendors for this project.
- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fifth schedule of the Companies Act, 2017, some of the amounts reported for the previous period have been reclassified.
- During the year the Company, entered into a share purchase agreement, dated 6 December 2018, for equity investment of 3.3 million shares in Aequitas Information Services Limited. Total value of investment is Rs. 33,250,000. (Also refer Note 39)

3 STATEMENT OF COMPLIANCE

These 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 Standards (IFRS Standards), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Accounting Standard for Not for Profit Organizations (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 Standards or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

4 BASIS OF PREPARATION

The accompanying financial statements have been prepared under the historical cost convention.

These financial statements are presented in Pak Rupees, which is the Company's functional currency i.e. the currency of the primary economic environment in which the Company operates.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments, which are significant to the financial statements:

Property and equipment and intangibles

The Company reviews the appropriateness of the rate of depreciation and amortization, useful lives and residual values used in the calculation of depreciation and amortization. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of the respective item of property and equipment or intangible assets, with a corresponding effect on the related depreciation charge / amortization and impairment.

Provision for doubtful receivables

The allowance for doubtful receivables 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 credit worthiness and the past collection history of each party.

Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from that 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.

Impairment of financial assets

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

Provisions and contingencies

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost, if any.

Where 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, it is disclosed as contingent liability.

5.2 Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Cost comprises of acquisition and other directly attributable costs.

Depreciation is charged to income applying the straight line method, whereby the cost of an asset is written off over its estimated useful life. The rates of depreciation are stated in note 7.1 to the financial statements. Depreciation on assets is charged from the date of acquisition till the date of disposal.

Useful lives are determined by the management based on the expected usage of assets, the expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

The assets' residual values, useful lives and methods are reviewed and adjusted, if appropriate, at each financial year end. The effect of any adjustment to residual values, useful lives and methods is recognized prospectively as a change in accounting estimate.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset, (calculated as the difference between the net disposal proceeds and the carrying amount of the asset), is included in the income and expenditure statement, in the year the asset is derecognized.

Normal repairs and maintenance costs are charged to the income and expenditure statement as and when incurred.

5.3 Intangible assets

These are stated at cost less accumulated amortization and impairment, if any. Cost comprises of acquisition and other directly attributable costs.

Amortization is provided for by applying the straight line method. In respect of additions and disposals of intangible assets made during the year, amortization is charged to the income and expenditure statement from the month of acquisition, and up to the month preceding the disposal of such assets. The rate of amortization, which is disclosed in note 8.1, is designed to write off the cost of intangible assets over the estimated useful lives.

The carrying values of intangible assets are reviewed for impairment, when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amounts, the assets or cash generating units are written down to their recoverable amounts. The recoverable amount of intangible assets is the greater of fair value less cost to sell and value in use.

Gains and losses on disposal of intangible assets are charged to income.

5.4 Financial instruments

Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognizes loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date when the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial assets – Measurement

Held-to-maturity financial assets

Held to maturity financial assets comprise of long and short term investments. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Loans and receivables

Loans and receivables comprise of loans, grant and other receivables, consultancy fee receivables, cash and cash equivalents and deposits. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Non-derivative financial liabilities – Measurement

Non derivative financial liabilities comprise of accrued expenses, accounts payables and other liabilities. Non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

5.5 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable 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 such obligation. Provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

5.6 Staff retirement benefits

Defined contribution plans

The Company operates a defined contribution voluntary pension scheme for its permanent employees. Contributions to the scheme are made by the Company and its employees, in accordance with the employment contract. The rate of employer and employee contributions is 10% of the basic pay of permanent employees. The scheme is fully funded and is being managed by MCB - Arif Habib Savings and Investments Limited, on behalf of each individual employee.

The Company has also entered into an arrangement with an insurance company, EFU Life Insurance Limited (EFU), in respect of a post employment benefit scheme for its employees, whereby the premium is paid annually to EFU in respect of the scheme and charged to income. As per the scheme, EFU is required to pay, one gross salary for every year of service to permanent employees, upon completion of three years of service.

Under the above mentioned arrangements, the Company is only liable to pay the agreed contributions / premiums to MCB - Arif Habib Savings and Investments Limited and EFU, and the liability towards employees rests with MCB - Arif Habib Savings and Investments Limited and EFU.

5.7 Taxation

Previously, the Company obtained registration as a non profit organization, under section 2(36) of Income Tax Ordinance, 2001 (the Ordinance). Owing to a change in rule 214 of the Income Tax Rules, 2002, the Company's registration under the section 2(36) of the Ordinance, now requires renewal after every three years. Management has applied for the renewal and is confident of the registration.

As a non profit organization, in accordance with section 100C of the Ordinance, the Company is eligible for tax credit equal to one hundred percent of the tax payable, including minimum tax and final tax payable, under any of the provisions of the Ordinance. The credit is subject to compliance with certain conditions listed in section 100C. The management believes that the Company is entitled to this credit and accordingly, no provision for taxation has been made in these financials statements.

5.8 Foreign currency translation

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the statement of financial position date. Gains and losses on translation are taken to income currently. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair value was determined.

5.9 Impairment

Financial assets

A financial asset is assessed at each statement of financial position date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

Non-financial assets

The carrying values of non-financial assets are assessed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the non-financial assets is estimated. An impairment loss is recognized as an expense in the income and expenditure statement, for the amount by which the non-financial asset's carrying value exceeds its recoverable amount.

5.10 Income recognition

i) Income related grants

Grants of a non capital nature are recognized at the time of their receipt. Subsequently, these are recognized in the income and expenditure statement to the extent of expenditure incurred. Expenditure incurred against grants, against which grant funds have been committed but not received, is recognized directly in the income and expenditure statement and reflected as a receivable from donors.

ii) Capital grants

Grants received for the purchase of fixed assets are initially recorded as deferred income upon receipt. Subsequently, these are recognized in the income and expenditure statement, on a systematic basis, over the periods necessary to match them with the carrying value of the related assets.

iii) Consultancy income and training fees

These are recognized when the related service has been rendered.

iv) Registration and membership subscription fees and income from sponsorships

These are recognized on an accrual basis.

v) Profit on bank deposits and investments

Mark up / interest on bank deposits and return on investments is recognized using the effective interest rate method.

vi) Other Income

Other income is recognized when the right to receive the same is established.

5.11 Classification of current and non-current assets and liabilities

The Company presents assets and liabilities in statement of financial position based on current / non current classification. An asset is classified as current when it is:

(i) Expected to be realized or intended to sold or consumed in normal operating cycle,
(ii) Held primarily for the purpose of trading,
(iii) Expected to be realized within twelve months after the reporting period, or
(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
All other assets are classified as non current.

A liability is classified as current when:
(i) It is expected to be settled in normal operating cycle,
(ii) It is held primarily for the purpose of trading,
(iii) It is due to be settled within twelve months after the reporting period, or
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
The Company classifies all other liabilities as non current.

5.12 Unrestricted funds

This represents a general fund of the Company, comprising of the surplus generated from the Company's operations, and is available for utilization for the day to day operations of the Company.

5.13 Endowment fund

This endowment, amounting to Rs 60 million, was received in year 2013 from the Pakistan Poverty Alleviation Fund (PPAF), under a Financing Agreement, dated September 2013. The endowment remained restricted for a period of three years, commencing September 01, 2013, during which period, PPAF reserved the right to suspend or terminate PMN's right to this endowment and the income thereon, under specified circumstances.

The restriction period of three years, expired on 31 August, 2016 and all the conditions mentioned in the agreement were fully complied with by the Company and accordingly, the Company transferred the endowment fund payable amount to Endowment Fund reserve account. The fund is available for utilization for the day to day operations of the Company.

6 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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 on or after 01 January 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-statement of financial position lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements. The application of amendments is not likely to have an impact on Company's financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards. The application of amendments is not likely to have an impact on Company's financial statements.

- Annual Improvements to IFRS Standards 2015 – 2017 Cycle - the improvements address amendments to following approved accounting standards:

– IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

  The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company's financial statements.

7	**PROPERTY AND EQUIPMENT**	**Note**	**2018**	2017
			----------Pak Rupees----------	
	Operating fixed assets	7.1	**3,594,131**	5,477,317
	Advance for acquisition of hardware	7.2	**5,587,820**	-
			9,181,951	5,477,317

7.1 OPERATING FIXED ASSETS

	COST					ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at 01 January	Additions	(Disposals)	As at 31 December	Rate	As at 01 January	Charge for the year	(On disposals)	As at 31 December	As at 31 December
	----------Pak Rupees----------				%	----------Pak Rupees----------				Pak Rupees
2018										
Leasehold improvements	4,829,121	-	-	4,829,121	20	2,437,842	965,824	-	3,403,666	1,425,455
Furniture and fittings	1,634,944	-	-	1,634,944	20	723,209	218,033	-	941,242	693,702
Office equipment	3,031,632	269,364	-	3,300,996	20	2,352,982	278,895	-	2,631,877	669,119
Computer equipment	2,971,549	-	-	2,971,549	33	1,475,896	689,798	-	2,165,694	805,855
	12,467,246	269,364	-	12,736,610		6,989,929	2,152,550	-	9,142,479	3,594,131
2017										
Leasehold improvements	4,829,121	-	-	4,829,121	20	1,472,018	965,824	-	2,437,842	2,391,279
Furniture and fittings	1,243,630	1,004,446	(613,132)	1,634,944	20	1,142,675	193,666	(613,132)	723,209	911,735
Office equipment	2,700,302	382,130	(50,800)	3,031,632	20	2,145,950	257,832	(50,800)	2,352,982	678,650
Computer equipment	2,821,167	1,929,600	(1,779,218)	2,971,549	33	2,613,754	634,298	(1,772,156)	1,475,896	1,495,653
	11,594,220	3,316,176	(2,443,150)	12,467,246		7,374,397	2,051,620	(2,436,088)	6,989,929	5,477,317

7.2 Advance For Acquisition Of Hardware

This represents mobilization advance amounting to Rs. 5.6 million paid to Pakistan Telecommunication Company Limited (PTCL) for provision of hardware infrastructure for setting up Digital Services Platform (DSP). (Also refer Note 2 and 20.2 to the financial statements)

8 INTANGIBLE ASSETS

	Note	2018	2017
		----------Pak Rupees----------	
Softwares	8.1	**1,798,494**	984,536
Advance for acquisition of software	8.2	**36,200,676**	-
		37,999,170	984,536

8.1 Softwares

	COST					ACCUMULATED AMORTIZATION				WRITTEN DOWN VALUE
	As at 01 January	Additions	(Disposals)	As at 31 December	Rate	As at 01 January	Charge for the year	(On disposals)	As at 31 December	As at 31 December
	----------Pak Rupees----------				%	----------Pak Rupees----------				Pak Rupees
2018										
GIS based support system - MicroEye	2,429,755	1,575,000	-	4,004,755	33	2,429,755	174,983	-	2,604,738	1,400,017
Accounting and anti-virus software	2,432,523	-	-	2,432,523	33	1,447,987	586,059	-	2,034,046	398,477
Staff Information Bureau	273,311	-	-	273,311	33	273,311	-	-	273,311	-
Pakistan Microfinance Review	1,117,555	-	-	1,117,555	33	1,117,555	-	-	1,117,555	-
	6,253,144	1,575,000	-	7,828,144		5,268,608	761,042	-	6,029,650	1,798,494
2017										
GIS based support system MicroEye	2,429,755	-	-	2,429,755	33	2,429,755	-	-	2,429,755	-
Accounting and anti-virus software	1,894,240	538,283	-	2,432,523	33	930,163	517,824	-	1,447,987	984,536
Staff Information Bureau	273,311	-	-	273,311	33	273,311	-	-	273,311	-
Pakistan Microfinance Review	1,117,555	-	-	1,117,555	33	1,117,555	-	-	1,117,555	-
	5,714,861	538,283	-	6,253,144		4,750,784	517,824	-	5,268,608	984,536

8.2 Advance for acquisition of Software

This represents mobilization advance amounting to Rs. 36.2 million given to TPS Pakistan Private Limited (TPS) for provision of software for setting up Digital Services Platform (DSP). This also includes an amount of Rs. 5.2 million which is payable as at reporting date. (Also refer Note 2 and 20.2 to the financial statements).

	Note	2018	2017
		----------Pak Rupees----------	
9 LONG TERM LOANS			
Considered good - unsecured			
Loans to employees	9.1	**1,487,349**	1,267,116
Current portion shown under current assets	13	**(578,570)**	(589,839)
		908,779	677,277

9.1 Interest at the rate of 5% per annum (2017: 5%) is charged on the long-term loans extended to employees. Management considers that, in context of overall financial statements, impact of recognizing long term loans at present value of the future cash flows, would be immaterial.

	Note	2018	2017
		----------Pak Rupees----------	
10 LONG TERM INVESTMENTS			
Held to maturity			
Term Deposit Receipts:			
In associated companies:			
FINCA Microfinance Bank Limited	10.1	**39,094,694**	35,508,462
NRSP Microfinance Bank Limited	10.2	**33,487,336**	21,245,974
U Microfinance Bank Limited	10.3	**10,674,203**	11,351,241
In others	10.4	**12,020,160**	10,913,769
		95,276,393	79,019,446
Less: current portion of long-term investments		**(12,357,684)**	-
		82,918,709	79,019,446

10.1 Details of investment in FINCA Microfinance Bank Limited are as follows:

Purchase Date	Maturity Date	Payment terms	Profit rate (per annum)	Effective interest rate (per annum)	Cost (Rupees)
23-Dec-17	23-Dec-20	Upon maturity	11%	9.97%	13,242,958
16-Jan-17	16-Jan-20	Upon maturity	11.5%	10.38%	10,000,000
13-Oct-16	13-Oct-19	Upon maturity	11%	9.97%	10,000,000

10.2 Details of investment in NRSP Microfinance Bank Limited are as follows:

Purchase Date	Maturity Date	Payment terms	Profit rate (per annum)	Effective interest rate (per annum)	Cost (Rupees)
18-May-17	18-May-20	Upon maturity	11%	9.97%	20,000,000
22-Nov-18	22-Nov-21	Upon maturity	12.5%	11.20%	10,000,000

10.3 Details of investment in U Microfinance Bank Limited are as follows:

Purchase Date	Maturity Date	Payment terms	Profit rate (per annum)	Effective interest rate (per annum)	Cost (Rupees)
18-May-18	18-May-21	Upon maturity	12%	10.79%	10,000,000

10.4 Details of investment in other companies are as follows:

Purchase Date	Maturity Date	Payment terms	Profit rate (per annum)	Effective interest rate (per annum)	Cost (Rupees)
6-Feb-17	6-Feb-20	Upon maturity	11.2%	10.14%	10,000,000

11 GRANT RECEIVABLE

	Note	State Bank of Pakistan (SBP)			DFID	TOTAL	
		Nationwide Microfinance Credit Information Bureau MF-CIB	Impact Assessment Study	NFIS Technical Assistance for Sub-Committees	PMN Business Plan Funding (Note 11.1)	2018	2017 (Restated)
		---Pak Rupees---					
Balance as at 01 January		13,699,751	4,600,210	2,767,173	39,972,338	**61,039,472**	49,130,017
Grants received during the year		(13,699,751)	-	(2,086,843)	(156,206,600)	**(171,993,194)**	(150,253,939)
Profit on bank placements		-	-	-	(571,620)	**(571,620)**	(553,241)
		-	4,600,210	680,330	(116,805,882)	**(111,525,342)**	(101,677,163)
Expenditure:							
Governance and management	26	-	-	-	23,773,172	**23,773,172**	21,683,389
Capacity building	27	-	-	-	12,642,538	**12,642,538**	15,865,904
Enabling environment	28	-	-	2,071,697	75,293,320	**77,365,017**	81,455,598
Information hub	29	-	114,570	-	48,471,443	**48,586,013**	55,697,616
		-	114,570	2,071,697	160,180,473	**162,366,740**	174,702,506
Others:							
Capital expenditure		-	-	-	-	-	(3,316,176)
Grant receivable written off		-	(4,714,780)	-	-	**(4,714,780)**	(15,302,047)
Balance as at 31 December		-	-	**2,752,027**	**43,374,591**	**46,126,618**	61,039,472

11.1 This grant under the "Business Plan Funding" agreement is for an aggregate amount of GBP 2.7 million. The grant period is 1 August, 2016 to 30 September, 2019. The grant aims to fund the activities in areas of research, knowledge management, digital payment ecosystem, client protection and center of excellence.

11.2 Under the project: Impact Assessment Study, total three rounds of survey were to be conducted out of which two rounds were completed in previous years. During the current year, grant receivable from SBP amounting to Rs. 4,714,780 was written off owing to the fact that SBP disallowed the expenditure on the grounds that third round was not conducted and contract period expired.

		Note	2018	2017
			----------Pak Rupees----------	
12	**CONSULTANCY FEES RECEIVABLE**			
	Unsecured - Considered good			
	Ghana Microfinance Institutions Network (GHAMFIN)		**3,487,500**	2,776,250
	World Bank		**1,379,174**	2,743,711
	Karandaaz Pakistan		**3,836,015**	-
	Mennonite Economic Development Associates		**701,754**	-
			9,404,443	5,519,961
13	**LOANS AND ADVANCES**			
	Loans - unsecured considered good			
	Current portion of long term loans	9	**578,570**	589,839
	Advances			
	to employees - considered good	13.1	**831,919**	651,606
	to vendors - unsecured considered good		**231,611**	231,611
	to consultants - unsecured considered good		**3,881,297**	3,861,297
		13.2	**5,523,397**	5,334,353

13.1 This includes advances to Chief Executive Officer and Chief Operating Officer amounting to Rs. 6,129 (2017: 78,109) and Rs. 1,160 (2017: Nil) respectively. The maximum aggregate amount outstanding to Chief Executive Officer at any time during the year is PKR. 232,500. Provision for doubtful advance and aging are not disclosed as advance is not past due or impaired as at the reporting date.

13.2 Loans and advances, except for the current portion of the long-term loan, are interest free, and are due on demand.

		Note	2018	2017
			----------Pak Rupees----------	
14	**DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Deposits		**980,060**	330,160
	Short term prepayments			
	Rent		**578,103**	525,549
	Employees' benefits		**4,078,722**	4,812,985
	Others		**62,860**	182,860
			4,719,685	5,521,394
			5,699,745	5,851,554

	Note	2018	2017
		----------Pak Rupees----------	
15 OTHER RECEIVABLES			
Considered good:			
Membership fees		**2,240,000**	2,730,000
Training fees		**2,057,338**	5,882,156
Sponsorship fees	15.1	**26,352,713**	13,942,536
Salary survey fee		**80,000**	1,115,000
Social audit fee		**2,713,729**	2,551,891
Investor linkages fee		**200,000**	1,032,875
Others		**1,950,210**	3,845,423
	15.4	**35,593,990**	31,099,881
Considered doubtful:			
Receivable from South Asian Microfinance Network	15.2	**6,690,531**	4,005,385
Others		**1,659,616**	1,659,616
		8,350,147	5,665,001
Less: Provision against doubtful receivables	15.3	**(8,350,147)**	(5,665,001)
		35,593,990	31,099,881

15.1 This represents sponsorship fee receivable against various events and conferences as described in note 30.2.

15.2 This represents receivable against expenses incurred for South Asian Microfinance Network's operations by the Company.

	Note	2018	2017
		----------Pak Rupees----------	
15.3 Movement of provision for doubtful receivables is as follows:			(Restated)
Balance as at January 01		**5,665,001**	-
Provision for doubtful receivables	26	**2,685,146**	5,665,001
		8,350,147	5,665,001

15.4 Other receivables include following receivables from associated companies. Aging for these receivables have been disclosed in note 34.1.1 to the financial statements.

	2018		2017
	----------Pak Rupees----------		
	Maximum aggregate amount outstanding during the year		
Membership fees			
FINCA Microfinance Bank Limited	**300,000**	**300,000**	-
Organization for Participatory Development	**50,000**	-	50,000
Telenor Microfinance Bank Limited	**300,000**	-	300,000
	650,000	**300,000**	350,000
Training fees			
Telenor Microfinance Bank Limited	**1,640,000**	**150,000**	560,464
Khushali Microfinance Bank Limited	**597,460**	**75,000**	-
Thardeep Microfinance Foundation	**1,153,771**	**270,000**	1,178,771
FINCA Microfinance Bank Limited	**1,301,250**	**270,000**	-
First Microfinance Bank Limited	**350,000**	-	1,105,000
National Rural Support Program	**1,503,496**	-	648,771
	6,545,977	**765,000**	3,493,006
Sponsorship fees			
Khushali Microfinance Bank Limited	**1,000,000**	**1,000,000**	1,000,000
FINCA Microfinance Bank Limited	-	-	200,000
Thardeep Microfinance Foundation	**1,250,000**	-	250,000
	2,250,000	**1,000,000**	1,450,000
Salary survey fee			
JWS Pakistan	-	-	125,000
U Microfinance Bank Limited	-	-	125,000
FINCA Microfinance Bank Limited	**125,000**	-	250,000
	125,000	-	500,000
Social audit fee			
U Microfinance Bank Limited	**1,592,729**	**1,592,729**	-
National Rural Support Programme	**410,000**	**410,000**	-
Thardeep Microfinance Foundation	**711,000**	**711,000**	-
Akhuwat Islamic Microfinance Company	-	-	642,713
	2,713,729	**2,713,729**	642,713
Others			
Akhuwat Islamic Microfinance Company	**120,000**	**120,000**	120,000
First Microfinance Bank Limited	-	-	20,000
JWS Pakistan	-	-	16,385
Thardeep Microfinance Foundation	-	-	604,012
	120,000	**120,000**	760,397
	12,404,706	**4,898,729**	7,196,116

16	SHORT TERM INVESTMENTS	Note	2018	2017
			----------Pak Rupees----------	
	Held to maturity:			
	Investments in associated companies:			
	Term Deposit Receipts	16.1	-	20,000,000
	Accrued Interest on term deposit receipts		-	171,312
			-	20,171,312

16.1 This represented investment in TDR of NRSP Microfinance Bank Limited which carried interest rate of 8.1% per annum and was matured on 24 November 2018.

17	BANK BALANCES	Note	2018	2017
			----------Pak Rupees----------	
	Cash at banks in local currency			
	Savings accounts		**6,760,538**	14,026,260
	Current accounts		**100**	100
		17.1 & 17.2	**6,760,638**	14,026,360

17.1 Bank balances include balances in saving accounts of FINCA Microfinance Bank Limited and Khushhali Microfinance Bank Limited of Rs. 171 (2017: Nil) and Rs. 34,778 (2017: 824,754) respectively and balances in current accounts of NRSP Microfinance Bank Limited of Rs. 100 (2017: Nil).

17.2 Savings accounts carry mark up at rates ranging between 6% to 7% (2017: 4% to 5%), per annum.

		Note	2018	2017
			----------Pak Rupees----------	
18	**DEFERRED CAPITAL GRANTS**			
	Capital grants	18.1	**1,933,338**	3,097,662
18.1	**Capital grants**			
	Balance as at January 01		**3,097,662**	874,344
	Grants received during the year for:			
	Property and equipment		**-**	3,316,176
	Transfers to the income and expenditure statement			
	Amortization for the year		**(1,164,324)**	(1,085,796)
	Property and equipment disposed off during the year		**-**	(7,062)
			(1,164,324)	(1,092,858)
			1,933,338	3,097,662

				(Restated)
19	**ACCRUED AND OTHER LIABILITIES**			
	Accrued expenses		**3,649,158**	2,985,182
	Accounts payable	19.1	**29,063,521**	21,246,705
	Withheld income tax payable		**1,674,580**	1,838,451
	Payable to employees' voluntary pension scheme		**804,900**	887,220
	Other liabilities	19.2	**938,836**	1,927,480
			36,130,995	28,885,038

19.1 This includes payable to following associated companies and related parties for expenses incurred on behalf of the Company.

	2018	2017
	----------Pak Rupees----------	
Related party:		
Chief Executive Officer	**41,087**	-
Associated companies:		
FINCA Microfinance Bank Limited	**59,719**	-
Organization for Participatory Development	**3,000**	-
Thardeep Microfinance Foundation	**37,270**	23,866
Waseem Malik	**19,396**	-
JWS Pakistan	**-**	29,000
Khushali Microfinance Bank Limited	**-**	20,416
National Rural Support Programme	**-**	19,083
U Microfinance Bank Limited	**-**	100,000
	119,385	192,365

19.2 This includes payable of Rs. 477,441 (2017: Rs. 477,441) to JWS Pakistan (Associated company) for training contribution.

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

There were no contingencies as at 31 December 2018 (2017: Nil).

20.2 Commitments

20.2.1 The Company has entered into an agreement with Pakistan Telecommunications Company Limited (PTCL) for the acquisition of hardware infrastructure for setting up Digital Services Platform (DSP). As per the terms of the agreement payment for the said infrastructure is spread over the period of 5 years through quarterly installments. The committed payments as of 31 December 2018 are as follows:

	2018	2017
	----------Pak Rupees----------	
Amount payable within 1 year	**28,317,978**	-
Amount payable in 2 to 5 years	**113,271,912**	-
	141,589,890	-

20.2.2 The Company has entered into an agreement with TPS Pakistan (Private) Limited for the acquition of intangibles for setting up Digital Services Platform (DSP). As per the terms of the agreement the Company has committed to pay for the license and implementation fee by year 2019. Other than this software support & maintenance fee would be payable on yearly basis for period of remaining 4 years.

	2018	2017
	----------Pak Rupees----------	
Amount payable within 1 year	**80,672,436**	-
Amount payable in 2 to 5 years	**72,610,200**	-
	153,282,636	-

		Note	2018	2017
			----------Pak Rupees----------	
21	**GRANT INCOME**			Restated
	Restricted grants			
	State Bank of Pakistan (SBP)			
	- Impact Assessment Study		**114,570**	1,285,312
	- NFIS Technical Assistance for Sub-committees		**2,071,697**	2,767,173
	Department for International Development (DFID)			
	- PMN Business Plan Funding		**160,180,473**	168,515,391
	International Finance Corporation (IFC)			
	- Financial Literacy		**-**	2,134,630
			162,366,740	174,702,506
	Capital grants			
	Amortization of deferred capital grant	18.1	**1,164,324**	1,092,858
			163,531,064	175,795,364
22	**TRAININGS**			
	Boulder microfinance training		**2,980,295**	1,271,381
	Social performance task force meetings		**-**	1,013,926
	Local Trainings		**10,972,500**	3,113,750
	Grievance redressal mechanism training		**-**	2,898,147
	Harvard training course		**1,566,996**	1,626,148
			15,519,791	9,923,352
23	**CONSULTANCY INCOME**			
	Karandaaz Pakistan		**12,450,560**	
	Mennonite Economic Development Associates		**1,401,829**	-
	PROPARCO		**1,500,000**	-
			15,352,389	-

24 INCOME FROM SPONSORSHIPS

This represents the income received as sponsorships from various donors, organizations and members on account of boot camp and various conferences on microfinance innovation and growth conducted by the Company.

25 OTHER INCOME

	2018	2017
	----------Pak Rupees----------	
Income from financial assets		
Profit on savings accounts	**332,053**	288,126
Interest income on loans to employees	**71,016**	48,567
Interest income on held to maturity investments	**8,520,607**	8,315,295
	8,923,676	8,651,988
Income from non-financial assets		
Income on enquiries from DataCheck	**558,869**	2,271,607
Liabilities written-back	**-**	36,517
Salary survey contributions from members	**-**	2,060,000
Social audits	**1,621,000**	2,551,891
Investor linkage	**-**	1,829,750
Gain on disposal of operating assets	**-**	139,938
Others	**1,477,262**	275,544
	3,657,131	9,165,247
	12,580,807	17,817,235

		Note	2018	2017
			----------Pak Rupees----------	
				(Restated)
26	**GOVERNANCE AND MANAGEMENT**			
	Salaries and benefits		**13,137,302**	10,074,416
	Events / conferences / meetings		**4,513,226**	2,159,408
	Rent and utilities		**1,525,231**	1,448,559
	Depreciation and amortization		**2,913,591**	2,569,444
	Legal and professional		**863,220**	500,445
	Travel		**2,162,576**	719,783
	Auditors' remuneration	26.1	**408,000**	408,000
	Internal audit and other certifications		**572,300**	1,370,762
	Grants receivable written off	11	**4,714,780**	15,302,047
	Office supplies		**1,077,672**	1,252,763
	Other receivables written off		**-**	3,124,576
	Consultancy receivable written off		**-**	1,698,400
	Designing and printing		**138,347**	437,076
	Office maintenance		**639,589**	2,204,192
	Insurance		**118,060**	84,374
	Entertainment		**649,812**	114,034
	Other expenses		**2,607,870**	55,227
	Bank charges		**72,312**	57,961
	Exchange loss		**-**	97,891
	Provision for doubtful receivables	15.3	**2,685,146**	5,665,001
			38,799,034	49,344,359
	Allocated to other operating expenses	30	**(15,025,862)**	(27,660,970)
			23,773,172	21,683,389

26.1 Auditors' remuneration include the following:

Audit fees	**363,000**	363,000
Out of pocket expense	**45,000**	45,000
	408,000	408,000

		Note	2018	2017
			----------Pak Rupees----------	
				(Restated)
27	**CAPACITY BUILDING**			
	Tuition and accommodation fee		**9,639,546**	4,019,581
	Per diem and other allowances		**1,630,296**	1,384,183
	Consultant cost		**4,717,253**	4,917,089
	Events / conferences / meetings		**2,410,664**	2,233,374
	Designing and printing		**9,482**	15,200
	Travel		**1,804,707**	1,529,274
	Entertainment		**624,812**	74,364
	Salaries and benefits		**6,775,305**	5,630,712
	Rent and utilities		**1,525,231**	1,448,559
	Exchange loss		**174,034**	-
	Other expenses		**375,503**	41,350
			29,686,833	21,293,686
	Allocated to other operating expenses	30	**(17,044,295)**	(5,427,782)
			12,642,538	15,865,904
28	**ENABLING ENVIRONMENT**			
	Consultant cost		**11,598,326**	16,472,579
	Salaries and benefits		**38,629,158**	30,022,675
	Rent and utilities		**1,525,231**	1,448,559
	Travel		**12,107,344**	10,641,222
	Events / conferences / meetings		**11,881,497**	11,393,231
	Per diem and allowances		**10,194,800**	7,011,188
	Direct project costs		**-**	-
	Entertainment		**624,812**	74,364
	Accommodation		**6,353,255**	4,387,393
	International memberships		**1,171,965**	1,041,169
	Designing and printing		**747,993**	1,228,340
	Exchange loss		**277,362**	
	Other expenses		**1,037,899**	611,334
			96,149,642	84,332,054
	Allocated to other operating expenses	30	**(18,784,625)**	(2,876,456)
			77,365,017	81,455,598

		Note	2018	2017
			----------Pak Rupees----------	
				(Restated)
29	**INFORMATION HUB**			
	Salaries and benefits		**24,897,943**	20,015,616
	Consultant cost		**19,159,625**	21,153,146
	Travel		**1,728,574**	4,243,345
	Rent and utilities		**1,525,231**	1,448,559
	Accommodation		**1,821,137**	2,663,778
	Entertainment		**624,812**	74,364
	Events / conferences / meetings		**1,256,888**	4,021,846
	Designing and printing		**1,814,437**	2,446,106
	Per diem and allowances		**180,000**	4,519,077
	Exchange Loss		**242,782**	-
	Other expenses		**1,432,803**	664,120
			54,684,232	61,249,957
	Allocated to other operating expenses	30	**(6,098,219)**	(5,552,341)
			48,586,013	55,697,616
30	**OTHER OPERATING EXPENSES**			
	Receivables written-off	30.1 & 26	**4,714,780**	20,125,023
	Provision for doubtful receivables	15.3	**2,685,146**	5,665,001
	Salaries and benefits		**1,203,515**	-
	Consultant cost		**10,941,309**	8,009,014
	Travel		**8,409,207**	-
	Accommodation		**1,942,389**	-
	Per diem and allowances		**9,054,140**	-
	Other expenses		**955,660**	-
	Events / conferences / meetings		**3,123,485**	419,783
	International memberships		**1,171,965**	-
	International trainings	30.2	**9,501,721**	5,427,782
	Rent and utilities		**293,945**	-
	Legal and professional		**25,500**	-
	Designing and printing		**56,920**	-
	Entertainment		**118,056**	-
	Office supplies		**170,269**	-
	Office maintenance		**126,515**	-
	Bank charges		**15,035**	31,575
	Depreciation and amortization		**1,749,267**	1,741,480
	Exchange loss		**694,178**	97,891
			56,953,002	41,517,549

30.1 This represents write off against grant receivable as detailed in note 11 to the financial statements.

30.2 This represents expense incurred on per diems, travelling, course fee and accommodation in relation to the international trainings of the Company's sponsored candidates of the member organizations.

31 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including benefits, to the Chief Executive Officer and executives are as follows:

		Chief Executive Officer		Executives	
		2018	2017	**2018**	2017
	Note	----------Pak Rupees----------		----------Pak Rupees----------	
Managerial remuneration	31.1	**9,066,816**	8,242,560	**33,459,790**	21,498,992
Bonus for the year		**2,644,488**	1,908,000	**7,482,003**	2,358,054
Pension fund scheme		**604,452**	549,504	**2,230,658**	1,208,255
Contribution for gratuity		**500,000**	200,000	**3,040,000**	1,372,917
Reimbursements		**137,951**	149,001	**977,795**	535,098
Other benefits	31.2	**1,935,067**	2,041,764	**1,024,774**	406,533
		14,888,774	13,090,829	**48,215,020**	27,379,849
Number of person(s)		**1**	1	**10**	7

31.1 No remuneration was paid to the Company's directors in the current and previous years.

31.2 This represents payment for leave encashment, health insurance and contribution to Employees Old Age Benefits Institution. This also includes vehicle allowance of Chief Executive Officer.

32 RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Company comprise of key management personnel and entities under common directorship.

Balances with related parties have been disclosed in note 10, 13, 14, 15, 16, 17, 19 and remuneration to Chief Executive Officer and Executives has been disclosed in Note 32. Transactions with related parties are as follows:

	2018	2017
	----------Pak Rupees----------	
32.1 Transactions during the year:		
Transactions with associated companies:		
Training fee income	**8,311,566**	6,358,282
Membership and registration fee income	**3,000,000**	3,725,000
Sponsorship fee income	**2,500,000**	1,700,000
Salary survey contributions income	**-**	875,000
Social audit fee income	**1,621,000**	642,713
Investor linkages fee income	**-**	796,875
Interest income earned on TDRs	**7,414,216**	5,947,269
Remuneration to key management personnel	**22,770,841**	18,611,141

32.2 Following are the associated companies and related parties with whom the Company had entered into transactions during the year:

Associated Companies	Basis of Relationship	Number of shares held in the Company	Aggregate %age shareholding in the Company
U Microfinance Bank Limited	Common directorship	N/A	N/A
FINCA Microfinance Bank Limited	Common directorship	N/A	N/A
Telenor Microfinance Bank Limited	Common directorship	N/A	N/A
First Microfinance Bank Limited	Common directorship	N/A	N/A
Khushhali Microfinance Bank Limited	Common directorship	N/A	N/A
National Rural Support Programme	Common directorship	N/A	N/A
Akhuwat Islamic Microfinance Company	Common directorship	N/A	N/A
JWS Pakistan	Common directorship	N/A	N/A
Thardeep Microfinance Foundation	Common directorship	N/A	N/A
Organization for Participatory Development	Common directorship	N/A	N/A

Related Parties	Basis of Relationship	Number of shares held in the Company	Aggregate %age shareholding in the Company
Syed Mohsin Ahmed	Chief Executive Officer	N/A	N/A
Waseem Malik	Chief Operating Officer	N/A	N/A

33 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the entity is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the institute is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

33.1 Fair value of financial assets and liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy it does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying Amount				Fair Value			
		Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
2018	**Note**	----------Pak Rupees----------							
Financial assets not measured at Fair Value									
Long term investments	10	82,918,709	-	-	**82,918,709**	-	-	-	-
Long term loans	9 & 13	-	1,487,349	-	**1,487,349**	-	-	-	-
Deposits	14	-	980,060	-	**980,060**	-	-	-	-
Grant receivable	11	-	46,126,618	-	**46,126,618**	-	-	-	-
Consultancy fees receivable	12	-	9,404,443	-	**9,404,443**	-	-	-	-
Other receivables	15	-	35,593,990	-	**35,593,990**	-	-	-	-
Short term investments	16	-	-	-	-	-	-	-	-
Bank balances	17	-	6,760,638	-	**6,760,638**	-	-	-	-
Financial liabilities not measured at Fair Value									
Accrued and other liabilities	19	-	-	34,456,415	**34,456,415**	-	-	-	-
2017									
Financial assets not measured at Fair Value									
Long term investments	10	79,019,446	-	-	**79,019,446**	-	-	-	-
Long term loans	9 & 13	-	1,267,116	-	**1,267,116**	-	-	-	-
Deposits	14	-	330,160	-	**330,160**	-	-	-	-
Grant receivable	11	-	61,039,472	-	**61,039,472**	-	-	-	-
Consultancy fees receivable	12	-	5,519,961	-	**5,519,961**	-	-	-	-
Other receivables	15	-	31,099,881	-	**31,099,881**	-	-	-	-
Short term investments	16	20,171,312	-	-	**20,171,312**	-	-	-	-
Bank balances	17	-	14,026,360	-	**14,026,360**	-	-	-	-
Financial liabilities not measured at Fair Value									
Accrued and other liabilities	19	-	-	27,046,587	**27,046,587**	-	-	-	-

34 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

34.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

34.1.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from the accounts receivables, deposits, short term investments, other receivables and bank balances. To manage credit risk the Company maintains procedures covering the application for credit approvals and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company attempts to control the credit risk by monitoring credit exposures, limiting transactions with specific parties and continuing assessment of credit worthiness of these parties and dealing with financial institutions with high credit worthiness. Geographically there is no concentration of credit risk.

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2018	2017
		----------Pak Rupees----------	
			(Restated)
Grant receivable	11	**46,126,618**	61,039,472
Consultancy fees receivable	12	**9,404,443**	5,519,961
Deposits	14	**980,060**	330,160
Long term investments	10	**82,918,709**	79,019,446
Short term investments	16	**-**	20,000,000
Other receivables	15	**35,593,990**	31,099,881
Bank balances	17	**6,760,638**	14,026,360
		181,784,458	211,035,280

The maximum exposure to credit risk for financial assets at the reporting date by type of counter party was:

	2018	2017
	----------Pak Rupees----------	
		(Restated)
Associated companies	**4,898,729**	7,196,116
Banks - Associated companies	**70,933,498**	88,930,431
Other banks	**18,745,849**	24,115,375
Others	**87,206,382**	90,793,358
	181,784,458	211,035,280

The aging of receivables from associated companies at the reporting date was as follows:

	Gross	Impairment	Gross	Impairment
	2018	2018	2017	2017
	----------Pak Rupees----------			
Past due 0-60 days	**1,495,000**	-	6,584,267	-
Past due 60-180 days	-	-	491,849	-
Past due 180-365 days	**570,000**	-	-	-
Over 365 days	**2,833,729**	-	120,000	-
	4,898,729	-	7,196,116	-

The aging of grant receivables at the reporting date was as follows:

	Gross	Impairment	Gross	Impairment
	2018	2018	2017	2017
	----------Pak Rupees----------			
			(Restated)	
Past due 0-60 days	**45,446,288**	-	42,942,006	-
Over 365 days	**680,330**	-	18,097,466	-
	46,126,618	-	61,039,472	-

The aging of consultancy receivables at the reporting date was as follows:

	Gross	Impairment	Gross	Impairment
	2018	2018	2017	2017
	----------Pak Rupees----------			
Past due 0-60 days	**5,673,975**	-	180,828	-
Over 365 days	**3,730,467**	-	5,339,133	-
	9,404,443	-	5,519,961	-

The aging of other receivables at the reporting date was as follows:

	Gross 2018	Impairment 2018	Gross 2017	Impairment 2017
	----------Pak Rupees----------			
			(Restated)	
Past due 0-60 days	**20,049,869**	-	26,113,107	-
Past due 60-180 days	**1,566,961**	-	3,518,004	-
Past due 180-365 days	**6,544,972**	-	1,041,125	-
Over 365 days	**15,782,335**	**8,350,147**	6,092,646	5,665,001
	43,944,137	**8,350,147**	36,764,882	5,665,001

To manage exposure to credit risk in respect of receivables, management performs credit reviews taking into account the party's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

Based on past experience, the management believes that there is no need of impairment allowance in respect of accounts receivable past due as certain receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amount will be recovered in short period of time.

The exposure to banks is managed by dealing with variety of major banks with good credit ratings and monitoring exposure limits on continuous basis.

34.1.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The maturity profile of the Company's financial liabilities based on the contractual amount is as follows:

	Carrying amount	Contractual cash flows	Payable within one year
2018	----------Pak Rupees----------		
Accrued expenses	**3,649,158**	**(3,649,158)**	**(3,649,158)**
Accounts payable	**29,063,521**	**(29,063,521)**	**(29,063,521)**
Payable to employees' voluntary pension scheme	**804,900**	**(804,900)**	**(804,900)**
Other liabilities	**938,836**	**(938,836)**	**(938,836)**
Accrued and other liabilities	**34,456,415**	**(34,456,415)**	**(34,456,415)**

	Carrying amount	Contractual cash flows	Payable within one year
2017	——Pak Rupees——		
Accrued expenses	2,985,182	(2,985,182)	(2,985,182)
Accounts payable	21,246,705	(21,246,705)	(21,246,705)
Payable to employees' voluntary pension scheme	887,220	(887,220)	(887,220)
Other liabilities	1,927,480	(1,927,480)	(1,927,480)
Accrued and other liabilities	27,046,587	(27,046,587)	(27,046,587)

34.1.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

a) Currency risk

The Pak Rupee is the functional currency of the Company and as a result currency exposures arise from transactions and balances in currencies other than the Pak Rupee.

	2018		2017	
	Rupees	**USD**	Rupees	USD
Consultancy fee receivable	**5,568,428**	**39,917**	5,519,961	49,707
Net exposure	**5,568,428**	**39,917**	5,519,961	49,707

The following significant exchange rates were applied during the year:

	Average rates		**Statement of Financial Position date rate**	
	2018	2017	**2018**	2017
US Dollars	**125.28**	109.78	**139.50**	111.05

Sensitivity Analysis

A 1% strengthening of the functional currency against USD as at 31 December 2018 would have decreased surplus by Rs. 55,677 (2017: Rs. 55,201). A 1% weakening of the functional currency against USD as at 31 December 2018 would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

b) Interest rate risk

The interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in the market interest rates. At the reporting date, the Company's interest bearing financial instruments comprise of cash at bank in savings accounts, short and long term investments carrying fixed interest rates.

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

c) Other market price risk

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 interest rate risk or currency 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.

At the year end the Company is not exposed to price risk since there are no financial instruments whose fair value or future cash flows will fluctuate because of changes in market prices.

35 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern so that it can achieve its primary objectives, provide benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses in line with the objects of the Company.

36 NUMBER OF EMPLOYEES

	2018	2017
	(Number)	(Number)
Number of employees of the Company at the reporting date	20	21
Average number of employees during the year	21	20

37 COMPARATIVE FIGURES

Effect of following errors relating to year 2017 has been applied retrospectively in accordance with the requirement of IAS 8,"Accounting policies, change in accounting estimates and errors". Further, corresponding figures have been re-classified, where necessary, for more appropriate presentation of transactions and events for the purpose of comparison.

- Liability for expenses amounting to Rs. 13,374,417 was not recognized in the financial statements of the Company for the ended 31 December 2017 having corresponding impact on expenses, respective grant income, grant receivable and other liabilities.
- Program related expenses amounting to Rs. 1,000,000 were erroneously recognized having corresponding impact on grant income, grant receivable, other receivables and other liabilities.
- Excess provision amounting to Rs. 4.2 million was recognized against other receivables.

Effect of above restatements / reclassification has resulted in following:

	Amounts Previously Reported	Effect of Restatement/ reclassification	Amount as Restated
	31 December 2017		
Statement of Financial position:			
Grant receivable	55,674,069	5,365,403	61,039,472
Other receivables	30,243,506	856,375	31,099,881
Unrestricted funds	130,598,223	(3,865,182)	126,733,041
Accrued and other liabilities	18,798,078	10,086,960	28,885,038
Income and Expenditure Statement			
Grant income	170,429,961	5,365,403	175,795,364
Governance and management	33,645,261	(11,961,872)	21,683,389
Capacity building	9,744,869	6,121,035	15,865,904
Enabling environment	71,534,943	9,920,655	81,455,598
Information hub	54,412,030	1,285,586	55,697,616
Other operating expenses	37,652,368	3,865,181	41,517,549

38 SUBSEQUENT EVENT

Subsequent to the year end the Company made equity investment of Rs. 33,250,000 in Aequitas Information Services Limited for 3,325,000 shares, pursuant to share purchase agreement dated 6 December 2018, entered into between the Company and Aequitas Information Services Limited. (Also refer note 2 to the financial statements).

39 DATE OF AUTHORIZATION

These financial statements were approved by the Board of Directors of the Company in their meeting held on 01 OCT 2019.

40 GENERAL

The amounts presented in these financial statements have been rounded-off to the nearest Pak Rupee, unless otherwise stated.

CHIEF EXECUTIVE OFFICER

DIRECTOR