

Annual Report

2020-2021



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Introduction

Association for Academic Quality (AFAQ), is a not-for-profit company operating under Section 42 of Securities and Exchange Commission of Pakistan. It is certified by PCP (Pakistan Center of Philanthropy) for governance, transparency and program delivery.

It is a movement to raise the educational standards in Pakistan. It has been established as a voluntary organization in collaboration with the leading school systems of Pakistan. This venture is supported by expatriate Pakistanis, leading scholars, educationists and professionals in Pakistan. The board of governors guides the operations of AFAQ. The general membership of this organization is open to all schools, educational systems, research organizations and training institutions with a general focus on quality.

AFAQ covers the following activities for educational systems in the Islamic Republic of Pakistan and abroad:

- AFAQ aims at developing curricula, textbooks, teacher guides and supplementary readers for the educational institutions. The curriculum documents and textbooks are developed keeping in view the guidelines of National Education Policies, Ideological Foundations, Pedagogical Requirements and International Standards.
- AFAQ in collaboration with the training institutions offers long-term as well as short-term teacher training programs which may be professional or subject-oriented.
- AFAQ has initiated a consultative series of school visits to provide guidance to them on developing self-directed school systems.
- AFAQ contributes to quality-oriented endeavors of public and private sectors.
- AFAQ has initiated a student assessment program.
- So far, AFAQ has developed school textbooks pre-primary to elementary level, after benchmarking the international curricula. AFAQ is one of the largest training organizations in Pakistan; since its impaction, it has trained more than 370,197 teachers in all districts of Pakistan. AFAQ monthly publishes of AFAQ Children Encyclopedia in three languages: Urdu, English and Arabic.
- To further augment its efforts, AFAQ is also jointly working with Punjab Education Foundation, Punjab Textbook Board and AJK Textbook Board to strengthen public-private-partnership in Pakistan.



The AFAQ Governing Body

Mr. Syed Waqas ur Rehman

Chairman

Mr. Shahid Warsi

Chief Executive Officer

Mr. Mian Muhammad Akram

Director

Mr. Abrar Ahmed

Director

Mr. Ghulam Mustafa

Director

Mission

AFAQ will mediate between the future and the present and will act as a forerunner in shaping the destiny of the nation. In the name of Allah and to serve the cause of Islam and Pakistan, AFAQ will contribute to holistic development of schools, teachers, and pupils. Keeping in view the contextual framework and global standards, AFAQ will generate educational resources, support services, and learning programs employing all mediums in non-governmental settings.

Vision

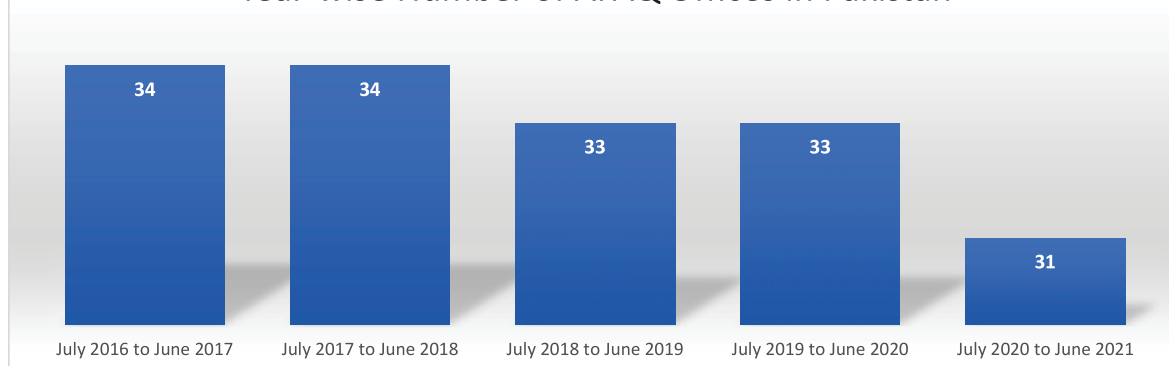
Strengthening
Education
for Change

AFAQ has overall 31 Offices in Pakistan

Year-wise AFAQ Office

Fiscal Years	Offices
July 2016 to June 2017	34
July 2017 to June 2018	34
July 2018 to June 2019	33
July 2019 to June 2020	33
July 2020 to June 2021	31

Year-wise Number of AFAQ Offices in Pakistan



Directors' Report



Association For
Academic Quality

AFAQ Head Office:
18, Block-A, Johar Town,
Lahore.
Ph: +92-42-111-AFAQ-PK
+92-42-35171090-91
+92-42-35166406
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Karachi Sales Office:
L-1-C, Block 21, Federal-B
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Ph: +92-21-36821050-51
+92-336-4858016
Email: sales@afaq.edu.pk

Lahore Sales Office (Main):
Opp. My Petroleum
Petrol Pump,
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Out Fall Road, Lahore.
T +92-42-37150949-50
+92-336-4859000
Email: publishing@afaq.edu.pk

Other Offices:
Quetta, Karachi,
Hyderabad, Sukkur,
Nawabshah, Multan,
Bahawalpur, Lahore,
Gujranwala, Sheikhupura,
Sialkot, Faisalabad, Gujrat,
Islamabad, Muzaffarabad,
Kashmir, Abbottabad,
Peshawar, Gilgit, Skardu,
Mardan, Chakdara, Swat,
Chitral, D.I. Khan,
Sargodha, Sahiwal,
Rawalpindi.

Shaping the
Future...

DIRECTORS' REPORT

The Directors of our company take pleasure in presenting their 16th annual report together with the Audited Financial Statements and Auditors' Report thereon for the year ended 30th June, 2021.

Financial results

The financial results of our company for the year ended 30th June, 2021 are summarized as follows:

	2021	2020
	(Rupees)	
Revenue – net	1,035,456,557	1,370,993,154
Other Income	12,624,240	16,576,442
	<u>1,048,080,797</u>	<u>1,387,569,596</u>
Direct Expense	659,766,987	892,680,724
Administrative and general expenses	157,034,917	176,548,494
Marketing and distribution expenses	399,125,980	387,358,867
Finance Costs	74,110,271	73,685,597
	<u>1,290,038,155</u>	<u>1,530,273,682</u>
Deficit/Surplus for the year	<u>(241,957,358)</u>	<u>(142,704,086)</u>

The Company has faced deficit due to COVID-19 and SNC for the year 2021 as our forecasted sales was declined due to above mentioned reasons. Another reason of loss is changes in financial standard as explained in Financial Statement Note No. 2.1.1 The collections are better in this financial year with respect to previous year.

Review of Activities and Future Development

Research and development continued this year also with some major achievements. 31 Title for AJK Board competition and SNC based Sun Series 36 Titles, SNC based Iqbal Series 34 Titles, SNC based Nakhla Series 18 Titles, Practice Copy series 09 and SNC based Sun Series SRMs 19. This represents development of 119 Text books and 28 Support material things. During the year AFAQ got 146 NOCs for Text books from different Boards. Educational Service Department conducted 60 Educational Pre-audit and 3,300 Career Counseling and Guidance tests. Character building activities for schools have been launched and 15,000 students benefited.



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Other Offices:
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Nawabshah, Multan,
Bahawalpur, Lahore,
Gujranwala, Sheikhupura,
Sialkot, Faisalabad, Gujrat,
Islamabad, Muzaffarabad,
Kashmir, Abbottabad,
Peshawar, Gilgit, Skardu,
Mardan, Chakdara, Swat,
Chitral, D.I. Khan,
Sargodha, Sahiwal,
Rawalpindi.

Shaping the
Future...

from it. The department of Innovative Learning developed Learning Management system with Exam Manager and E-Learning Manager modules.

The training department trained teachers 17,264 and 4,035 principals across the country during the report year thereby covering 113 topics related to school management, quality management, early childhood learning, subject teaching, and classroom management. The training department also developed 21 new manuals for training.

The activities under AFAQ Leaders' Clubs continued with a blend of new ideas and contests. Amongst various competitions, Kalaam-e-Iqbal, Speech, Milli Songs, Quiz, Arts and Maths Competitions organized in various part of the country throughout the year. Other activities included Leadership Development Camps, Winter Camps and Leadership Development Workshops,

AFAQ Forums is an education think tank where issues relating to the education scenario of Pakistan are discussed and solutions to the Problems are suggested. Renowned Scholars participated in these forums organized in different cities and shared the view to uplift education standards in Pakistan.

By the order of Board of Directors

Chief Executive Officer

The logo of the Association for Academic Quality Assurance (AFAAQ) is a circular emblem. It features a purple outer ring with the text "ASSOCIATION FOR ACADEMIC QUALITY ASSURANCE" in white. Inside the ring, there is a stylized white and green design that resembles an open book or a flame. The Arabic word "أفاق" (Afaaq) is written in white across the center of the emblem. Below the emblem, the acronym "AFAAQ" is written in a large, stylized, purple font.

AFAQ

Departments



1 Research

At AFAQ, our Research Division is comprised of dedicated professionals who understand that research into the appropriation, content and production of educational media in its socio-cultural contexts is an ongoing process. Our researchers have successfully developed many new comprehensive textbook series and dynamic support materials which are aligned with the Single National Curriculum (SNC) to ensure young learners expand their knowledge base, are equipped with the latest information and are introduced to new innovative ideas. Our R&D team has developed over 1000 publications and is at the forefront of cutting-edge educational research that will keep AFAQ ahead of the rest. To fulfill the demand of the era, AFAQ has developed the following series:

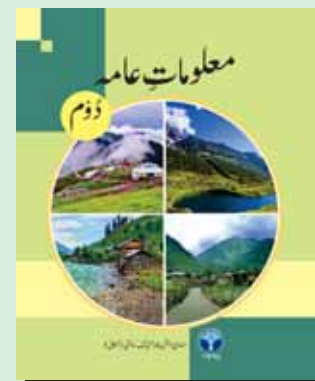
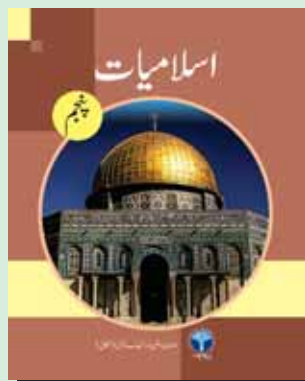
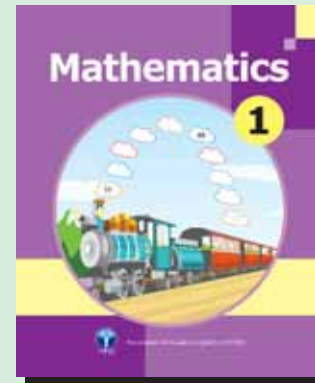
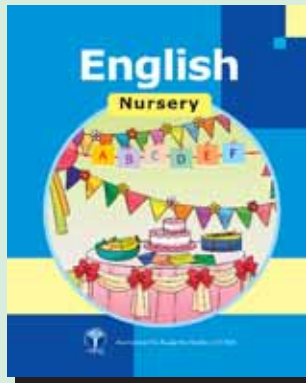
1.1 Introduction to AFAQ AJK Textbooks

AJK Textbook Board is proud to introduce its new Primary Series aligned with the Single National Curriculum (SNC). These textbooks, meticulously crafted for the diverse needs of primary education, embody our commitment to excellence and inclusivity. Designed to foster holistic development, our SNC books integrate modern pedagogical approaches with cultural relevance, ensuring an engaging and enriching learning experience for students across Azad Jammu and Kashmir. With a focus on language proficiency, critical thinking, and values-based education, these textbooks aim to empower young learners to navigate the complexities of the 21st century confidently. Embracing the ethos of the SNC, our primary series promotes equity, diversity, and lifelong learning, laying the foundation for a brighter future for our children and the nation as a whole. We invite educators, parents, and stakeholders to embark on this transformative journey with us as we strive to unlock the full potential of every child in AJK.

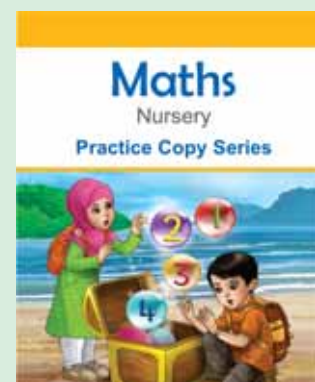
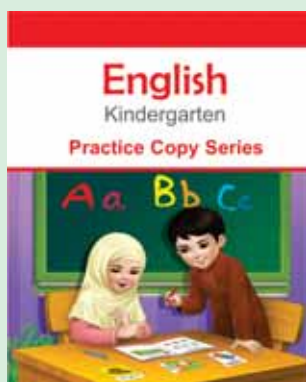
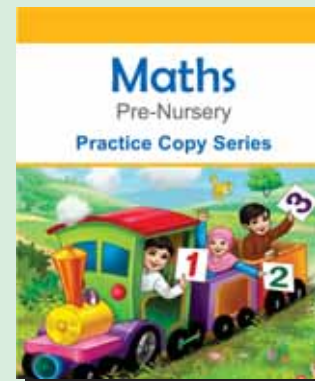
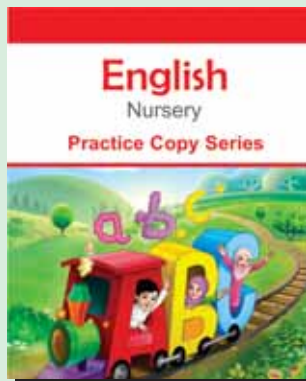
1.2 Copy Series (Pre-Primary Series)

Practice Copy Series has been designed for pre-primary kids 3 to 6 years old to help refine and solidify fine motor skills as well as learning numbers with substantial number drills. It provides activities and worksheets for supplementary skill review through paper and pencil assessment. This series provides various mathematical skills development including number recognition, tracing, counting objects, etc. These activities are integrated to provide students a fun and creative way to keep them engaged and bring out the joy of learning.

Visuals of AJK Textbooks



Visuals of Practice Copy Series



2 Training

For the 2020-2021 period, AFAQ delivered its training services with a focus on accessibility and effectiveness. The AFAQ Training team, composed of highly committed, vastly experienced, and well-trained Teacher Educators, was dedicated to providing effective training to elevate teaching standards. The AFAQ Training Division also enlisted notable and well-reputed educationists and resource personnel to bring their expertise to the Teacher Training Program. During this year, AFAQ Training Division successfully trained over 17,297 teachers and 4125 principals across 3305 schools nationwide.

The AFAQ Training Division developed comprehensive programs designed to enhance the skills of teachers and school management. These programs ranged from one-day certification courses to 15-day sessions and diploma programs. AFAQ's training services were highly regarded in both the private and public sectors. Notably, a training agreement between the different Government sector and AFAQ was signed, marking significant recognition in the public sector.



2.1 Certificate Courses

AFAQ Training Division also conducts 1-day to 3-day training workshops in session-based training models. There are 90 training topics to be selected from. Principals and teachers participate in these courses to improve their skills and learn the latest tools and techniques being used in the field. The Certificate Courses conducted in the year 2020-2021 are detailed hereunder:

Fiscal Year	No. of Training Conducted	No. of Topics Taught	No. of Sessions	No. of Sessions		No. of School
				Principals	Teachers	
2020-21	931	90	1358	4125	17297	3305

2.2 Principal Convention (Mini PC)

The main objective of Principal Convention (PC) is to provide latest management and administrative techniques to the principals and management staff of schools nationwide. The PCs conducted over the year have equipped the principals and management staff with the much needed tools and techniques to run their institutions more productively with highest standards of quality. The PCs conducted in the year 2020-2021 are detailed hereunder:



Zone	2020-21	Participants
Abbottabad	3	197
Attock	1	43
Bahawalpur	4	131
Buner and Shangla	1	80
Chitral	1	47
D.I.Khan	2	75
Faisalabad and Chiniot	3	164
Gilgit	1	11
Gujranwala	2	116
Gujrat	7	166
Hyderabad	1	99
Islamabad	1	78
Karachi Central & West	2	85
Karachi East	1	39
Karachi Malir	1	21
Karachi South	2	82
Lahore South	1	37
Lahore West	1	48
Makran	3	55

Zone	2020-21	Participants
Malakand	2	55
Mardan	2	164
Mirpur	6	222
Multan	3	140
Muzaffarabad North	5	256
Muzaffarabad South	2	131
Nowshera	1	30
Okara	3	119
Peshawar	3	95
Poonch	5	444
Quetta	4	125
Rawalpindi	2	94
Sahiwal	1	28
Sargodha North	2	39
Sargodha South	4	111
Sheikhupura	1	16
Sialkot	2	111
Sukkur - I	3	127

Total 2020-21

89

Total Participants

4125

2.3 Training Projects Description 2020-21

Training Projects of Year 2020-21:

Major Projects:

Project 1 = 5-day TRAINING of Trainers For the Teachers of Elementary & Secondary Education Foundation KP

(1) Project Objective: The 5-day residential 'Training of Trainers Workshop' held at 'Regional Professional Development Center' was a capacity building program for teachers of community schools managed by ESEF, from throughout KP. The key objectives of the program were not only to train the teachers for contemporary pedagogies but also preparing them for managing the whole school as a project. These topics were focused with amalgamation of professional etiquettes and our routine job obligations that are as essential as life itself. Familiarizing the new inductees with the support system being provided by ESEF Head Office was also one of the key training objectives.

(2) Targeted Beneficiaries: Out of 4,000 teachers of ESEF community schools, some 103 teachers were shortlisted to train them as 'Master Trainer'. Out of which 87 participants were females and only 16 were male teachers. These participants came from all over KP.

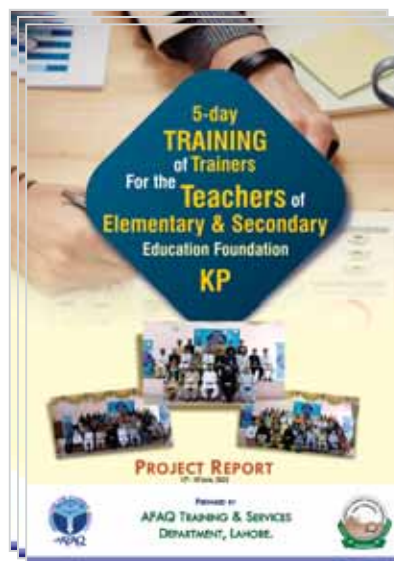
(3) Area of implementation: Trainers, Teachers.

(4) Project Donor: Elementary & Secondary Education Foundation KP

(5) Project Need Assessment: This project need assessment was conducted and submitted to authorities of Elementary & Secondary Education Foundation KP with all record.

(6) Project Timeline: 5 Days program

(7) Description of major activities of the Project: A 5-day training program was arranged. At the end of each session, the participants were asked to fill up the evaluation forms especially designed to evaluate training's usefulness and relevance to their job. The participants' response to different questions shows that the courses were quite helpful for their job.

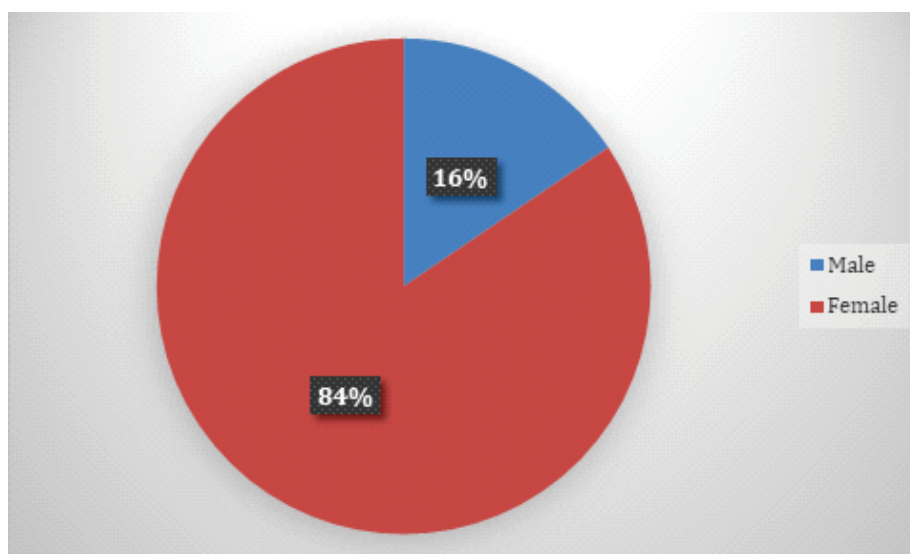


2.4 Project Graphical Report

CP's Demographics

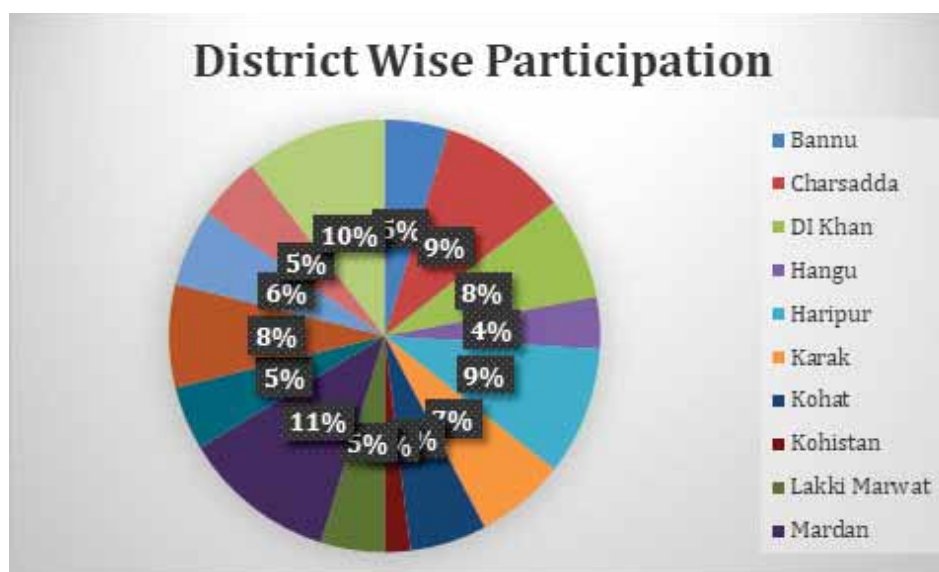
CP's Gender Proportion

Out of 4,000 teachers of ESEF community schools, some 103 teachers were shortlisted to train them as 'Master Trainer'. Out of which 87 participants were females and only 16 were male teachers. These participants came from all over KP.



CP's Participation – District wise

23 participants represented eight districts and three provinces of Pakistan. District Sibi had 62% of the participation; Districts Quetta and Dera Murad Jamali each had 9% participation whereas Districts Mastung, Kachhi, Harnai, D.G Khan & Abbottabad each had 4% participation.



3

Leaders' Club

AFAQ Leaders' Club provides an opportunity to students to learn life skills by engaging in activities such as, sports, debates, arts competitions, science competitions, camping and training workshops in schools and outside the schools.

3.1 AFAQ Leaders Club

Launched in 2009, aimed at character education for children and youth to make them future leaders.

3.2

Summary of 2020-21 Activities and Achievements

- **Total Activities Conducted:** 15 major events and competitions
- **Total Participants Engaged:** Over 3,000 students
- **Participant Demographics:**
 - **Countries Involved:** 5 (Pakistan, Muscat, Qatar, UK, Japan)
 - **Cities Represented:** Participants from over 119 cities
- **Impact:**
 - **Competitions and Courses:** Enhanced leadership skills and character development through various competitions and a 15-day online course.
 - **Recognition:** Received a badge of honor from the Balochistan Boy Scouts Association.
 - **Broad Reach:** Engaged a diverse group of students from schools, colleges, and universities across Pakistan.
 - **Positive Feedback:** High levels of participant satisfaction and improved skills through participation.

3.3

Summary of 2020-21

- 15 major events and competitions
- Over 3,000 students Participants Engaged
- Participants from over 119 Cities



3.4

Ramadan Ka Paigham Online Competition 2020-21

- 239 Video Entries
- 5 Countries
- 37 Cities
- 6 Languages
- 60 Winners



3.5

Online Art Competition 2020-21 AFAQ Covid-19

- Theme: Covid-19 and our responsibility as Muslims
- 140 Entries
- 35 Cities
- 10 Winners



3.6

AFAQ Online Azan Competition 2020-21

- 138 Entries
- 31 Cities
- 10 Winners



3.7

Making your Ramadan Meaningful with AFAQ 2020-21

- Online Course
- Leadership: A Quranic Perspective
- 15 Days
- 127 Participants
- 53 Cities



3.8

Blessed Pakistan Celebrations 2020-21

- 926 Entries
- 2 Countries
- 119 Cities



3.9

Defense Day Celebration 2020-21

- Defense Day Celebrations in collaboration with Balochistan Boy Scouts Association
- 260 students.
- Recognition: AFAQ Leaders Club awarded a badge of honor for invaluable contribution.

3.10

Justujoo Youth Leadership Camp 2020-21

Justujoo Youth Leadership Camp

- At Gilgit Baltistan in collaboration with Karakoram International University.
- Duration: 7 days.
- Participants: 40 university students from across Pakistan



3.11 Iqbal Day Celebrations

Iqbal Day Celebrations

Competitions: Kalam e Iqbal Competition, Iqbal Quiz, Essay Writing, Art.

- 341 students
- 42 teachers
- 33 schools



CCG Test

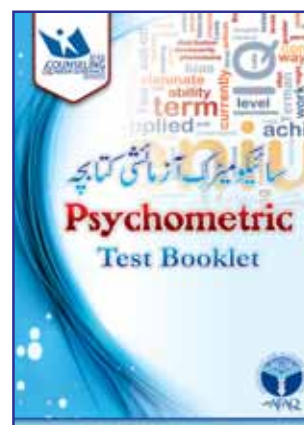
Year 2020-21

Sr. #	Zone	Region	School Name	Students
1	Islamabad	Sargodha	Comprehensive Model School	30
2	Karachi	Karachi South	AFAQ Karachi Office	2
3	Malakand	Malakand	Aim School Sakhakot	65
4	Malakand	Swat	Hira School & College Darmai Swat	280
5	Malakand	Swat	Al-Khair Public School	101
6	Karachi	Karachi South	AFAQ Karachi Office	2
7	Islamabad	Sargodha	Mianwali Education Trust School	115
8	Quetta	Quetta	Ummet Public School	99
9	Training Dept	Training Dept	Youth Leadership Camp	35
10	D.I.K	D.I.K	AFAQ Office D.I.K	2
Total				731

4

Counseling & Career Guidance

Career counseling is a scientific and systematic process which helps students to discover their personality traits, intelligence, capabilities and interests. Career counseling ensures that a student chooses the career that suit them best, a career that is the beginning of a bright future for them and an assurance to their success in practical life.



4.1

Five-Stage Solution To Your Career Planning and Growth

Self-Exploration

In the first stage, students are given intelligence tests to evaluate their personality, intelligence and interests. A comprehensive report prepared on the basis of these tests identifies the strengths and weaknesses in the personality of an individual and suggests ways of improvement. This report also proposes careers compatible with the intelligence and personality of an individual.

Career - Exploration

In the second stage, students are provided with detailed knowledge of careers all over the world, especially in Pakistan so that they could make the best possible decision about their future.

Career Planning and Decision Making

In the third stage, students are trained to choose a career that is ideally suited to their personality and capabilities, and then make a detailed plan to pursue that career.

Search for an Educational Institute and Job

Students are briefed about degrees and courses being offered by leading educational institutes, and taught various job-acquiring skills.

Training Sessions

These sessions aim at personal grooming of students and improving their skills.

4.2

AFAQ Counseling and Career Guidance, An Assurance to Your Bright Future!

Students often find it difficult to select the disciplines and careers that match their personality, intelligence and interests. AFAQ Counseling and Career Guidance Department has designed a comprehensive and up-to-date program that caters for this basic educational and economic needs of the youth. Prepared by top class professionals, AFAQ Counseling and Career Guidance assures an individual of success in life and lays the foundation of a bright and prosperous Pakistan.

CCG Services

CCG Psychometric Tests (Latest Version) (Personality, EI, Verbal & Non-verbal, Career Inventory, Core Values)

4.3

Who Does It Benefit?

Students

- Students are provided with clear guidance on careers that best suit their personality, intelligence and interests.
- It makes the students aware of their own self, thus enabling them to make best use of their capabilities.
- As uncertainty over the choice of a career ends, students achieve the peace of mind and march toward economic stability.

Parents and Teachers

- Parents can now sigh with relief because AFAQ Counseling and Career Guidance is extremely useful for selecting the most appropriate disciplines and careers for their children.
- Once students have made the right choices about their careers, teachers feel their job is already half done.

Schools

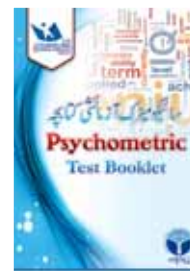
- Top-performing students lead to image-building of their schools.
- AFAQ Counseling and Career Guidance produces best results in school and board examinations. It also leads to a drastic reduction in the number of failed students.
- It helps a lot in achieving educational targets of schools and improving their overall performance.

Society

- There is a sharp decline in unemployment with an increase in the skilled and competent workforce.
- A psychologically sound, financially stable and socially healthy society is the outcome of AFAQ Counseling and Career Guidance.

Salient Features

- Comprehensive training programs for personal grooming
- Complete confidentiality for all psychological tests and reports



5

Encyclopedia Program

The AFAQ Encyclopedia offers unique information on various topics. It presents exciting new information and learning activities for children from 7-13 years of age. This encyclopedia instills a look-it-up habit and captures the imagination of young children with engaging photography, artwork, and information on the topics they love. With articles by scholars from around the world, this set takes an interdisciplinary look at the institutions and practices of societies throughout history. Articles are geared to various subjects and are organized into four topics per month: personalities, countries, inventions and animals.

- AFAQ Encyclopedia is the perfect tool for homework assignments, building research skills, and making learning fun for children. This encyclopedia is first of its kind. This new encyclopedia presents the social, cultural and political history of the world from antiquity to the present day. AFAQ Encyclopedia is the first to document and interpret every work, major and minor, that has played a role in the history of the world. It is by no means a routine mechanical exercise in fact-finding. The creative element is especially focused on while writing this encyclopedia.

5.1

Four-Stage Solution To Your Career Planning and Growth

Animals

This topic not only provides an introduction to and interesting habits of animals but also provides information on how we can learn from them.

Islamic Countries

This topic not only covers introduction and history of the Muslim countries but also reflects their positive values and traditions.

Inventions

This topic throws light on all types of inventions in a novel and captivating style. It also describes the role of ancient inventions in modern scientific advancement.

Personalities

This topic describes the life of those persons who left eternal imprints on the Muslim nation with their unmatched knowledge and glorious personalities.



Visuals of AFAQ Encyclopedia





**ASSOCIATION FOR ACADEMIC QUALITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2021**

EY Ford Rhodes
Chartered Accountants
96-B-1, 4th Floor, Pace Mall Building
M. M. Alam Road, Gulberg-II
P.O. Box 104, Lahore-54660

Tel: +9242 3577 8402-11
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INDEPENDENT AUDITOR'S REPORT

To the members of Association for Academic Quality

Report on the Audit of the Financial Statements for the year ended 30 June 2021

Opinion

We have audited the annexed financial statements of **Association for Academic Quality** (the Company), which comprise the statement of financial position as at 30 June 2021, and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund, 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, statement of income and expenditure, statement of comprehensive income, the statement of changes in equity 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 30 June 2021 and of the deficit, total comprehensive loss, the changes in equity 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 Auditors' Report Thereon

Management is responsible for the other information. The other information comprises Directors' Report, but does not include the financial statements and our auditors' 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 are 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);

Signature

- b) the statement of financial position, the statement of income and expenditure, statement of comprehensive income, the statement of changes in equity 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).

The engagement partner on the audit resulting in this independent auditor's report is Abdullah Fahad Masood.



EY Ford Rhodes
Chartered Accountants
Lahore: 03 December 2021

ASSOCIATION FOR ACADEMIC QUALITY
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	213,099,561	308,754,354
Intangible assets	6	2,356,023	52,874,865
Long term deposits	7	13,178,016	17,234,999
		228,633,600	378,864,218
CURRENT ASSETS			
Stock in trade	8	437,649,755	368,856,726
Right of return assets		34,252,876	34,454,226
Trade debts	9	183,008,840	364,987,512
Short term advances	10	47,856,556	63,137,973
Current portion of long term deposits	7	3,212,500	1,114,000
Trade deposits and short term prepayments	11	385,987	4,453,969
Profit accrued		13,797	37,685
Tax refunds due from the Government	12	8,999,508	8,999,508
Cash and bank balances	13	64,656,271	79,757,040
		780,036,090	925,798,639
TOTAL ASSETS		1,008,669,690	1,304,662,857
FUND AND LIABILITIES			
FUND AND RESERVE			
General fund		22,845,926	22,845,926
Accumulated fund		278,156,143	520,113,501
		301,002,069	542,959,427
NON-CURRENT LIABILITIES			
Deferred liability - gratuity	14	123,843	123,843
Advances from employees against vehicles	15	23,155,994	18,970,576
Lease liabilities	16	108,911,204	185,967,575
		132,191,041	205,061,994
CURRENT LIABILITIES			
Trade creditors, accrued and other liabilities	17	362,598,153	404,027,153
Contract liabilities	18	75,359,192	40,820,469
Refund liability	19	95,209,339	69,609,314
Current portion of lease liabilities	16	42,309,896	42,184,500
		575,476,580	556,641,436
CONTINGENCIES & COMMITMENTS	20	-	-
TOTAL FUND AND LIABILITIES		1,008,669,690	1,304,662,857

The annexed notes from 1 to 34 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

ASSOCIATION FOR ACADEMIC QUALITY
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 Rupees	2020 Rupees
Revenue from contracts with customers - net	21	1,035,456,557	1,370,993,154
Other income	22	12,624,240	16,576,442
		<u>1,048,080,797</u>	<u>1,387,569,596</u>
Direct cost	23	659,766,987	892,680,724
Administrative and general expenses	24	157,034,917	176,548,494
Marketing and distribution expenses	25	399,125,980	387,358,867
Finance costs	26	74,110,271	73,685,597
		<u>1,290,038,155</u>	<u>1,530,273,682</u>
Deficit of income over expenditure before taxation		<u>(241,957,358)</u>	<u>(142,704,086)</u>
Taxation	27	-	-
Deficit of income over expenditure after taxation		<u>(241,957,358)</u>	<u>(142,704,086)</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

ASSOCIATION FOR ACADEMIC QUALITY
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	<u>2021</u> Rupees	<u>2020</u> Rupees
Deficit of income over expenditure after taxation	(241,957,358)	(142,704,086)
Other comprehensive income:		
<i>Items to be reclassified to statement of income or expenditure in subsequent periods</i>	-	-
<i>Items not to be reclassified to statement of income or expenditure in subsequent periods:</i>	-	-
Total comprehensive loss for the year	<u>(241,957,358)</u>	<u>(142,704,086)</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

ASSOCIATION FOR ACADEMIC QUALITY
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 30 JUNE 2021

	General fund	Accumulated fund	Total
	----- (Rupees) -----		
Balance as at 01 July 2019	22,845,926	662,817,587	685,663,513
Total comprehensive loss for the year	-	(142,704,086)	(142,704,086)
Balance as at 30 June 2020	22,845,926	520,113,501	542,959,427
Total comprehensive loss for the year	-	(241,957,358)	(241,957,358)
Balance as at 30 June 2021	22,845,926	278,156,143	301,002,069

The annexed notes from 1 to 34 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER

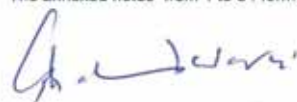


DIRECTOR

ASSOCIATION FOR ACADEMIC QUALITY
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Deficit of income over expenditure before taxation		(241,957,358)	(142,704,086)
Adjustment of non cash items:			
Depreciation - owned assets	5	10,237,124	12,382,364
Depreciation - right of use assets	5	54,390,715	53,677,221
Amortization	6	18,471,552	13,905,287
Impairment	6	32,047,290	5,763,824
Donation		-	14,882,192
Tax refunds due from the Government	12	-	39,238
Finance costs	26	74,110,271	73,685,597
Allowance for expected credit loss	24	17,625,311	6,861,524
Net realisable value adjustment	8.1	40,322,085	-
Gain on disposal	22	(3,328,229)	-
COVID-19 related rent concessions	22	(5,764,255)	-
Profit on investment	22	(704,310)	(2,248,444)
Cash used before working capital changes		(4,549,804)	36,244,717
(Increase) / decrease in current assets:			
Stock in trade		(109,115,114)	32,600,423
Right of return assets		201,350	10,580,796
Trade debts		164,353,361	(220,270,569)
Short term advances		15,281,417	8,801,597
Trade deposits and short term prepayments		4,067,982	23,964,030
Increase / (decrease) in current liabilities:			
Trade and other payables		(41,429,003)	235,843,335
Contract liabilities		34,538,723	16,580,975
Refund liability		25,600,025	(16,039,212)
		93,498,741	92,061,375
Cash generated from operations		88,948,937	128,306,092
Profit received		728,198	2,263,919
Employee benefits paid		-	(971,110)
Finance costs paid		(47,603,121)	(42,134,818)
Advances received from employees against vehicles		4,185,418	4,217,563
		(42,689,505)	(36,624,446)
Net cash generated from operating activities		46,259,432	91,681,646
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment	5	(3,598,925)	(6,671,335)
Development expenditures		-	(7,995,243)
Increase in long term deposits		1,958,483	752,024
Net cash used in investing activities		(1,640,442)	(13,914,554)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid	16	(59,719,759)	(57,365,941)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(15,100,769)	20,401,151
Cash and cash equivalents at the beginning of the year		79,757,040	59,355,889
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13	64,656,271	79,757,040

The annexed notes from 1 to 34 form an integral part of these financial statements



CHIEF EXECUTIVE OFFICER



DIRECTOR

ASSOCIATION FOR ACADEMIC QUALITY
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1 LEGAL STATUS AND ITS OPERATIONS

- 1.1 The Association for Academic Quality (AFAQ) (hereinafter the Company) is a public company limited by guarantee and not having share capital and is incorporated in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017) on 6th February, 2006 while it started its operations with effect from 1st April, 2006. The Company has obtained license under section 42 of the Ordinance. The principal activity of the Company is development of syllabus content, sale of books and conducting teacher training sessions nationwide to improve standards of teaching. The registered office of the Company is located at 18-A Johar Town Lahore.

Its principal activities are promoting high quality education in Pakistan and printing of informative school text books in accordance with the rules and regulations of the "National curriculum" and to provide training to the teachers all over Pakistan.

The Company has different business units located in different cities of Pakistan. Location of all business units is given below:

Business Units	Location and Address
Head Office	18-A, Johar Town Lahore
Head Office-II	House # 7-1 Sector B-1 Town Ship Lahore
Lahore Canal View Office	House # 626 Block D Canal View Housing Society Multan Road Lahore
Karachi Sales Office	L-1-C, Block 21 Federal B Industrial Area
Lahore Sales Office	Opp Shell Petrol Pump Corporation Chowk Out Fall Road Lahore
Quetta Regional Office	Banglow-3 Bilal Residency near Saleem Complex Quetta
Sukkur Regional Office	C 550 /140 Opp Mukhtar Car Office Agha Road Near Shalimar Road Sukkur
Gujranwala Regional Office	Sui Gas Road Main Bilal St House # 1 St #2 Eitsham Colony Gujranwala
Gujrat Regional Office	House B/6, Model town Bhimber Road Gujrat
Abbottabad Regional Office	Lalazar Colony Mohalla Umer Farooq Supply Abbottabad
Malakand Regional Office	Opp Timber Mkt Bilal Town Amirabad Chakdara Dist. Dir Lower
Karachi Regional Office South	Building # 5 A Block 6 P.E.C.H.S near Delhi Sweet Nursery Stop Main Shahrah E Faisal
Bahawalpur regional Office	6 C Trust Colony near Jamia Masjid Bahawalpur
Sialkot office	House # 58 Ali Ul Haq road Yaqoob St Model Town Sialkot
Islamabad Regional Office	Jamari Manzil II IJP Road IJP Stadium Road Junction Islamabad
Peshawar Regional Office	2Nd Floor AFAQ Office Alhaj Tower Main University road Jahangir Abad Peshawar
Swat Regional Office	Back To Serena Hotel College Colony Saidu Sharif Mingora Swat
Karachi Regional Office East	House # R9 Block 10 Gulshan Iqbal Karachi
Multan Regional Office	St # 1 near Toyota Show Room Bosen Road Bypass Chowk Multan
Gilgit Regional Office	Near Radio Pakistan Zulfiqar Abad Pressing House Jurtial Gilgit
D-I-Khan Office	Gali Bagh Wali Near Jamia Siraj Ul Uloom Opp Laghan Gate Dera Ismail Khan
Gujrat Office	Opposite KFC, Near the Siprit School, Abdullah Campus, GT Road, Tehsil Kharian, District Gujrat
Sialkot Office	House # 136, Aurangzeb Road, Mohallah Model Town, Sialkot
Faisalabad Regional Office	718-C Batala Colony near Shehryar Hotel Gates Chowk Satyana Road Faisalabad
Sahiwal office	183--A Officers Colony Farid Town Sahiwal
Hyderabad regional office	Bungalow # A-1/B First Floor Block E opp To Mohammedi Hospital Along with Smart College Bhatti Hospital Chowk Unit # Poney 5 Latifa Bad Hyderabad
AFAQ Book Shop Lahore	110 Chatterjee Road Faqir Plaza Shop # 32 Ground Floor Urdu Bazar Lahore
Sargodha Office	House # 7 St # 2 Main university Road FBR office near Farooq Colony Sargodha
Muzaffarabad Office	AFAQ Office Near PSC Jalalabad
Mardan Office	Errum Colony near Haq St Nowshera Road, Mardan

2 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; and
- Accounting standard for Not for Profit Organizations (Accounting standards for NPOs) issued by Institute of Chartered Accountants of Pakistan (ICAP) as notified under the provisions of the Companies Act, 2017;
- Islamic financial accounting standard IFAS 2 (Accounting standards for ijarah) issued by Institute of Chartered Accountants of Pakistan (ICAP) under S.R.O; and
- Provisions of and directives issued under the Companies Act, 2017

ASSOCIATION FOR ACADEMIC QUALITY

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1 Standards, interpretations and amendments to published approved accounting standards

The accounting policies adopted are consistent with those of the previous financial year, except for the following new amendments effective for annual period beginning on 01 July 2020, as listed below. The Company has not early-adopted any amendment that has been issued but is not yet effective.

New amendments

The Company has adopted the following revised standards, amendments and interpretation of IFRSs which became effective for the current year

IAS 1 - Presentation of Financial Statements: Definition of Material — (Amendments)
 IAS 8 - Definition of Material — (Amendments)
 IFRS 3 - Business Combinations: Definition of Business — (Amendments)
 IFRS 9 - Financial Instruments: Interest Rate Benchmark Reform — (Amendments)
 IFRS 7 - Financial Instruments Disclosures: Interest Rate Benchmark Reform— (Amendments)
 IAS 39 - Interest rate benchmark reform — (Amendments)
 IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16

The adoption of amendments applied for the first time in the year did not have any material impact on the financial statements of the Company other than amendment to IFRS 16 as disclosed in note 16.1.

2.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Reference to conceptual framework — (Amendments)	01 January 2022
IAS 16	Property, plant and equipment: Proceeds before intended use — (Amendments)	01 January 2022
IAS 37	Onerous contracts - costs of fulfilling a contract — (Amendments)	01 January 2022
AIP IAS 41	Taxation in fair value measurements	01 January 2022
AIP IFRS 9	Fees in the '10 per cent' test for derecognition of financial liabilities	01 January 2022
IAS 1	Classification of liabilities as current or non-current — (Amendments)	01 January 2023
IAS 8	Definition of accounting estimates — (Amendments)	01 January 2023
IFRS 10 & IAS 28	Sale or Contribution of Assets between an Investor and its Associate or	Not yet finalized
IAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction — (Amendments)	01 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies — (Amendments)	01 January 2023

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2022. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements.

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 17	Insurance Contracts	01 January 2023
IFRS 1	First-time Adoption of IFRS	01 July 2009

3 BASIS OF PREPARATION

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention, except as otherwise stated in the respective policies and notes given hereunder.

3.2 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the Company's functional currency. Figures have been rounded off to the nearest Pak Rupee, unless otherwise stated.

3.3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the 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 historical experience, including expectation of future events that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**4.1 Property and equipment****4.1.1 Owned Assets**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any, except for freehold land which is stated at cost.

Depreciation on owned property and equipment is charged on reducing balance method at the rates stated in Note 5. Depreciation on additions to property and equipment is charged from the month in which an asset is acquired or capitalized and no depreciation is charged in the month of disposal.

Subsequent costs are included in the 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. All other repair and maintenance costs are charged to income and expenditure account during the year in

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 carrying amount of the asset) is included in the income and expenditure account in the year the asset is derecognized.

The Company reviews the useful lives of property and equipment on 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 the depreciation charge and impairment.

4.2 Intangible assets

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the company and that the cost of such an asset can also be measured reliably. Intangible assets are stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to income on the straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off. Amortization is being charged as specified in note 6.

The Company assesses at each reporting date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount.

Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in income. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.3 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

4.3.1 Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

4.3.2 Lease liabilities - rented premises

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

4.4 Stock in trade

Inventories are stated at lower of cost and net realizable value. Cost comprises direct materials, and where applicable direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using "Weighted Average" basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

4.5 Trade and other receivables

A receivable is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 4.9

4.6 Employee benefits**Defined benefit plan**

The Company operated unfunded gratuity scheme for all its permanent employees who have completed the minimum qualifying period of service as defined under the respective scheme. Provisions were made annually to cover the obligations under the schemes on the basis of internal assessment of the management based on the assumptions that such benefits were payable to all employees at the end of financial year. The Company discontinued the scheme with effect from 1 July 2015 and the benefits of gratuity shall be paid only to those employees who were eligible at discontinuation date.

Defined contribution plan

The Company operates a recognized provident fund for all its regular employees. Equal monthly contributions are made to the fund both by the Company and the employees at the rate of 8.33% of the basic salary. Obligation for contributions to defined contribution plan is recognized as an expense in the income and expenditure account as and when incurred.

4.7 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.8 Provisions

Provisions are recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past event, and it is probable that outflow of economic benefits will be required to settle the obligation. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

4.9 Revenue recognition**Satisfaction of performance obligations**

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognizing revenue. The Company has assessed that based on the contracts entered into with customers and the provisions of relevant laws and regulations, the Company recognizes revenue at point in time.

Transfer of control in contracts with customers

In cases where the Company determines that performance obligations are satisfied at a point in time, revenue is recognized when control over the assets is transferred to the customer or benefits of the services being provided is received and consumed by the customer.

Sale of books:

The Company enters into contracts for sale of books and revenue is recognized at the point in time when control of the asset is transferred to the customer (i.e. on dispatch of the books), performance obligation is met at dispatch, therefore, the revenue is recognized at the point in time when the performance obligation is satisfied.

Rendering of services:

Revenue from training and consultancy income is recognized when the training or consultancy is delivered, it is probable the economic benefit will flow to the company and amount of revenue can be measured reliably.

There are no performance obligations where the conditions for recognition of revenue over time are satisfied.

Determination of transaction prices

The Company is required to determine the transaction price in respect of each of its contracts with customers. In determining the transaction price for the sale of books, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. Some contracts provide customers with a right of return. The rights of return give rise to variable consideration. The Company does not give volume rebates any discounts given to customers are accounted for at the time of sale.

Right of return

The Company gives the customers an option to return unsold products. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognizes a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

Contract balances*Trade receivables*

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in *Financial Instruments - Initial recognition and subsequent measurement*.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs under the contract.

Assets and liabilities arising from*Right of return assets*

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Other Revenue

Profit on Investment is recognized on accrual basis. Other miscellaneous revenues and donation are recognized as and when realized or received.

4.10 Financial instruments

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.

4.10.1 Financial assets

Financial assets - initial recognition

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts and bank balance that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in revenue recognition.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include long-term deposits, trade debts, advances, trade deposits, profit accrued and bank balances.

Financial assets - subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a) Financial assets at fair value through profit or loss
- b) Financial assets at amortized cost (debt instruments)
- c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in statement of income and expenditure when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized costs includes long-term deposits, trade debts, advances, trade deposits, profit accrued and bank balances.

The Company does not have financial assets at fair value through profit or loss or fair value through OCI.

Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial assets - Impairment

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. 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. The shortfall is then discounted at an approximation to the asset's 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). A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade debts, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognized in the statement of income and expenditure.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the statement of income and expenditure.

4.10.2 Financial liabilities

Financial liabilities - initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include short term borrowings utilized under mark-up arrangements, creditors, lease liabilities, accrued and other liabilities.

Financial liabilities - subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in statement of income and expenditure when the liabilities are derecognized as well as through the EIR amortization process.

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.

This category applies to short term borrowings utilized under mark-up arrangements, creditors, lease liabilities, accrued and other liabilities.

Financial liabilities - derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income and expenditure.

4.11 Taxation

No provision for taxation has been charged as the Company is exempt from tax under section 100c of Income Tax Ordinance, 2001 by the relevant tax authorities.

4.12 Foreign currency transaction

Transactions in foreign currencies are translated into presentation currency at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling on the reporting date.

Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in statement of income and expenditure.

4.13 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at banks on current and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

4.14 Ijarah

Ijarah as per IFAS 2 is classified as operating lease irrespective of whether the significant risks and rewards are retained by lessor or not. Payments made under ijarah are charged to statement of income and expenditure on a straight-line basis over the ijarah term unless another systematic basis is representative of the time pattern of the Company's benefit.

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5 PROPERTY AND EQUIPMENT

PARTICULARS

COST				DEPRECIATION				NET BOOK VALUE	
As at 01 July 2020	Additions during the year	Disposals	Transfer	As at 01 July 2020	Charge for the year	Disposals	As at 30 June 2021	As at 30 June 2021	RATE %

OWNED
Freehold land
Machinery
Furniture and fixtures
Vehicles
Office equipment
Computer and network equipment
Electric appliances
Library books

RIGHT OF USE
Buildings - leasehold

2021

18,313,000	-	-	-	18,313,000	-	-	18,313,000	-	-
304,387	-	-	-	304,387	18,913	-	152,168	182,219	10
53,685,214	1,091,552	-	-	54,786,766	3,172,684	-	25,400,883	29,385,783	10
17,105,286	1,114,000	-	-	18,219,286	1,251,478	-	12,099,383	8,119,903	20
6,296,993	-	-	-	6,296,993	3,756,684	-	4,010,715	2,285,278	10
46,239,392	896,382	-	-	47,135,774	3,033,584	-	37,527,586	9,668,188	25
36,185,839	486,891	-	-	36,682,730	2,485,266	-	28,292,988	10,389,842	20
615,334	-	-	-	615,334	13,160	-	562,695	52,639	20
178,815,445	3,598,920	-	-	182,414,370	10,237,124	-	106,046,518	76,367,852	-
279,425,523	14,138,938	(69,223,753)	-	224,341,708	64,390,715	(20,457,836)	87,609,999	138,731,709	Lease term
458,240,968	17,738,863	(69,223,753)	-	406,756,078	64,627,839	(20,457,836)	193,696,517	213,099,581	-

COST				DEPRECIATION				NET BOOK VALUE	
As at 01 July 2019	Additions during the year	Disposals	Transfer	As at 01 July 2019	Charge for the year	Disposals	As at 30 June 2020	As at 30 June 2020	RATE %

OWNED
Freehold land
Machinery
Furniture and fixtures
Vehicles
Office equipment
Computer and network equipment
Electric appliances
Library books

RIGHT OF USE
Buildings - leasehold

2020

18,313,000	-	-	2,700,000	18,313,000	-	-	18,313,000	-	-
304,387	-	-	-	304,387	18,792	-	135,255	169,132	10
56,511,651	1,994,759	(4,811,196)	-	53,695,214	3,456,089	(1,244,773)	22,228,289	31,466,925	10
16,438,386	2,618,000	(1,952,000)	-	17,105,286	1,006,457	(259,120)	10,847,907	6,257,379	20
5,900,395	513,089	(146,491)	-	6,296,993	271,830	(35,528)	3,756,684	2,540,309	10
58,297,183	991,050	(12,588,841)	-	46,239,392	4,458,134	(5,392,489)	34,494,002	11,805,390	25
38,904,639	553,537	(3,272,337)	-	36,185,839	3,154,612	(1,356,753)	23,797,722	12,398,117	20
615,334	-	-	-	615,334	16,450	-	549,504	65,880	20
192,614,975	6,671,335	(23,170,865)	2,700,000	178,815,445	12,282,384	(8,288,873)	95,609,393	83,006,052	-
279,425,523	-	-	-	279,425,523	53,677,221	-	53,677,221	225,748,302	Lease term
472,040,498	6,671,335	(23,170,865)	2,700,000	458,240,968	65,059,585	(8,288,873)	149,686,614	308,754,354	-

5.2 Depreciation charged for the year has been allocated as under:

Administrative and general expenses
Marketing and distribution expenses

Note	2021	2020
24	22,330,805	39,635,751
25	42,297,235	26,423,834
	64,627,839	66,059,585

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6 INTANGIBLE ASSETS

This represents development cost including salaries and other benefits to researchers / academics for development of 9 books (8 books for AJK Board and 1 book for Punjab Text Book Board) (2020: 166 books (50 books for The Knowledge School, 76 books for Cordoba Series, 8 books for AJK Board, 1 book for Punjab Text Book Board and 31 books for Read Foundation)) under 3-5 years contract to sell books to these Partners.

	Note	2021 Rupees	2020 Rupees
Cost:			
Opening balance		72,543,976	64,548,733
Additions during the year		-	7,995,243
Closing balance		<u>72,543,976</u>	<u>72,543,976</u>
Accumulated amortization:			
Opening balance		13,905,287	-
Amortization during the year	23	<u>18,471,552</u>	<u>13,905,287</u>
Closing balance		<u>32,376,839</u>	<u>13,905,287</u>
Accumulated impairment:			
Opening balance		5,763,824	-
Impairment during the year	23	<u>32,047,290</u>	<u>5,763,824</u>
Closing balance		<u>37,811,114</u>	<u>5,763,824</u>
Net book value		<u>2,356,023</u>	<u>52,874,865</u>
Rate of amortization		<u>20% - 33%</u>	<u>20% - 33%</u>

The amortization charge for the year has been allocated to direct expenses only.

	Note	2021 Rupees	2020 Rupees
7 LONG TERM DEPOSITS			
Security deposits		16,390,516	18,348,999
Less : Current portion		<u>(3,212,500)</u>	<u>(1,114,000)</u>
		<u>13,178,016</u>	<u>17,234,999</u>
8 STOCK IN TRADE			
Raw material		38,124,545	16,348,310
Work in process		888,135	3,712,034
Printing plates		4,171,898	5,225,161
Finished goods	8.1	<u>394,465,177</u>	<u>343,571,221</u>
		<u>437,649,755</u>	<u>368,856,726</u>

8.1 During the year Rs. 40,322,085 (2020: Rs. Nil) was recognised as an expense for inventories carried at net realizable value. This is recognised in cost of sales.

	Note	2021 Rupees	2020 Rupees
9 TRADE DEBTS - unsecured			
Considered good	9.1	183,008,840	364,987,512
Considered doubtful		<u>47,474,021</u>	<u>29,848,710</u>
		230,482,861	394,836,222
Less: Allowance for expected credit losses	9.4	<u>(47,474,021)</u>	<u>(29,848,710)</u>
		<u>183,008,840</u>	<u>364,987,512</u>
9.1 This includes amount due from following related parties:			
Read Foundation		3,254,814	3,574,519
Ghazali Education Trust		252,526	252,526
Green Crescent Trust		896,058	895,883
International School of Cordoba		12	2,029,589
Hira National Education Foundation		-	1,108,398
		<u>4,403,410</u>	<u>7,860,915</u>

9.2 Maximum aggregate amount due from related parties at the end of any month in the year are as follows. No interest has been charged on the amounts due from associated undertakings.

ASSOCIATION FOR ACADEMIC QUALITY

	Note	2021 Rupees	2020 Rupees
Read Foundation		5,168,703	3,647,357
Ghazali Education Trust		252,526	252,526
Green Crescent Trust		896,058	1,591,893
International School of Cordoba		2,618,412	2,721,474
Hira National Education Foundation		-	1,108,398
9.3	Age analysis of amount due from the related parties is as follows:		
Past due 1-30 days		3,178,677	2,029,589
Past due 31-60 days		-	-
Past due 181-365 days		896,058	4,722,928
Past due 731-above days		328,675	1,108,398
Total		<u>4,403,410</u>	<u>7,860,915</u>
9.4	Movement in allowance for expected credit losses is as follows:		
At 01 July		29,848,711	22,987,187
Charge for the year	24	17,625,310	6,861,524
At 30 June		<u>47,474,021</u>	<u>29,848,711</u>
10	SHORT TERM ADVANCES - considered good		
Advances to staff against:			
- Expenses		19,470,676	29,950,032
- Mobiles		784,500	740,500
- Laptop		247,657	411,829
- Bike		3,572,368	4,513,126
- Salary	10.1	8,859,061	11,673,989
		<u>32,934,262</u>	<u>47,289,476</u>
Advances to suppliers		14,922,294	15,848,497
		<u>47,856,556</u>	<u>63,137,973</u>
10.1	These include advance to Chief Executive Officer amounting Rs.2,353,000 (2020: Rs. 3,973,000). The balance is interest free and unsecured.		
11	Note	2021 Rupees	2020 Rupees
TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Receivable from Character Education Foundation, B171 a related party	11.1	-	4,255,857
Short term prepayments		385,987	198,112
		<u>385,987</u>	<u>4,453,969</u>
11.1	Maximum aggregate amount due from Character Education Foundation at the end of any month in the year was Rs. 4,255,857 (2020: Rs. 4,255,857). No interest has been charged on the amounts due from the related party.		
12	Note	2021 Rupees	2020 Rupees
TAX REFUNDS DUE FROM THE GOVERNMENT			
Income tax refunds due from the Government		11,388,023	11,388,023
Less: Provision for doubtful receivable	12.1	(2,388,515)	(2,388,515)
		<u>8,999,508</u>	<u>8,999,508</u>
12.1	This comprises of an amount forfeited to Federal Board of Revenue in March 2011. The Company has filed an appeal before Appellate Tribunal Inland Revenue, Lahore in this regard.		
13	Note	2021 Rupees	2020 Rupees
CASH AND BANK BALANCES			
Cash in hand		85,060	177,932
Balance with banks:			
- Current account		62,156,694	76,213,079
- Savings account	13.1	2,414,517	3,366,029
		<u>64,571,211</u>	<u>79,579,108</u>
		<u>64,656,271</u>	<u>79,757,040</u>
13.1	These carry profit rate ranging from 4.5% to 5.5% (2020: 4% to 5.5%) per annum.		

ASSOCIATION FOR ACADEMIC QUALITY

		2021 Rupees	2020 Rupees
14 DEFERRED LIABILITY - GRATUITY			
Balance at the beginning of the year		123,843	1,094,953
Less: Benefits paid during the year		-	(971,110)
		<u>123,843</u>	<u>123,843</u>
15 ADVANCES FROM EMPLOYEES AGAINST VEHICLES			
This includes monthly deduction from salary of employees against the vehicles provided to them, it is Company's policy to deduct 65% of cost of vehicle over the tenure of ijarah from employees' salary and legal entitlement is transferred to employee at the end of the ijarah tenure.			
16 LEASE LIABILITIES			
The effective interest rates used as the discounting factor is 15%. Related leased assets, expenses and movement in lease liabilities are disclosed in note 5, note 26 and note 16.1 respectively. The amount of future payments and the period during which they will become due are:			
		2021 Rupees	2020 Rupees
Lease liabilities		151,221,100	228,152,075
Less: Current maturity shown under current liabilities		42,309,896	42,184,500
		<u>108,911,204</u>	<u>185,967,575</u>
16.1	Set out below are the carrying amounts of lease liabilities and the movements during the year:		
	Note	2021 Rupees	2020 Rupees
Opening balance		228,152,075	-
IFRS 16 adjustment		-	260,590,310
Addition		14,139,937	-
Deletion		(47,553,484)	-
Modification		(4,540,564)	-
Mark-up on lease liabilities	26	26,507,150	31,550,779
		<u>216,705,114</u>	<u>292,141,089</u>
Lease rentals paid		(59,719,759)	(57,365,941)
COVID-19 related rent concessions		(5,764,255)	(6,623,073)
Closing balance		<u>151,221,100</u>	<u>228,152,075</u>
17 TRADE CREDITORS, ACCRUED AND OTHER LIABILITIES			
Trade creditors		158,715,036	219,396,015
Payable to Institute of Policy Studies	17.1	150,000,000	150,000,000
Provident fund payable	17.2	2,125,948	-
Accrued liabilities		45,591,918	24,608,326
Advances from employees	17.3	4,300,000	8,885,473
Tax deducted at source		1,865,251	1,137,339
		<u>362,598,153</u>	<u>404,027,153</u>
17.1	This represents consideration received from Institute of Policy Studies, a related party, for the purpose of meeting working capital requirements. This carries markup at rate of 15% per annum and the amount is payable by 30 June 2022.		
17.2	This represents Employees' Contributory Provident Fund which was established on 10 June 2014. It has made investment in Al-Meezan Investment Management in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.		
17.3	This represents Rs. 4.3 million received in advance for sale of land to an employee. However, due to dispute arising during legal transfer of land, sale of land has not been recognized and consideration received from the employee is recognized as advance.		
18 CONTRACT LIABILITIES	Note	2021 Rupees	2020 Rupees
Advance from customers	18.1	73,055,526	39,914,232
Encyclopedia advance subscription	18.2	2,303,666	906,237
		<u>75,359,192</u>	<u>40,820,469</u>

ASSOCIATION FOR ACADEMIC QUALITY

- 18.1 This represents advance consideration received from customers in ordinary course of business. This includes Rs. Nil payable to Character Education Foundation, a related party (2020: 8,105,483).
- 18.2 This represents Encyclopedia advance subscription received from customers in ordinary course of business.
- 18.3 Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period amounts to Rs. 40,820,469 (2020: Rs. 24,239,494)

	2021	2020
	Rupees	Rupees
19 REFUND LIABILITIES		
Arising from rights of return	95,209,339	69,609,314

The Company estimates variable considerations to be included in the transaction price for the sale of books with rights of return. The Company forecasts sales returns using historical return data of products to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.

20 CONTINGENCIES & COMMITMENTS

20.1 Contingencies

During the year, the Company had entered into agreement with its employee for sale of land as disclosed in note 14 and in this regard advance amounting Rs. 4.3 million had been received from the employee as disclosed in note 17.3. However during legal proceeding for transfer of land, a dispute has been identified over the land. In accordance with the sale agreement, in case any dispute is raised relating to the land, the Company will be liable to refund the amount received along with surcharge of an equal amount. Management of the Company, based on facts of the case, is confident that the outcome of the case will be in favor of the Company.

20.2 Commitments

Commitment at year end are Nil (2020: Rs. 16,878,532).

	Note	2021	2020
		Rupees	Rupees
21 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET			
Gross sales		1,783,974,797	2,137,618,071
Less:			
Discount allowed		(645,481,818)	(745,431,796)
Books returned during the year		(118,868,161)	(25,840,220)
		(764,349,979)	(771,272,016)
	21.1	1,019,624,818	1,366,346,055
Encyclopedia income		6,047,708	7,361,406
(Deficit) / income from workshops, trainings, meetings and seminars	21.2	9,784,031	(2,714,307)
		15,831,739	4,647,099
		1,035,456,557	1,370,993,154

21.1 Set out below is the disaggregation of the Company's revenue from contracts with customers:

Locally produced	1,045,224,843	424,987,047
Imported	-	941,359,008
	1,045,224,843	1,366,346,055

21.2 (Deficit) / income from workshops, trainings, meetings and seminars

Contribution by participants	22,550,700	28,099,642
Less: Workshop, training, meetings and seminars expenses	(12,766,669)	(30,813,949)
	9,784,031	(2,714,307)

21.3 Revenue is recognized as follows:

At a point in time	1,019,624,818	1,366,346,055
Over period of time	15,831,739	4,647,099
	1,035,456,557	1,370,993,154

22 OTHER INCOME

Income from financial assets		
Profit on bank accounts	704,310	2,248,444
Income from non-financial assets		
COVID-19 related rent concessions	5,764,255	6,623,073
Scrap sales	2,827,446	7,704,925
Gain on disposal of lease liability	3,328,229	-
	12,624,240	16,576,442

ASSOCIATION FOR ACADEMIC QUALITY			
	Note	2021 Rupees	2020 Rupees
23 DIRECT COST			
Raw material consumed	23.1	84,027,374	110,779,223
Printing cost local		460,207,133	151,340,378
Import charges		-	451,916,653
Encyclopedia printing		989,806	1,943,396
Salaries, wages and benefits	23.2	80,641,357	86,457,930
Carriage inwards		-	4,432
Outsourcing research cost		26,538,472	30,496,392
Packing expenses		2,625,868	2,477,871
Plates consumed		2,170,863	5,018,428
Insurance		117,329	234,005
Amortization	6	18,471,552	13,905,287
Provision for slow moving items	8.1	-	-
Impairment of intangible assets	6	32,047,290	5,763,824
		<u>707,837,044</u>	<u>860,337,819</u>
Opening work in process		3,712,034	7,485,636
Closing work in process		(888,135)	(3,712,034)
		<u>2,823,899</u>	<u>3,773,602</u>
		<u>710,660,943</u>	<u>864,111,421</u>
Cost of goods manufactured		343,571,221	372,140,524
Opening finished goods		(394,465,177)	(343,571,221)
Closing finished goods		(50,893,956)	28,569,303
		<u>659,766,987</u>	<u>892,680,724</u>
Direct cost - manufactured books and imports			
23.1 Raw material consumed			
Opening stock		16,348,310	11,715,149
Add : Purchases during the year		105,803,609	115,412,384
		<u>122,151,919</u>	<u>127,127,533</u>
Closing stock		(38,124,545)	(16,348,310)
		<u>84,027,374</u>	<u>110,779,223</u>
23.2	This includes contribution made to provident fund by the Company amounting to Rs. 3,233,028 (2020: Rs. 3,536,510).		
24 ADMINISTRATIVE AND GENERAL EXPENSES	Note	2021 Rupees	2020 Rupees
Salaries, wages and benefits	24.1	27,958,120	29,974,709
Mobile training expenses		5,646,709	7,535,045
Utility charges		6,458,536	8,732,544
Office supplies		1,715,227	4,425,990
Computer expenses		139,521	863,574
Travelling and conveyance		4,374,348	16,768,615
Entertainment expenses		3,703,996	9,691,140
Printing, stationery and photocopies		1,726,082	2,199,863
Postage and courier		2,173,601	3,305,026
Newspaper and periodicals		64,729	94,730
Legal and professional charges		1,417,500	833,355
Auditor's remuneration	24.2	550,000	815,000
Rent, rates and taxes		1,526,700	3,987,170
Repairs and maintenance		1,425,328	3,982,909
Communication charges		1,338,433	5,858,700
Insurance		1,123,164	2,642,300
Fee and subscription		4,636,318	6,174,341
Royalty	24.3	4,957,973	740,684
Donations	28	41,946,357	14,882,192
Allowance for expected credit losses	9.4	17,625,311	6,861,524
Depreciation - owned assets	5.2	6,142,274	7,429,419
Depreciation - right of use assets	5.2	16,188,330	32,206,332
Miscellaneous expenses		4,196,360	6,543,332
		<u>157,034,917</u>	<u>176,548,494</u>
24.1	This includes contribution made to provident fund by the Company amounting to Rs. 2,290,061 (2020: Rs. 2,505,028).		
24.2 Auditors' remuneration		<u>2021</u> Rupees	<u>2020</u> Rupees
Audit fee		500,000	750,000
Out of pocket expenses		50,000	65,000
		<u>550,000</u>	<u>815,000</u>

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24.3 Royalty paid to Companies / Individuals:

Name of the Company / Individual	Registered Address	Relationship with Company
AJK Text Book Board	New Civil Secretariat Upper Chater Muzaffarabad	None
Emman Series	PO Box 4096, Doha , Qatar	None

	Note	2021 Rupees	2020 Rupees
25 MARKETING AND DISTRIBUTION EXPENSES			
Salaries, wages and other benefits	25.1	261,409,993	280,265,208
Utility charges		7,893,766	3,742,519
Office supplies		4,002,196	1,896,853
Computer expenses		790,622	370,103
Communication charges		7,584,456	2,499,147
Postage and courier		2,173,602	1,416,440
Travelling and conveyance		10,206,811	7,186,549
Entertainment expenses		8,642,656	4,153,346
Printing, stationery and photocopies		4,027,523	942,799
Newspaper and periodicals		27,741	40,599
Advertisement and promotional expense		8,614,815	19,210,036
Rent, rates and taxes		654,300	5,980,755
Loading unloading		3,490,788	2,587,634
Vehicle running and maintenance		25,015,507	24,258,233
General repairs and maintenance		5,701,312	1,706,961
Insurance		2,620,715	1,132,414
Depreciation - owned assets	5.2	4,094,850	4,952,946
Depreciation - right of use assets	5.2	38,202,385	21,470,888
Miscellaneous expenses		3,971,942	3,545,437
		399,125,980	387,358,867

25.1 This includes contribution made to provident fund by the Company amounting to Rs. 7,947,860 (2020: Rs. 8,693,920).

	Note	2021 Rupees	2020 Rupees
26 FINANCE COSTS			
Profit paid on financing arrangements		23,460,000	23,460,000
Ijarah rentals		23,948,481	18,463,990
Bank charges		194,640	210,828
Mark-up on lease liabilities	16	26,507,150	31,550,779
		74,110,271	73,685,597

27 TAXATION

No provision for taxation has been charged as the Company is exempt from tax under section 100c of Income Tax Ordinance, 2001.

28 RELATED PARTY TRANSACTIONS

The related parties comprise associated undertakings, directors of the Company, key management personnel and post employment benefit plans. Amounts due from and to related parties, if any, are shown under respective notes to the financial statements. The Company enters into transactions with related parties at arm's length price.

Transaction with key management personnel are disclosed in note 31 to these financial statements.

Name and Relationship with the Company	Nature and Description of Related Party Transactions	2021 Rupees	2020 Rupees
International School of Cordoba (Common directorship)	Sales during the year	11,916,326	12,065,914
	Collection during the year	15,151,256	10,067,871
Read Foundation (Common directorship)	Sales during the year	1,747,000	97,823
	Collection during the year	2,142,842	99,338
	Donation	12,690,500	-
Green Crescent Trust (Common directorship)	Sales during the year	1,043,380	1,325,604
	Collection during the year	1,043,205	2,618,689
Ghazali Education Trust (Common directorship)	Collection during the year	-	692,362
Character Education Foundation (Common directorship)	Sales during the year	-	33,631,317
	Collection during the year	-	42,000,571
	Donations	29,255,857	14,882,192
Institute of Policy Studies (Common directorship)	Investment Receipt	150,000,000	150,000,000
	Profit on Investment Paid	22,500,000	22,500,000

29 FINANCIAL RISK MANAGEMENT

The Company finances its operations through management of its working capital with a view to obtain maximum output without using the external sources of finance which minimizes the dependence on external parties.

The Company has exposure to the following risks:

- Credit risk
- Liquidity risk
- Market risk

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

29.1 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The Company's credit risk is attributable to its deposits, trade and other receivables, profit accrued and bank balances. The maximum exposure to credit risk at the reporting date was as follows:

Exposure to credit risk

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

	2021 Rupees	2020 Rupees
Deposits	16,390,516	18,348,999
Trade debts	230,482,861	394,836,222
Profit accrued	13,797	37,685
Bank balances	64,571,211	79,579,108
	<u>311,458,385</u>	<u>492,802,014</u>

Credit risk related to trade debts is managed by established procedures and controls relating to customers credit risk management. Outstanding receivables are regularly monitored.

Set out below is the information about the credit risk exposure on the Company's trade debts using a provision matrix:

	Outstanding Exposure	Expected credit loss rate	Expected credit loss
As at 30 June 2021			
Past due 1-30 days	164,725,258	1.48%	2,445,039
Past due 31-60 days	1,883,714	14.05%	264,718
Past due 61-90 days	9,562,855	29.70%	2,839,694
Past due 91-180 days	5,158,095	27.24%	1,405,151
Past due 181-365 days	16,964,019	51.53%	8,742,069
Past due 366-730 days	9,554,908	96.14%	9,186,255
Past due 731-above days	22,634,012	99.81%	22,591,096
Total	<u>230,482,861</u>		<u>47,474,022</u>
As at 30 June 2020			
Past due 1-30 days	159,238,805	0.49%	773,554
Past due 31-60 days	73,094,651	1.28%	936,108
Past due 61-90 days	60,076,111	1.55%	933,424
Past due 91-180 days	63,483,349	2.64%	1,675,791
Past due 181-365 days	13,727,209	2.29%	313,736
Past due 366-above days	4,098,892	100.00%	4,098,892
Past due 731-above days	21,117,205	100.00%	21,117,205
Total	<u>394,836,222</u>		<u>29,848,710</u>

The credit quality of financial assets 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. The table below shows the bank balances held with some major counterparties at the reporting date:

	Rating			2021 Rupees	2020 Rupees
	Short term	Long term	Agency		
United Bank Limited	A1+	AAA	JCR-VIS	7,638,611	6,080,419
Meezan Bank Limited	A1+	AAA	JCR-VIS	42,209,164	64,892,578
Bank Alfalah Limited	A1+	AA+	PACRA	10,765,114	5,229,449
BankIslami Pakistan Limited	A1	A+	PACRA	700,118	94,088
Bank Al-Habib	A1+	AA+	PACRA	1,542,320	-
Albaraka Bank (Pakistan) Limited	A1	A	PACRA	1,712,139	3,282,574
				<u>64,567,466</u>	<u>79,579,108</u>

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Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

29.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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. For this purpose the Company has export running finance facility available from a commercial bank to meet its liquidity requirements, without incurring unacceptable losses or risking damage to the company's reputation.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
	------(Rupees)-----			
30 June 2021				
Trade creditors, accrued and other liabilities	358,432,902	358,432,902	358,432,902	-
Lease liabilities	151,221,100	194,324,963	59,926,958	134,398,005
	<u>507,654,002</u>	<u>550,757,865</u>	<u>416,359,860</u>	<u>134,398,005</u>
30 June 2020				
Trade creditors, accrued and other liabilities	394,004,341	394,004,341	394,004,341	-
Lease liabilities	228,152,075	304,004,061	71,967,148	232,036,912
	<u>622,156,416</u>	<u>698,008,402</u>	<u>465,971,489</u>	<u>232,036,912</u>

Contractual cash flows of lease liabilities include future finance charges of Rs. 43,103,863 (2020: Rs. 75,851,986).

No financial liabilities are payable on demand.

29.3 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2021			
	01 July 2020	Addition / Deletion	Cashflows	Other
	------(Rupees)-----			
Lease liability	<u>228,152,075</u>	<u>(33,413,547)</u>	<u>(59,719,759)</u>	<u>16,202,331</u>
				<u>151,221,100</u>
	------(Rupees)-----			
	01 July 2019	Addition	Cashflows	Other
	------(Rupees)-----			
Lease liability	<u>-</u>	<u>260,590,310</u>	<u>(57,365,941)</u>	<u>24,927,706</u>
				<u>228,152,075</u>

29.3.1 Breakup of other is as follows:

	2021	2020
	Rupees	Rupees
Modification	(4,540,564)	-
COVID-19 related rent concessions	(5,764,255)	(6,623,073)
Mark-up on lease liabilities	26,507,150	31,550,779
	<u>16,202,331</u>	<u>24,927,706</u>

29.4 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.

(a) 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.

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Monetary Items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the statement of income and expenditure. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign trade payables. However at the year end, there are no material foreign currency balances.

(b) Interest rate risk

This represents 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 has no significant long-term interest-bearing financial instruments. The Company's interest rate risk arises from bank balances only. There are no financial instruments obtained at variable rates so the Company is not exposed to cash flow interest rate risk. Saving accounts are carried at fixed rate which expose the Company to fair value interest rate risk.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2021	2020
	Rupees	Rupees
Fixed rate instruments		
Financial assets		
Saving bank accounts	2,414,517	3,366,029

Fair value sensitivity analysis for fixed rate instruments

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 rate at the reporting date would not affect income or expenditure of the Company.

(c) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instruments 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 instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk as it does not have any investment in equity securities of company.

29.5 Financial instruments by categories

	2021		
	Cash and cash equivalents	Amortized cost	Total
	Rupees	Rupees	Rupees
Financial assets			
Long term deposits	-	16,390,516	16,390,516
Trade debts	-	230,482,861	230,482,861
Profit accrued	-	13,797	13,797
Bank balances	64,571,211	-	64,571,211
	<u>64,571,211</u>	<u>246,887,174</u>	<u>311,458,385</u>
	2021		
		Amortized cost	Rupees
Financial liabilities			
Trade creditors, accrued and other liabilities			356,432,902
Lease liabilities			<u>151,221,100</u>
			<u>507,654,002</u>
	2020		
	Cash and cash equivalents	Amortized cost	Total
	Rupees	Rupees	Rupees
Financial assets			
Long term deposits	-	18,348,999	18,348,999
Trade debts	-	394,836,222	394,836,222
Profit accrued	-	37,685	37,685
Bank balances	79,579,108	-	79,579,108
	<u>79,579,108</u>	<u>413,222,906</u>	<u>492,802,014</u>
	2020		
		Amortized cost	Rupees
Financial liabilities			
Trade creditors, accrued and other liabilities			394,004,341
Lease liabilities			<u>228,152,075</u>
			<u>622,156,416</u>

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29.6 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair values are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at June 30, 2021, the Company has no financial instruments that falls into any of the above category.

29.7 Fund risk management

The Company's objectives when managing funds are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain healthier capital ratios in order to support its business and maximize shareholders value. The Company manages its fund structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the fund structure, the Company may adjust dividend payments to the shareholders, return on fund to shareholders.

Total fund includes total funds amounting to Rs. 237,359,103 as shown in the statement of financial position. The Company's strategy, which was unchanged from last year, was to maintain optimal fund structure in order to minimize cost of fund.

30 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements for remuneration including all benefits to Chief Executive Officer, Directors and Executives of the Company is as follows:

	2021		2020	
	Chief Executive	Executives	Chief Executive	Executives
	----- Rupees -----			
Managerial remuneration	7,776,000	54,970,667	7,776,000	57,071,220
Reimbursable expenses	341,260	10,710,645	153,300	4,271,631
Contribution to provident fund	433,992	2,860,688	470,158	3,206,016
	8,551,252	68,542,000	8,399,458	64,548,867
Number of persons	1	31	1	32

30.1 Chief Executive Officer and certain Executives of the Company are provided with Company maintained vehicles.

30.2 No remuneration was paid to directors of the Company.

31 PROVIDENT FUND

The Company has maintained an employee provident fund and investments has been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

	Note	2021	2020
		Rupees (Audited)	Rupees (Audited)
Size of the fund		56,081,051	61,401,222
Cost of investment made	31.1	48,095,294	54,608,726
Percentage of investment made		100%	100%
Fair value of investment		48,095,294	54,608,726
31.1 Breakup of investment			
		2021	2020
		Investments Rupees	Investment as % of size of the fund
Bank balance in scheduled bank		48,095,294	100%
			54,608,726
32 NUMBER OF EMPLOYEES		2021	2020
At the year end		459	591
Average number of employees during the year		493	590

ASSOCIATION FOR ACADEMIC QUALITY

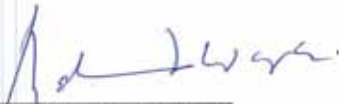
33 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors of the Company on 15 November 2021

34 GENERAL

Figures have been rounded off to the nearest rupee, unless otherwise stated.

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CHIEF EXECUTIVE OFFICER



DIRECTOR