



ANNUAL REPORT

2016-17

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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 3,07,453 teachers in all districts of Pakistan. AFAQ monthly publishes 35,000 copies 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

Dr. Hasan Sohaib Murad

Chairman

Mr. Abrar Ahmed

Chief Executive Officer

Mr. Mahmood Ahmed

Director

Mr. Muhammad Naeem Qureshi

Director

Mr. Ishtiaq Ahmed Gondal

Director

Mr. Syed Waqas-ur-Rahman Jafri

Director

Mr. Abdul Ghaffar Umar

Director

Mr. Fazal-e-Aziz

Director

Mr. Mian Muhammad Akram

Director

Mr. Misbah ul Huda Siddiqui

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

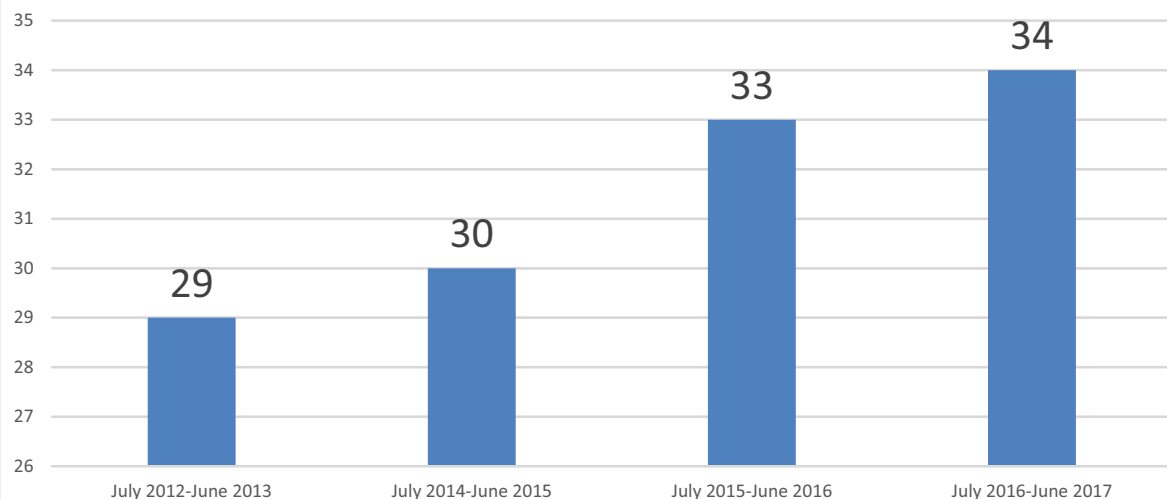
Strengthening Education
for Change

AFAQ has overall 29 Offices in Pakistan

Year-wise AFAQ Offices

Fiscal Years	Offices
July 2012 to June 2013	29
July 2014 to June 2015	30
July 2015 to June 2016	33
July 2016 to June 2017	34

Year-wise Number of AFAQ Offices in Pakistan



DIRECTORS' REPORT

The Directors of our company take pleasure in presenting their 11th annual report together with the Audited Financial Statements and Auditors' Report thereon for the year ended 30th June, 2016.

Financial results

The financial results of our company for the year ended 30th June, 2016 are summarized as follows:

	2016	2015
	(Rupees)	
Revenue – net	844,386,653	767,322,523
Cost of Revenue	401,731,701	345,164,222
Gross Surplus	442,654,952	422,158,301
Operating expenses		
Administrative and general expenses	240,827,846	199,697,086
Marketing and distribution expenses	157,385,933	120,125,978
Other operating expenses	-	11,209,361
Operating surplus	44,441,173	91,125,876
Other income	7,402,024	23,721,661
Financial charges	3,075,331	3,399,831
Surplus for the year	48,767,866	111,447,706

The Company has enjoyed surplus for the year 2016 under review which will be ploughed back in the company for the achievement of its objectives. The company's liquidity management improved and it achieved its financial targets in terms of turnover and collection. The company expanded its activities on large scale during the year also, which is evident from a significant rise in net revenue and budgetary expenses that are more than 10% and 13% respectively.

Review of Activities and Future Development

Research and development continued this year also with remarkable achievements. Fifty one (51) new titles have been produced, making the total number of titles Three Hundred and Seventeen (317). For the Nakhlah Primary Series thirty one (31) new titles were developed covering Grades 4 & 5 as well as Urdu and Computers for Grades 1 to 5. Twenty (20) titles were added to New Sun Series covering Primary Grades 1 to 3. In addition to the titles, support material was prepared for both the series, Sun (Pre-Primary) and Nakhlah (Pre-primary and Primary) as well as Assessment Papers.

Fauji Foundation textbooks were corrected and proofread with Fazaia also adopting our Sun Series from KG to Grade 8 and the textbooks were modified according to their recommendations.

More than 7.5 million textbooks printed during the year were distributed to customers throughout Pakistan making use of an extensive network of approx. 690 dealers.

Forty eight (48) new issues of AFAQ's Encyclopedia in both Urdu and English were published during the year. A new website for AFAQ Encyclopedia is in development and is expected to be live next year.


During the year Educational Services Department conducted 264 Educational Pre-Audits and 1,261 Career Counseling and Guidance tests. A mobile application has been developed to conduct ES activities more efficiently & effectively. Character building activities for schools have been launched in which ES helps schools implement the whole system of character building through different workbooks and materials for students, teachers, parents and school management. ES received an exceptional cumulative feedback from clients i.e. 4.6 on the scale of 5.

The training department trained 33,622 teachers and 4,938 principals across the country during the report year thereby covering 139 topics related to school management, quality management, early childhood learning, subject teaching, classroom management etc.

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 were organized in various parts of the country throughout the year. Other activities included Leadership Development Camps, Winter Camps, Career and Leadership Development Workshops, Rahmatul-lil-aalameen Adabi Award, Talent Award Ceremonies, as well as AFAQ Educational Festivals.

In order to improve the professional management of reasonably expanding business two new appointments namely Chief Operating Officer and Deputy Director Research were made during the year. With this move the management was divided into two groups, one headed by the Chief Academics Officer and the other by the Chief Operating Officer.

By the order of Board of Directors


Chief Executive Officer
Dated: November 9, 2016

COMPANY INFORMATION

BOARD OF DIRECTORS

Sr. No.	NAME	CNIC No.	Designation
1	Dr. Hasan Sohaib Murad	35202-1830145-7	Chairman
2	Mr. Abrar Ahmed	42201-9941390-1	Chief Executive
3	Mr. Mahmood Ahmed	37405-5852368-9	Director
4	Mr. Muhammad Naeem Qureshi	35202-2907840-5	Director
5	Mr. Ishtiaq Ahmad Gondal	35202-0753196-1	Director
6	Mr. Syed Waqas-ur-Rahman Jafri	35200-1506979-1	Director
7	Mr. Abdul Gaffar Umer Kapadia	42201-0771932-5	Director
8	Mr. Mian Muhammad Akram	35202-2573187-9	Director
9	Mr. Fazal e Aziz	15602-0310972-5	Director
10	Mr. Misbah ul Huda Siddiqui	42101-0632851-5	Director

COMPANY SECRETARY


Shaheen Rashid

AUDITORS

Ernst & Young,
Chartered Accountants
Pace Mall Building, MM Alam Road,
Lahore.

REGISTERED ADDRESS

18 A - Johar Town, Lahore


Chief Executive Officer
Association For Academic Quality (AFAQ)

1 Research

AFAQ is dedicated to promoting quality education through its comprehensive and distinct development programs. To make it practical, there are many departments in process for the last twelve years. Research and Development is one of the efficient departments and always works as a backbone of the organization. It serves to uplift the educational standards in regard to Curriculum and Book Development fields. The AFAQ's Curriculum Committee keeps a keen check on the latest and upcoming reforms to enhance the quality of the content.

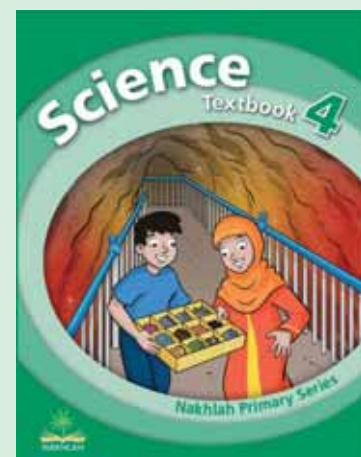
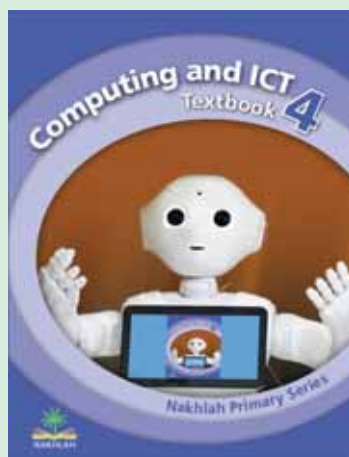
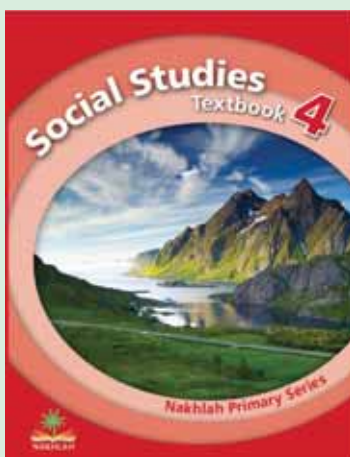
In order to serve the cause of Islam and Pakistan, AFAQ is committed to contributing to the holistic development of students, teachers and organizations, keeping in view the global educational standards. To fulfill the demand of the era, AFAQ has developed the following series:

1.1 NAKHLAH and SUN Series(Grades 4–5)

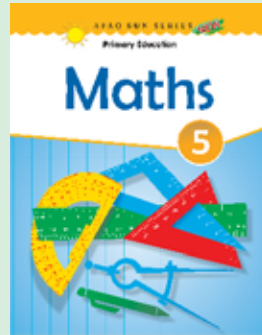
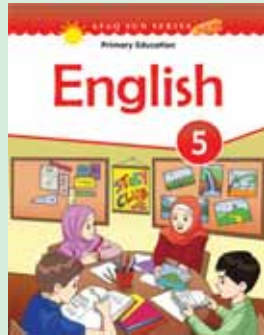
Nakhlah and Sun Series have been developed with an exciting theme based approach to broaden the horizon of a child at two different levels. At the same time, it is very important from early childhood to inculcate the positive attitudes and practice of religious values to make the child a useful member of family and society, a good human being, a good Muslim and, of course, a good individual. This gap has been fulfilled by incorporating the Character Building Education.

1.2 Maths, English, Science, Urdu, Social Studies

Visuals of Nakhlah Series



Visuals of Sun Series



1.3 Activities

The following activities can exemplify in a better way the approach to building a firm foundation of concepts and enhancing the exposure of the students towards their daily life.

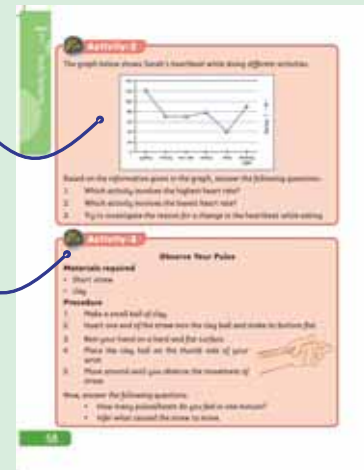
Visuals

Process Skill:
Experimenting



Process Skill:
Interpreting data

Process Skill:
Inference



To strengthen a concept further and to discourage rote learning, a variety of reinforcement activities have been provided

Visuals

Educating themselves through fun by making class projects.

Getting awareness by publishing a public service message.

Confidence development by conducting a survey.



Enhancing moral values through purpose-based stories.

2

Training

AFAQ provides its training services at the door-step. AFAQ Training consists of highly committed, vastly experienced, and well-trained Teacher Educators struggling to provide effective teacher trainings to improve the standard of teaching. AFAQ Training Division has also acquired the services of notable and well-reputed educationists and resource personnel to bring their expertise to Teacher Training Program. This current year, AFAQ Training Division successfully trained more than 30,639 teachers and 4858 principals in 5506 schools nationwide.

AFAQ Training Division has developed comprehensive training programs to facilitate training teachers and school management. These programs range from one-day training certification courses to 15 days and diploma programs. AFAQ Training services are not only recognized in the private sector but they are also appreciated in the public sector. A training agreement between Punjab Education Foundation and AFAQ has been signed which is the token recognition in Public Sector.

2.1

Quality Management System (QMS) in Schools

AFAQ partners with American Society for Quality (ASQ), which has expertise in improving quality of educational institutions. Lead trainers from AFAQ have been certified by ASQ to conduct QMS training workshops to improve the system in schools in order to improve the quality of education.

AFAQ has special place for 'QMS in Schools' among its other training programs and the workshops have been conducted regularly over the past few years. The QMS workshops conducted in the year 2016-2017 are detailed hereunder:



Sr.	Region	Participants	Schools
1	Karachi East	17	16
2	Bahawalpur	23	23
3	Karachi C&W	42	30
4	Sukkur	18	14
5	Balochistan	23	23
6	Islamabad	33	33
	Total	156	139



2.2 Principal Convention (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 2016-2017 are detailed hereunder:

Regions		
	No. of PCs	No. of Participants
Abbotabad	4	629
AJK	6	300
Bahawalpur	8	1005
Balochistan	0	0
Chitral	1	56
D.I.Khan	5	250
Faisalabad	1	721
Gilgit	5	200
Gujrat	7	485
Hyderabad	10	1064
Islamabad	4	406
Karachi Central & West	4	726
Karachi East & Malir	1	334
Karachi South	1	144
Lahore North	1	799
Lahore South	5	1919
Gujranwala	6	300
Malakand	6	336
Mardan	21	1419
Multan	11	550
Muzaffarabad	4	180
Peshawar	20	1454
Sahiwal	5	670
Sargodha	23	1150
Sialkot	4	560
Sukkur	3	796
Swat	5	302
Total	171	16755



2.3 Certificate Courses

AFAQ Training Division also conducts 1-day to 3-day training workshops in session-based training models. There are 100+ 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 2016-2017 are detailed hereunder:

Fiscal Year	No. of Trainings Conducted	No. of Days Achieved	No. of Topics Taught	No. of Sessions	No. of Participants		No. of Schools
					Principals	Teachers	
2016-2017	1862	4415	135	4302	4858	30639	5506

2.4 Training Projects Description 2016-17

Training Projects of Year 2016-17:

Major Projects:

Project 1 = BBSYDP Project (Benazir Bhutto Shaheed Youth Development Project, Sukkur)

(1) Project Objective: The objective of BBSYDP Project is to give teacher trainings to newly (fresh) graduate individual (only females) of different districts of Sindh province for ultimate improvement in teacher training tactics for Early Childhood Education in Sindh province, under the umbrella of BBSYDP Authority.

(2) Targeted Beneficiaries: The beneficiaries are Female individuals of interior Sindh province. AFAQ provides them Early Childhood Education, teacher's trainings so that these Females, could perform better in Primary Schools of Sindh province.

(3) Area of implementation: Primary schools, teachers, in interior Sindh province.

(4) Project Donor: BBSYDP Authority, Sindh Govt. and AFAQ

(5) Project Need Assessment: The BBSYDP project need assessment was conducted and submitted to BBSYDP head office with all record.

(6) Geographic Focus: This project was conducted for different districts of interior Sindh province, (located near Sukkur city) at the request of BBSYDP. AFAQ provides Teachers trainings to females of Sindh, of different districts of Interior Sindh province. This project is look after by AFAQ Regional office Sukkur.

(7) Project Timeline: This BBSYDP Project is for the year 2016-17.

(8) Description of major activities of the Project: The major activities were to train the fresh graduate Females of Sindh province (of interior Sindh districts, situated near Sukkur city). AFAQ provides Early Childhood Education, training to Female candidates for result improvement of primary schools' students in interior Sindh districts. Different types of teachers, trainings' topics are taught to female individuals. These Topics are taught by AFAQ's teacher educators and master trainers of Sukkur region, at decided training venues of Sukkur district of Sindh Province. The record of trainings conducted by AFAQ for BBSYDP project is submitted at BBSYDP head office, Sindh province.



3

Educational Services

AFAQ Educational Services is working to set new educational standards by utilizing the invaluable experience of AFAQ in the fields of curriculum and training. Educational Services provides consultancy in the light of latest educational and management research and helps schools to develop modern management systems.

Working of Educational System Development and Quality Assurance

Portfolio	
Benchmarking of International School Systems: Best Practices	154
Benchmarking of International School Systems: Standards & Documents	700+
Quality Review of Educational and School System Components	25
Quality Assurance of System Documents	200
Quality Review and customization of System tool and formats	250+
Quality Review and customization School Consultancy Areas	15
Research and Development of Additional Edu. Services Modules	08

3.1 Educational Pre-Audit – (EPA)

Conducting an EPA within schools is to evaluate academics, especially with regards to the Teaching-learning process of an educational institution, as well as measuring the performance of the school management with respect to practicing a quality management system. Key findings are shared with School management through an EPA Report which covers a balanced approach towards qualitative assessment and quantitative analysis.

Educational Pre-Audit Areas		
School Leadership	School Ecology	Teaching & Learning
Staff Development	Monitoring & Evaluation	Health & Hygiene
Curriculum	Character Building of Students	Character Building of Teachers
Community Links	School Management	Co-curricular Activities



3.2

Instructional Supervision- Classroom Teaching Observation

EPAs in schools are not only to evaluate the existing practices of teaching and teaching methodology in classrooms, but also to recommend on a factual basis the strengths and weaknesses of each teacher. The carrying out of Instructional Supervision at any school largely contributes towards the development of individual development plans for the teacher.

Teacher Observation Areas

Lesson Planning	Teaching Methodology	Support Material	Class Participation
Professional Teaching Skills	Communication	Classroom Management	Time Management



3.3

Human Resource Management Solution

HRM Solutions is to provide schools with a highly cost-effective human resource service aligned with the school's quality objectives. HRM Solutions add value to a school when it needs to recruit, select, evaluate and retain specialized and professionally qualified teaching and management resources in order to efficiently manage heavy workloads in any educational institution.

HRM Areas

Recruitment	Organization Design
Rehire	Performance Management
Transfer	Termination



3.4

Character Building- Tarbiyah

The Tarbiyah Module is a theme-based character building program to address the emerging demand of a highly compatible model with successful integration in line with the modern curricula. It helps schools develop a positive impact on school culture, promote proactive attitudes among students, enhance community awareness and development, refined building of school image, practice Islamic values, develop teachers' active role of character building and prepare students as role models for rest of the community.

A Comprehensive solution for character building of students comprises of student workbooks, teacher & management operational manual on the following themes:

Cleanliness
Stop Bullying
Caring

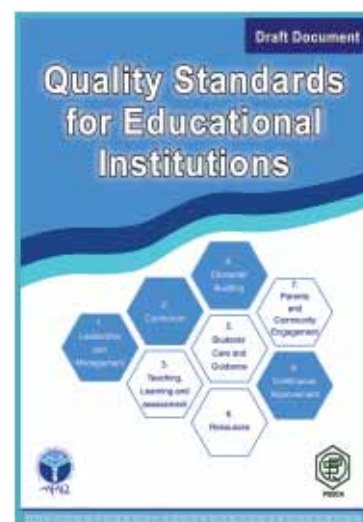


3.5 Quality Management System

Quality Management System is an approach by which management and employees can become involved in the continuous improvement of school services. It is a combination of quality and management tools aimed at increasing productivity and reducing losses due to wasteful practices resulting in the betterment of education quality.

QMS Products

Afaq Standard for Educational Institution
School Policy Manual
School Improvement Plan
School Management Tool-Kit



Educational Services Projects Conducted Across Pakistan

Conducted (Years)	2014-2015	2015-2016	2016- 2017
Educational Pre-Audit - EPA	209	232	262
Instructional Supervision - IS	40	67	204
Character Building - CB	6	4	26304
Career Counseling - CCG	110	213	933

Shots of Workshops During Fiscal Year 2016-17



4 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.

4.1 Creative Writing Competitions

Every year AFAQ Leaders' Club holds a Creative Writing Competition for school students in which they are invited to write a story or essay on a given topic.

Objectives

- To create interest in students to write
- To nurture the creative writing skills of students
- To provide students with a platform to polish up their writing skills
- To encourage young writers

Particular	Description
Participants	2311
Awards Distributed	168
Cash Prizes	43
Ceremonies	68



4.2 Leadership Development Camps

AFAQ Leaders' Club organize Training Camps for the development of school students. Objectives are given hereunder:

Objectives

- To develop the students as successful leaders
- To inspire young students to seek leadership responsibilities as part of their contribution to their society.
- To Increase awareness of current and emerging leadership challenges in a variety of settings
- To develop life skills in the students and make them true believers
- To train and groom the students according to the teachings of Islam

2016	Camps	Students
	6	45+55+48+40+55+55=298



4.3 Best Student Award Ceremonies

These awards will seek out and celebrate those students for whom talent, skills, leadership and workforce development are demonstrably at the heart of their study.

We passionately believe in celebrating talent as one of the key components to generating the best students and education this country desperately needs.



2016

620 Award Distributed

1900 Participants

4.4 Science and Art Fairs 2016

The most vital and fruitful objectives of Science and Art Fair were:

- Providing the most effective and effective educational & learning environment.
- Providing a platform for the students of Pakistan in particular to show their abilities and skills.
- Providing the most prominent opportunity to encourage talent in students and as well as teachers.
- Skills improvement & developing Self-confidence in students.

Cities	Projects	Students
Peshawar	115	392
Gwadar	75	231
Abbottabad	98	298
Swat	62	196
Jhelum	55	163



4.5 Poster-Making Competition

Creativity at its best.... full of ideas...! Here is a canvas where students can let out their vision. Continuing with our zest for promoting the creativity in you, ALC brings Poster-making Competition. Let that creative side of Students come out with a vivid poster which reflects their thoughts and zest.

This year, AFAQ Leaders' Club has organized Poster-Making Competitions with different themes. Grade 5 to 10 students are invited to design a poster based on the theme.

Region Name	School	Participants
Jhelum	189	607
Gilgit	55	129
Multan	307	1030
Quetta	90	280
Peshawar	90	278



4.6 Other Competitions

AFAQ Leaders' Club organized different competitions for students at regional level. ALC provides students opportunities in the form of competitions in which they express their abilities. ALC organizes different competitions among students which are given hereunder:

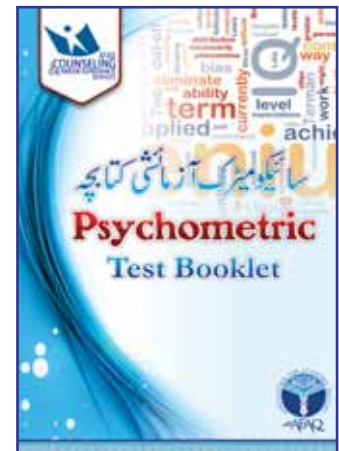
Competition Name	Number of Competition	Participants
Speech	37	1020
Kalam-e-Iqbal	22	600
Milli Naghma	15	500
Drawing and Art	13	1200
Sports Activities	1	160
Quran Quiz	1	290
Iqbal Quiz and Seerat Quiz	2	600
Husan-e-Qirat	4	650
Seerat Quiz	3	450



5

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.



5.1

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.

5.2

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)

5.3

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

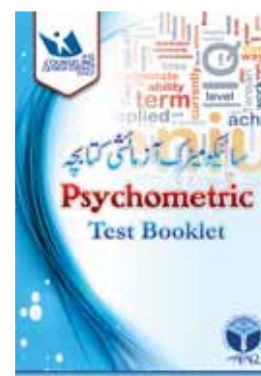
- Top-performing students lead to image-building of their schools.
- AFAQ Counseling and Career Guidance produces best results in school and board examinations. It also leads to a drastic reduction in the number of failed students.
- It helps a lot in achieving educational targets of schools and improving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



6

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.

6.1 Encyclopedia's Scope

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



7

International Partnerships Around the World



7.1

International Trips

Bologna Children's Book Fair, Italy

Association for Academic Quality (AFAQ) for the first time attended Bologna Children's Book Fair in Bologna, Italy. Mr Shahid Warsi, Chief Academic Officer and Mr Richard S Karim, Manager Innovative Learning (then) visited the fair as trade visitors. The representative of AFAQ visited stalls of different publishers and educational institutes present in the fair. They signed MoUs with some potential organisations.





Schools in Finland

The representatives of AFAQ visited a school run by the ministry of education of Finland. It was a great opportunity for AFAQ to learn from the Finish experience in curriculum development and character education. They were warmly received by the school principal.



A Round Table on Early Childhood Education in Sri Lanka

The Insight Institute of Management and Technology, Sri Lanka and Association for Academic Quality (AFAQ) jointly organized a 2-day conference in Colombo Sri Lanka. A team of three officials of AFAQ participated in that conference.



ISO TC/PC 260 in Singapore

It was a great opportunity for Association for Academic Quality (AFAQ) to attend International Standard Organization's (ISO) Technical Committee 260 meeting in Singapore. The ISO / TC 260 deals with Human Resource Management. The International Standards Organization (ISO) established a Technical Committee 260 to develop standards in Human Resource Management in 2011. Mr Asif Mushtaq, GM HR, represented AFAQ in this meeting.





ASSOCIATION FOR ACADEMIC QUALITY (AFAQ)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

EY Ford Rhodes
Chartered Accountants
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Association for Academic Quality as at 30 June 2016 and the related income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in fund together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) In our opinion:
 - i) The balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and further in accordance with accounting policies consistently applied, except for the changes as stated in Note 4.1 with which we concur;
 - ii) The expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in fund together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 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 2016 and of the surplus, its comprehensive income, cash flows and changes in fund for the year then ended; and
- d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.



Chartered Accountants

Engagement Partner: Naseem Akbar

Lahore: 09 November 2016

ASSOCIATION FOR ACADEMIC QUALITY (AFAQ)
(A Company registered under section 42 of the Companies Ordinance, 1984)
BALANCE SHEET
AS AT 30 JUNE 2016

ASSETS	Note	2016 Rupees	2015 Rupees
Non-current assets			
Property and equipment	5	88,576,920	78,942,482
Long term deposits	6	9,456,900	5,112,900
		<u>98,033,820</u>	<u>84,055,382</u>
Current assets			
Stock in trade	7	158,648,113	117,858,468
Trade debts	8	46,859,572	45,410,085
Short term advances	9	25,732,664	18,795,879
Current portion of long term deposits		6,148,634	3,587,000
Short term prepayments		3,979,964	-
Interest accrued		663,520	529,645
Other receivables		1,854,691	11,002,048
Short term investments	1	150,000,000	100,000,000
Tax refunds due from the Government	11	9,316,875	9,035,740
Cash and bank balances	12	69,220,512	129,499,109
		<u>472,424,545</u>	<u>435,717,974</u>
Asset held for sale	13	2,700,000	2,700,000
		<u>573,158,365</u>	<u>522,473,356</u>
FUND AND LIABILITIES			
Fund and reserve			
General Fund		22,845,926	22,845,926
Accumulated surplus		488,117,363	439,349,497
		<u>510,963,289</u>	<u>462,195,423</u>
Non-current liability			
Deferred liability - gratuity	14	6,915,514	11,879,918
Advances from employees against vehicles		3,713,499	1,904,015
		<u>10,629,013</u>	<u>13,783,933</u>
Current liability			
Trade and other payables	15	51,566,063	46,494,000
		<u>573,158,365</u>	<u>522,473,356</u>

CONTINGENCIES & COMMITMENTS

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The annexed notes from 1 to 31 form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR

ASSOCIATION FOR ACADEMIC QUALITY (AFAQ)
(A Company registered under section 42 of the Companies Ordinance, 1984)
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 Rupees	2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus before taxation		48,767,866	111,447,706
Adjustment of non cash items:			
Depreciation		11,597,130	8,996,812
Finance costs		3,075,331	3,399,831
Liabilities written back		-	(11,543,586)
Gain from disposal of property, plant and equipment		(416,887)	(970,112)
Provision for doubtful debts		14,380	9,546,674
Receivables / advances written off		-	11,209,381
Profit on investment		(4,422,448)	(7,100,001)
Provision for gratuity		-	3,268,998
Cash generated before working capital changes		58,615,372	128,255,683
Changes in working capital			
(Increase) in stock in trade		(40,789,645)	(33,431,327)
Decrease / (increase) in trade debts		(1,463,867)	4,932,404
(Increase) in short term advances		(6,936,785)	(7,273,396)
(Increase) / decrease in short term prepayments		(3,979,964)	110,582
(Increase) / decrease in other receivables		9,147,357	(7,265,428)
Increase / (decrease) in trade and other payables		5,072,063	24,641,444
		(38,950,841)	(18,285,720)
Cash generated from operations		19,664,531	109,969,963
Interest income received		4,288,573	7,791,728
Taxes paid		(281,135)	(7,689,272)
Employee benefits paid		(4,964,404)	(10,279,235)
Finance costs paid		(3,075,331)	(3,399,831)
Advances received from employees against vehicles		1,809,484	611,621
		(2,222,813)	(12,964,989)
Net cash generated from operating activities		17,441,718	97,004,974
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(21,363,630)	(21,371,598)
Proceed against sale of property plant and equipment		548,949	1,856,303
Increase in short term investments		(50,000,000)	(100,000,000)
Increase in long term deposits		(6,905,634)	(763,069)
Net cash used in investing activities		(77,720,315)	(120,278,364)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount paid against asset subject to finance lease		-	(208,748)
Decrease in restricted funds		-	(2,992,500)
Repayment of murabaha finance		-	(4,000,000)
Net cash used in financing activities		-	(7,201,248)
Net (decrease) / increase in cash and cash equivalents		(60,278,597)	(30,474,639)
Cash and cash equivalents at the beginning of the year		129,499,109	159,973,748
Cash and cash equivalents at the end of the year	12	69,220,512	129,499,109

The annexed notes from 1 to 31 form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR

ASSOCIATION FOR ACADEMIC QUALITY (AFAQ)
(A Company registered under section 42 of the Companies Ordinance, 1984)
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 Rupees	2015 Rupees
Income - net	17	844,386,653	767,322,523
Direct expenses	18	401,731,701	345,164,222
Gross surplus for the year		442,654,952	422,158,301
Administrative and general expenses	19	240,827,846	199,697,086
Marketing and distribution expenses	20	157,385,933	120,125,978
		398,213,779	319,823,064
Other operating expense	21	-	11,209,361
		44,441,173	91,125,876
Other income	22	7,402,024	23,721,661
Surplus from operations		51,843,197	114,847,537
Finance costs	23	3,075,331	3,399,831
Surplus before taxation		48,767,866	111,447,706
Taxation	24	-	-
Surplus for the year		48,767,866	111,447,706

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

ASSOCIATION FOR ACADEMIC QUALITY (AFAQ)
(A Company registered under section 42 of the Companies Ordinance, 1984)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	2016 Rupees	2015 Rupees
Surplus for the year	48,767,866	111,447,706
Other comprehensive income:		
<i>Items to be reclassified to profit or loss in subsequent periods</i>	-	-
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>	-	-
Total comprehensive income for the year	<u>48,767,866</u>	<u>111,447,706</u>

The annexed notes from 1 to 31 form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR

ASSOCIATION FOR ACADEMIC QUALITY (AFAQ)

STATEMENT OF CHANGES IN FUND

(A Company registered under section 42 of the Companies Ordinance, 1984)

AS AT 30 JUNE 2016

	General fund	Surplus	Restricted fund	TOTAL
	------(Rupees)-----			
Balance as at 01 July 2014	22,845,926	327,901,791	2,992,500	353,740,217
Total comprehensive income for the year	-	111,447,706	(2,992,500)	108,455,206
Balance as at 30 June 2015	22,845,926	439,349,497	-	462,195,423
Total comprehensive income for the year	-	48,767,866	-	48,767,866
Balance as at 30 June 2016	22,845,926	488,117,363	-	510,963,289

The annexed notes from 1 to 31 form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR

ASSOCIATION FOR ACADEMIC QUALITY (AFAQ)

(A Company registered under section 42 of the Companies Ordinance, 1984)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1. LEGAL STATUS AND ITS OPERATIONS

The Association for Academic Quality (AFAQ) (herein after referred to as "the company") is a public company limited by guarantee and not having the share capital and is incorporated in Pakistan under the provisions of the Companies Ordinance, 1984 (herein after referred to as "the ordinance") on 6th February, 2006 while it carried on its operations with effect from 1st April, 2006. The company has obtained license under section 42 of the ordinance. 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.

2. BASIS OF PREPARATION**2.1 Statement of compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

As per SRO 413(I) / 2016 dated 11 May 2016 issued by Securities and Exchange Commission of Pakistan (SECP), the Company is required to follow IFRS issued by IASB as notified by SECP and accounting standards for Non Profit Organisations issued by Institute of Chartered Accountants of Pakistan.

Previously, the Company was preparing its financial statements by complying with the Accounting and Financial Reporting Standard for Medium-Sized Entities (MSEs).

As per the said notification, the Company has adopted all applicable IFRS for the first time for the year ended 30 June 2016. However, the application of revised accounting framework does not have any significant impact on these financial statements.

3. 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The significant accounting policies and estimates which have been adopted in the preparation of financial statements of the Company are consistent with previous year except as discussed in Note 4.1 and are as follows:

4.1 New, amended standards and interpretations which became effective

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

IAS 27 – Separate Financial Statements – (Amended)

IAS 28 – Investment in Associates and Joint Ventures – (Amended)

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

4.2 Use of estimates and judgements

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.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Property and equipment (4.4)
- Employee Benefits (4.8)
- Provisions (4.10)
- Taxation (4.12)

4.3 Functional and presentation currency

The financial statements are presented in Pak Rupees, which is also the functional currency of the Company.

4.4 Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation on fixed assets is charged to income & expenditure account, applying the reducing balance method at the rates specified in note - 4 to the financial statements. Depreciation on addition is charged from the month in which an asset is available for use while no depreciation is charged for the month in which an asset is disposed off.

Gains and losses on disposal of fixed assets are included in income for the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposal are determined by comparing sale proceeds with carrying amount and are included in income.

4.5 Impairment

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

Impairment losses are recognized in income and expenditure account.

4.6 Trade and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

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4.7 Investments - Held to maturity

Investments with a fixed maturity that the company has the intent and ability to hold to maturity are classified as held-to-maturity investments. These are initially recognized on trade date at cost and derecognized by the Company on the date it commits to sell them off. At each balance sheet date held-to-maturity investments are stated at amortized cost using the effective interest rate method.

4.8 Employee benefits**a) Gratuity Scheme**

The Company operates unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed the minimum qualifying period of service as defined under the respective scheme. Provisions are 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 are 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 the start of year.

b) 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.

4.9 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.10 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

The company recognizes a provision at the rate of 2% of closing trade debts.

4.11 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discount and sales related taxes.

- Revenue from sale of books is recognized when actually dispatched to the customers and title has been passed.
- Revenue from training and consultancy income is recognized when the training or consultancy is delivered based on stage of completion when it is probable the economic benefit will flow to the company and amount of revenue can be measured reliably.
- Profit on Investment is recognized on accrual basis.
- Other miscellaneous revenues and donation are recognized as and when realized or received.

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4.12 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.

4.13 Stock in trade

Inventories are stated at lower of cost and net realizable value. Cost comprises direct materials, and where applicable direct labour 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.

4.14 Financial instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual right that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income and expenditure account.

4.15 Foreign currency transaction

Transactions in foreign currencies are recorded using the rates of exchange ruling at the date of transaction and all other exchange differences are taken to income & expenditure account.

4.16 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents comprise cash in hand, cash with banks on current and saving account.

4.17 Operating lease / ijarah

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. 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 operating leases and Ijarah (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease / Ijarah term unless another systematic basis is representative of the time pattern of the Company's benefit.

4.18 Asset held for sale

Assets and liabilities classified as held for sale or for distribution are presented separately as current items in the statement of financial position. Assets are not depreciated once classified as held for sale or as held for distribution.

4.19 Off setting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on net basis, or to recognize the assets and to settle the liabilities simultaneously.

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4.20 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

The following 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 2: Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture:	01 January 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

The above standards and amendments are not expected to 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 have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. 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.

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	IASB effective date (Annual periods beginning on or after)
IFRS 9 -Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 -Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019

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5. PROPERTY AND EQUIPMENT

PARTICULARS	C O S T				RATE %	D E P R E C I A T I O N				WRITTEN DOWN VALUE AS AT 30 JUNE 2016
	As at 01 July 2015	Additions during the year	Deletion	AS AT 30 June 2016		As at 01 July 2015	Charge for the year	Adjustment	AS AT 30 June 2016	
-----Rupees-----										
Owned:										
Freehold land	15,613,000	-	-	15,613,000		-	-	-	-	15,613,000
Machinery	104,231	89,006	-	193,237	10	40,975	10,776	-	51,751	141,486
Furniture and fixtures	32,146,152	6,453,440	-	38,599,592	10	6,792,319	2,749,106	-	9,541,425	29,058,167
Vehicles	15,209,982	1,391,443	606,240	15,995,185	20	8,719,928	1,354,602	491,816	9,582,714	6,412,471
Office equipment	5,615,822	240,441	-	5,856,263	10	2,300,216	338,548	-	2,638,764	3,217,499
Computer and network	28,065,363	7,604,590	17,638	35,652,315	25	12,388,477	4,430,689	-	16,819,166	18,833,149
Electric appliances	20,233,540	5,584,710	-	25,818,250	20	8,004,499	2,673,248	-	10,677,747	15,140,503
Library books	615,334	-	-	615,334	20	414,528	40,161	-	454,689	160,645
2016	117,603,424	21,363,630	623,878	138,343,176		38,660,942	11,597,130	491,816	49,766,256	88,576,920
Owned:										
Freehold land	15,613,000	-	-	15,613,000		-	-	-	-	15,613,000
Machinery	104,231	-	-	104,231	10	33,946	7,029	-	40,975	63,256
Furniture and fixtures	23,250,911	8,895,241	-	32,146,152	10	4,677,574	2,114,745	-	6,792,319	25,353,833
Vehicles	16,198,684	1,827,298	2,816,000	15,209,982	20	9,663,293	986,444	1,929,809	8,719,928	6,490,054
Office equipment	5,321,119	294,703	-	5,615,822	10	1,961,831	338,385	-	2,300,216	3,315,606
Computer and network	21,100,426	6,964,937	-	28,065,363	25	9,250,774	3,137,703	-	12,388,477	15,676,886
Electric appliances	16,405,421	3,828,119	-	20,233,540	20	5,642,195	2,362,304	-	8,004,499	12,229,041
Library books	615,334	-	-	615,334	20	364,326	50,202	-	414,528	200,806
Leased:	98,609,126	21,810,298	2,816,000	117,603,424		31,593,939	8,996,812	1,929,809	38,660,942	78,942,482
Vehicles	776,000	(776,000)	-	-	20	337,303	-	(337,303)	-	-
2015	99,385,126	21,810,298	2,040,000	117,603,424		31,931,242	8,996,812	1,592,506	38,660,942	78,942,482

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

Administrative and general expenses	19	6,958,278	5,263,166
Marketing and distribution expenses	20	4,638,552	3,733,646
		<u>11,597,130</u>	<u>8,996,812</u>

ASSOCIATION FOR ACADEMIC QUALITY (AFAQ)

6. LONG TERM DEPOSITS	Notes	2016 Rupees	2015 Rupees
Security deposits		15,605,534	9,011,900
Less : current portion		6,148,634	3,899,000
	(6.1)	<u>9,456,900</u>	<u>5,112,900</u>

- 6.1 These security deposits include refundable deposits of Rs. 4,327,000 (2015: Rs. 2,763,000) given against the rented buildings under operating lease agreements.

7. STOCK IN TRADE

Raw material	3,145,620	3,326,410
Work in process	8,346,409	1,777,394
Finished goods	147,156,084	112,754,664
	<u>158,648,113</u>	<u>117,858,468</u>

8. TRADE DEBTS - secured

Considered good	(8.1)	43,218,230	42,499,272
Less: Provision for bad debts		(864,365)	(849,985)
		<u>42,353,865</u>	<u>41,649,287</u>
Considered doubtful		12,037,456	11,292,547
Less: Provision for bad debts		(7,531,749)	(7,531,749)
		<u>4,505,707</u>	<u>3,760,798</u>
		<u>46,859,572</u>	<u>45,410,085</u>

- 8.1 This represents receivables from different dealers and zonal regions in respect of books sold to them. All these receivables are secured against post dated cheques and considered good. However, general provision at the rate of 2% is made annually as per company policy.

9. SHORT TERM ADVANCES - considered good

Advances to staff against:			
Expenses		18,369,876	13,088,695
Salary		4,733,475	3,404,258
Motorcycles		2,261,712	2,000,623
Laptop		367,601	230,050
		<u>25,732,664</u>	<u>18,723,626</u>
Advances to suppliers		-	72,253
		<u>25,732,664</u>	<u>18,795,879</u>

10. SHORT TERM INVESTMENTS

These represent Term Deposits Receipts which are on roll-over basis, having maturity period of one month and carry mark-up at the rate ranging from 5% to 6% (2015: 6% to 7%) per annum.

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ASSOCIATION FOR ACADEMIC QUALITY (AFAQ)

11. TAX REFUNDS DUE FROM THE GOVERNMENT	Note	2016 Rupees	2015 Rupees
Income tax refunds due from the government		11,705,390	11,424,255
Less: Provision	(11.1)	<u>(2,388,515)</u>	<u>(2,388,515)</u>
		<u>9,316,875</u>	<u>9,035,740</u>

- 11.1 This comprises of an amount forfeited by Federal Board of Revenue in March 2011. The company has filed an appeal before Appellate Tribunal Inland Revenue, Lahore in this regards.

12. CASH AND BANK BALANCES

Cash in hand		182,694	202,034
Balance with banks:			
- Current account		58,808,414	116,177,309
- Saving account	(12.1)	<u>10,229,404</u>	<u>13,119,766</u>
		69,037,818	129,297,075
		<u>69,220,512</u>	<u>129,499,109</u>

- 12.1 These carry interest rate ranging from 5% to 7% (2015: 6% to 8%) per annum.

13. ASSET HELD FOR SALE

This includes land acquired in settlement of debt from a dealer. The carrying amounts of these assets will be recovered principally through a sale transaction rather than through continuing use. The company intends to dispose off this plant and machinery and anticipates that the disposal will be completed by 30 June 2017. The company is currently in negotiation with some potential buyers and the directors of the company expect that the fair value less cost to sell of these assets will be higher than the aggregate carrying amount of the related assets. Therefore no impairment loss was recognized on reclassification of the assets as held for sale nor as at 30 June 2016.

14. DEFERRED LIABILITY - GRATUITY

Balance at the beginning of the year		11,879,918	18,890,155
Charge for the year		-	3,268,998
Benefits paid during the year		<u>(4,964,404)</u>	<u>(10,279,235)</u>
	(14.1)	<u>6,915,514</u>	<u>11,879,918</u>

- 14.1 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 the start of year.

15. TRADE AND OTHER PAYABLES

Creditors	46,990,022	43,126,318
Encyclopedia advance subscription	4,081,041	1,444,147
Audit fee	495,000	450,000
Tax deducted at source	-	1,473,535
	<u>51,566,063</u>	<u>46,494,000</u>

16. CONTINGENCIES & COMMITMENTS**16.1 Contingencies**

Contingencies as on year end were Rs. Nil (2015: Rs. Nil).

16.2 Commitments

The aggregate amount of rental payments for operating lease agreement and the period in which payments will become due are as follows:

	Note	2016 Rupees	2015 Rupees
Not later than six months		1,750,575	717,566
Later than six month but not later than one years		1,750,575	717,566
Later than one year but not later than two years		3,793,846	1,435,131
Later than two year but not later than five years		3,988,033	2,212,308

17. INCOME - NET

Sale of books - net			
Locally produced		612,729,188	612,729,188
Imported		246,453,635	148,185,007
	(17.1)	859,182,823	760,914,195
Encyclopedia income		9,192,766	4,387,895
(Loss) / Income from workshops, trainings, meetings and seminars	(17.2)	(23,988,936)	2,020,433
		<u>844,386,653</u>	<u>767,322,523</u>

17.1 Sales - net

Gross sales		1,455,230,221	1,278,566,665
Less:			
Discount allowed		(544,810,384)	(476,915,503)
Books returned during the year		(51,237,014)	(40,736,967)
		<u>(596,047,398)</u>	<u>(517,652,470)</u>
		<u>859,182,823</u>	<u>760,914,195</u>

17.2 (Loss) / Income from workshops, trainings, meetings

Contribution by participants		16,154,452	56,666,423
Less: workshop, training, meetings and seminars expenses		(40,143,388)	(54,645,990)
		<u>(23,988,936)</u>	<u>2,020,433</u>

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ASSOCIATION FOR ACADEMIC QUALITY (AFAQ)

18. DIRECT EXPENSES

Raw material consumed	(18.1)	98,493,033	87,385,802
Printing cost Local		59,666,366	51,032,662
Production cost - others		-	2,151,547
Encyclopedia printing		9,433,674	6,887,531
Salaries, wages and benefits	(18.2)	51,208,585	39,034,299
Carriage inwards		68,505	623,139
Outsourcing research cost		32,696,079	16,386,520
Packing expenses		1,966,215	1,669,897
Plates		4,023,764	3,266,657
Profit on investment		5,316,764	10,319,702
Insurance of stock		121,302	340,307
		<u>262,994,287</u>	<u>219,098,063</u>
Opening work in process		1,777,394	4,798,750
Closing work in process		(8,346,409)	(1,777,394)
		<u>(6,569,015)</u>	<u>3,021,356</u>
Cost of goods manufactured		<u>256,425,272</u>	<u>222,119,419</u>
Opening finished goods		112,754,664	75,945,047
Closing finished goods		(147,156,084)	(112,754,664)
		<u>(34,401,420)</u>	<u>(36,809,617)</u>
Cost of sales - manufactured books		<u>222,023,852</u>	<u>185,309,802</u>
Cost of sales - imported books		<u>179,707,849</u>	<u>159,854,420</u>
		<u>401,731,701</u>	<u>345,164,222</u>

18.1 Raw material consumed

Opening stock		3,326,410	3,683,342
Add : Purchases during the year		<u>98,312,243</u>	<u>87,028,870</u>
		<u>101,638,653</u>	<u>90,712,212</u>
Closing stock		<u>(3,145,620)</u>	<u>(3,326,410)</u>
		<u>98,493,033</u>	<u>87,385,802</u>

18.2 This includes contribution made to provident fund and gratuity scheme by the Company amounting to Rs 1,410,636 (2015: 977,422) and Rs Nil (2015: 3,268,998) respectively.

19. ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, wages and benefits	(19.1)	132,574,698	101,850,961
Mobile training expenses		5,394,048	6,619,810
Utility charges		8,509,046	7,359,162
Office supplies		2,069,321	1,158,989
Computer expenses		1,887,231	1,366,677
Travelling and conveyance		14,694,302	14,134,266
Entertainment expenses		10,927,692	8,518,301
Printing, stationery and photocopies		5,775,601	3,960,432
Postage and courier		3,102,065	3,043,635
Newspaper and periodicals		234,983	158,911
Legal and professional charges		-	20,300
Auditor's remuneration		495,000	450,000
Rent, rates and taxes		22,515,243	19,115,827
Repairs and maintenance		6,036,321	5,719,688
Communication charges		4,293,970	3,407,692
Insurance		1,404,037	1,004,484
Fee and Subscription		5,589,490	1,962,339
Royalty		1,162,877	160,664
Loading Unloading		1,695,335	988,259
Miscellaneous expenses		5,493,928	3,886,849
Provision for bad debts		14,380	9,546,674
Depreciation	(5.1)	<u>6,958,278</u>	<u>5,263,166</u>
		<u>240,827,846</u>	<u>199,697,086</u>

ASSOCIATION FOR ACADEMIC QUALITY (AFAQ)

19.1 This includes contribution made to provident fund by the Company amounting to Rs 3,526,590 (2015: 2,443,555).

20. MARKETING AND DISTRIBUTION EXPENSES

Salaries, wages and other benefits	78,764,264	58,978,398
Utility charges	3,646,734	3,153,928
Office supplies	886,852	496,709
Computer expenses	808,813	585,719
Communication charges	1,840,274	1,460,439
Postage and courier	1,329,456	1,304,415
Travelling and conveyance	6,297,558	6,057,542
Entertainment expenses	4,683,298	3,650,701
Printing, stationery and photocopies	2,475,257	1,697,327
Newspaper and periodicals	100,707	68,105
Advertisement and promotional expense	19,656,385	14,988,595
Rent, rates and taxes	9,649,390	8,192,497
Vehicle running and maintenance	13,444,808	9,876,980
General repairs and maintenance	2,586,995	2,451,294
Insurance	601,730	430,493
Miscellaneous expenses	5,974,560	2,999,180
Depreciation	(5.1)	4,638,852
	<u>157,385,933</u>	<u>120,125,978</u>

20.1 This includes contribution made to provident fund by the Company amounting to Rs 2,115,954 (2015: 1,466,133).

21. OTHER OPERATING EXPENSE

This represented long outstanding Receivables / advances written off in the previous year.

	Note	2016 Rupees	2015 Rupees
22. OTHER INCOME			
Income from financial assets			
Profit on investment		4,422,448	7,100,001
Income from non-financial assets			
Profit on disposal property, plant and equipment		416,887	970,112
Liabilities written back		-	11,543,586
Recovery of funds		-	1,335,000
Scrap sale		<u>2,562,689</u>	<u>2,772,962</u>
		<u>7,402,024</u>	<u>23,721,661</u>

23. FINANCE COST

Morabaha financial charges	-	1,820,761
Ijara	2,524,696	1,510,898
Bank charges	550,635	68,172
	<u>3,075,331</u>	<u>3,399,831</u>

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24. 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.

25. RELATED PARTY BALANCES AND 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.

26. 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.

26.1 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 long term deposits, trade and other receivables, short term investments 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:

	Note	2016 Rupees	2015 Rupees
Long term deposits		15,605,534	8,699,900
Trade debts		46,859,572	45,410,085
Interest accrued		663,520	529,645
Other receivables		1,854,691	11,002,048
Short term investments		150,000,000	100,000,000
Bank balances		69,037,818	129,297,075
		<u>284,021,135</u>	<u>294,938,753</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.

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ASSOCIATION FOR ACADEMIC QUALITY (AFAQ)

The maximum credit risk exposure at reporting date is carrying value of financial assets stated above.

The aging of trade debts at the reporting date is:

	2016	2015
	Rupees	Rupees
Age analysis of trade debts (gross) - not impaired		
Past due 1–30 days	27,072,760	27,514,405
Past due 31–60 days	10,577,370	2,902,097
Past due 61–90 days	5,568,100	9,981,421
Over 90 days	-	2,101,349
	<u>43,218,230</u>	<u>42,499,272</u>
Age of impaired trade debts		
Over 90 days	12,037,456	11,292,547
	<u>12,037,456</u>	<u>11,292,547</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 and short term investments held with some major counterparties at the balance sheet date:

	Rating			2016	2015
	Short term	Long term	Agency	Rupees	Rupees
United Bank Limited	A-1+	AAA	JCR - VIS	12,455,490	21,730,384
Meezan Bank Limited	A-1+	AA	JCR - VIS	38,466,644	55,186,442
Bank Alfalah Limited	A1+	AA	PACRA	7,512,054	38,940,708
Bank Islami Pakistan Ltd	A+	A1	PACRA	894,779	43,679
Burj Bank Limited	A	A2	JCR - VIS	8,448,740	5,295,556
Albaraka Bank (Pak.) Ltd	A-1	AA	JCR - VIS	1,260,111	8,100,306
				<u>69,037,818</u>	<u>129,297,075</u>

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.

26.2 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
30 June 2016				
Trade and other payables	47,485,022	47,485,022	47,485,022	-

ASSOCIATION FOR ACADEMIC QUALITY (AFAQ)

Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
-----------------	------------------------	------------------	-----------------------

------(Rupees)-----

30 June 2015

Trade and other payables

43,576,318	43,576,318	43,576,318	-
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26.3 Market risk

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

(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.

Monitory 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 profit and loss account. As there are no foreign currency transactions during the year, the Company is not exposed to currency risk.

(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 short term investments and 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 and short term investments are carried at fixed rate which expose the Company to fair value interest rate risk.

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

	2016 Rupees	2015 Rupees
Fixed rate instruments		
Financial assets		
Saving bank accounts	10,229,404	13,119,766
Short term investments	150,000,000	100,000,000

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 balance sheet date would not affect profit or loss of the Company.

3/11/15

(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.

26.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

For working capital requirements and capital expenditure, the Company primarily relies on short term borrowings and internally generated cash flows.

26.5 Financial instruments by categories**Assets as per balance sheet**

2016		
Cash and cash equivalents	Loans and advances	Total
----- (Rupees) -----		
Long term deposits	-	15,605,534
Trade debts	-	46,859,572
Interest accrued	-	663,520
Other receivables	-	1,854,691
Short term investments	150,000,000	-
Bank balances	69,037,818	-
	<u>219,037,818</u>	<u>284,021,135</u>

Liabilities as per balance sheet

Trade and other payables	47,485,022
--------------------------	------------

Financial instruments by categories**Assets as per balance sheet**

2015		
Cash and cash equivalents	Loans and advances	Total
----- (Rupees) -----		
Long term deposits	-	8,699,900
Trade debts	-	45,410,085
Interest accrued	-	529,645
Other receivables	-	11,002,048
Short term investments	100,000,000	-
Bank balances	129,297,075	-
	<u>229,297,075</u>	<u>294,938,753</u>

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ASSOCIATION FOR ACADEMIC QUALITY (AFAQ)

	2015
Financial Liabilities	
at amortized cost	
Rupees	
Liabilities as per balance sheet	
Trade and other payables	43,576,318

26.6 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

26.7 Level of Fair value Modelling

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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.

At 30 June, the Company had following financial instruments with respect to their level of fair value modelling:

	Level 1	Level 2	Level 3
	-----Rupees-----		
2016			
Long term deposits			15,605,534
Trade debts			46,859,572
Interest accrued			663,520
Other receivables			1,854,691
Short term investments			150,000,000
Bank balances			69,037,818
2015			
Long term deposits			8,699,900
Trade debts			45,410,085
Interest accrued			529,645
Other receivables			11,002,048
Short term investments			100,000,000
Bank balances			129,297,075

26.8 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.

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ASSOCIATION FOR ACADEMIC QUALITY (AFAQ)

Total fund includes total funds amounting to Rs. 511,350,666 as shown in the balance sheet. The Company's strategy, which was unchanged from last year, was to maintain optimal fund structure in order to minimize cost of fund.

27. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

	2016		2015	
	Chief Executive Officer	Directors	Chief Executive Officer	Directors
	----- Rupees-----			
Remuneration	-	-	-	-
	-	-	-	-
Number of persons	1	10	1	10

28. PROVIDENT FUND

The Company has maintained an employee provident fund and investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	2016 Rupees (unaudited)	2015 Rupees (audited)
Size of the fund		29,031,875	8,826,895
Cost of investment made	(28.1)	28,113,592	8,705,330
Percentage of investment made		100%	100%
Fair value of investment		28,113,592	8,705,330

28.1 Breakup of investment

	2016		2015	
	Investments (Rupees)	Investment as % of size of the fund	Investments (Rupees)	Investment as % of size of the fund
Bank balance in schedule bank	<u>28,113,592</u>	100%	<u>8,705,330</u>	100%

29. NUMBER OF EMPLOYEES

	2016	2015
The number of employees at the year end were as follows:		
Permanent	360	286
Contractual	<u>253</u>	<u>225</u>
	<u>613</u>	<u>511</u>
The average number of employees during the year were as follows:		
Permanent	323	254
Contractual	<u>239</u>	<u>216</u>
	<u>562</u>	<u>470</u>

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30. DATE OF AUTHORIZATION

These financial statements have been authorized for issue by Board of Directors of the Company on
09 NOV 2016

31. GENERAL

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

31.2 Corresponding figures have been re-arranged, where ever necessary for the purpose of comparison; however no significant rearrangements / reclassifications have been made in these financial statements except for the following for better presentation:

	From Rupees	To Rupees
Cash and bank balances	100,000,000	
Short term investments		100,000,000
Advances, prepayments and other receivables	43,124,110	
Trade debts		3,760,798
Short term advances		18,795,879
Interest Accrued		529,645
Other receivables		11,002,048
Tax refunds due from the Government		9,035,740


 CHIEF EXECUTIVE OFFICER


 DIRECTOR