

**PAKISTAN ALLIANCE FOR  
EARLY CHILDHOOD  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2020**



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PAKISTAN ALLIANCE FOR EARLY CHILDHOOD  
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

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**Opinion**

We have audited the annexed financial statements of **Pakistan Alliance for Early Childhood**, which comprise the statement of financial position as at June 30, 2020, and the statement of income and expenditure account, and the statement of changes in funds, 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 account, the statement of changes in funds and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the income and expenditures and, the changes in funds and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants (IESBA)' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (ICAP) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Information other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 controls 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. Boards 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 controls.
- Obtain an understanding of internal controls 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 controls.
- 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 controls 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 accounts have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of income and expenditure account, the statement of changes in funds and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of accounts 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 Usher Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Ijaz Akber.

Islamabad

Date: 30-9-2020

**HLB IJAZ TABUSSUM & CO.**  
Chartered Accountants

**PAKISTAN ALLIANCE FOR EARLY CHILDHOOD**  
**(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

	Note	2020 (Rupees)	2019 (Rupees)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	409,518	497,673
Security deposit		1,000	1,000
<b>CURRENT ASSETS</b>			
Advances to employees		-	12,000
Cash and bank balances	5	15,063,158	1,225,130
<b>TOTAL ASSETS</b>		<b>15,473,676</b>	<b>1,735,803</b>
<b>FUND AND LIABILITIES</b>			
General fund		3,860,129	1,148,109
<b>NON-CURRENT LIABILITIES</b>			
Deferred grant	6	11,526,547	497,673
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	87,000	90,021
<b>TOTAL FUND AND LIABILITIES</b>		<b>15,473,676</b>	<b>1,735,803</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes from 1 to 22 form an integral part of these financial statements.

  
 CHIEF EXECUTIVE

  
 DIRECTOR

**PAKISTAN ALLIANCE FOR EARLY CHILDHOOD**  
**(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2020**

		2020	For the period from December 07, 2018 to June 30, 2019
	Note	(Rupees)	(Rupees)
<b>INCOME</b>			
Grants	9	11,575,927	2,200,345
Deferred income recognized during the period		88,155	58,186
Other income		287,880	-
		11,951,962	2,258,531
<b>EXPENDITURE</b>			
Foundation Open Society Institute (FOSI)	10	477,000	-
UNICEF	11	2,404,003	-
Pakistan Alliance for Early Childhood program cost	12	3,042,921	-
Administrative expenses	13	3,316,018	1,110,422
		9,239,942	1,110,422
<b>SURPLUS OF INCOME OVER EXPENDITURE</b>		2,712,020	1,148,109

The annexed notes from 1 to 22 form an integral part of these financial statements.


  
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**CHIEF EXECUTIVE**

  
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**DIRECTOR**

**PAKISTAN ALLIANCE FOR EARLY CHILDHOOD**  
**(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	2020	For the period from December 07, 2018 to June 30, 2019
Note	(Rupees)	(Rupees)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus of income over expenditure for the year	2,712,020	1,148,109
Adjustments for non-cash items:		
Depreciation	88,155	58,186
Deferred income recognized during the year	(88,155)	(58,186)
Surplus before working capital changes	2,712,020	1,148,109
Changes in working capital:		
Advances to employees	12,000	(12,000)
Trade and other payables	(3,021)	90,021
Net cash generated from operations	8,979	78,021
Net cash generated from/ (used in) operating activities	2,720,999	1,226,130
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Security deposit	-	(1,000)
Net cash generated from/ (used in) investing activities	-	(1,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Grant received as restricted fund	11,117,029	-
Net cash generated from/ (used in) investing activities	11,117,029	-
Net increase/ (decrease) in cash and cash equivalents	13,838,028	1,225,130
Cash and cash equivalents at the beginning of the year	1,225,130	-
Cash and cash equivalents at the end of the year	15,063,158	1,225,130

The annexed notes from 1 to 22 form an integral part of these financial statements.

  
 CHIEF EXECUTIVE

  
 DIRECTOR

**PAKISTAN ALLIANCE FOR EARLY CHILDHOOD**  
**(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)**  
**STATEMENT OF CHANGES IN FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u> <u>(Rupees)</u>	<u>Total</u> <u>(Rupees)</u>
Balance as at December 07, 2018	-	-
Total surplus/ (deficit) of income over expenditure for the period ended 2019	1,148,109	1,148,109
Balance as at June 30, 2019	1,148,109	1,148,109
Total surplus / (deficit) of income over expenditure for the year ended 2020	2,712,020	2,712,020
<b>Balance as at June 30, 2020</b>	<b>3,860,129</b>	<b>3,860,129</b>

The annexed notes from 1 to 22 form an integral part of these financial statements.

  
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CHIEF EXECUTIVE

  
\_\_\_\_\_  
DIRECTOR



**PAKISTAN ALLIANCE FOR EARLY CHILDHOOD  
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**1 THE ORGANISATION AND ITS OPERATIONS**

Pakistan Alliance for Early Childhood was incorporated in Pakistan as a Company Limited by Guarantee not having share capital, under section 42 of the Companies Act, 2017 on December 07, 2018.

The main objective of the Company is to promote the concept of holistic and inclusive Early Childhood Development (ECD) and its methods in Pakistan as a fundamental tool to child development so that ECD can be recognized in its own right as an important sector of education development.

The registered office of the company is situated at office no. 4C, Plot no. 29, Block A, Old USAID plaza, Fazl-ul-Haq road, Blue Area, Islamabad.

**1.1 Foundation Open Society Institute**

Foundation Open Society Institute had made an agreement with Pakistan Alliance for Early Childhood dated March 16, 2020 for professionalize, up skill and institutionalize Early Childhood Development (ECD)/ Early Childhood Care and Education (ECCE) workforce in Pakistan. Grant period is from April 1, 2020 to March 31, 2022.

**1.2 UNICEF**

UNICEF had made an agreement (hereinafter referred as Small-Scale Funding Agreement (SSFA).)with Pakistan Alliance for Early Childhood dated January 22, 2020 for transforming communities through informed parenting and Early Childhood development (training of trainers/ alliance members, training of frontline workers and parental education) in Pakistan.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. Approved accounting and reporting standards comprise of International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board and the Accounting Standards (IASB) for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the Companies Act, 2017, provisions of and directives issued thereunder. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

**2.2 Summary of significant transactions and events that have affected the company's financial position and performance during the year**

The company has received more grant of Rs.9.37 million during the year.

**2.3 Impact of COVID-19 on the financial statements**

Management has evaluated and concluded that there are no material implications of COVID-19 that require specific disclosure in the financial statements.

**2.4 Accounting convention**

These financial statements have been prepared under historical cost convention and have been prepared on accrual basis of accounting except statement of cash flows.

**2.5 Functional and presentation currency**

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

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and less accumulated impairment loss if any. Depreciation is charged to income and expenditure account by applying the reducing balance method over the estimated useful life of related assets at the rates specified in Note 4. Depreciation is charged on additions from the month in which the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

**PAKISTAN ALLIANCE FOR EARLY CHILDHOOD  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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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. Minor repairs and maintenance charges are charged to income and expenditure account as and when incurred. Major renewals and improvements are capitalized to the cost of the assets. Gain and loss on disposal of assets, if any, are taken to income and expenditure account.

**3.2 Impairment**

The company assesses at each balance sheet date whether there is any indication that assets excluding inventory may be impaired. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to income and expenditure account. The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

**3.3 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on historical experience, industry trends, legal and technical pronouncements and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the use of management estimates in these financial statements relate to useful life of depreciable assets and provisions for doubtful debts.

**3.4 Advances and other receivables**

Receivables are recognized at the amount which is fair value of the consideration to be received in the future. A provision for doubtful debts is established when there is objective evidence that Company will not be able to collect all amounts due according to the original terms of receivables.

**3.5 Trade and other payables**

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

**3.6 Income recognition**

Grants are recognized as income on receipt basis.

**3.7 Provisions**

Provisions are recognized when the Company has present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

**3.8 Foreign currency transactions**

Foreign currency transactions are translated into Pakistani Rupee at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupee at the exchange rates prevailing at the balance sheet date. Exchange differences are taken to income and expenditure account.

**PAKISTAN ALLIANCE FOR EARLY CHILDHOOD  
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**3.9 Taxation**

The Company is in process of obtaining tax exemption. Therefore no tax provision has been created.

**3.10 Financial instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. These are derecognized when the Company ceases to be the party to the contractual provisions of the instrument.

Financial assets mainly comprise of cash and bank balances, security deposit and loan to employees. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost, as the case may be.

PAKISTAN ALLIANCE FOR EARLY CHILDHOOD  
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

4 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST			ACCUMULATED DEPRECIATION				Written down value			
	As at July 01, 2019	Additions	Deletions	As at June 30, 2020	Rate %	As at July 01, 2019	Change for the year		Deletions	As at June 30, 2020	As at June 30, 2020
	Rupees										
Furniture and fittings	282,157	-	-	282,157	15	24,689	38,620	-	63,309	218,848	
Computer equipment	109,123	-	-	109,123	30	19,096	27,008	-	46,104	63,019	
Office equipment	109,196	-	-	109,196	15	9,555	14,946	-	24,501	84,695	
Electrical appliances	55,383	-	-	55,383	15	4,846	7,581	-	12,427	42,956	
<b>Total</b>	<b>555,859</b>	<b>-</b>	<b>-</b>	<b>555,859</b>		<b>58,186</b>	<b>88,155</b>	<b>-</b>	<b>146,341</b>	<b>409,518</b>	
2019	-	555,859	-	555,859	-	-	58,186	-	58,186	497,673	



PAKISTAN ALLIANCE FOR EARLY CHILDHOOD  
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees)	2019 (Rupees)
<b>5 CASH AND BANK BALANCES</b>			
Cash in hand		25,000	16,540
Cash at bank			
Local currency:			
Current accounts		15,038,158	1,208,590
		<u>15,063,158</u>	<u>1,225,130</u>
<b>6 Deferred grant</b>			
Balance at the beginning of the year	6.1	497,673	-
Addition during the year		11,117,029	555,859
Amortization charged during the year		(88,155)	(58,186)
Balance at the end of the year		<u>11,526,547</u>	<u>497,673</u>
6.1 This represents assets transferred from Early Childhood Development Network of Pakistan (ECDNP) to Pakistan Alliance for Early Childhood .			
<b>7 TRADE AND OTHER PAYABLES</b>			
Utility payables		-	14,440
Audit fee payable		87,000	75,000
Withholding tax payable		-	581
		<u>87,000</u>	<u>90,021</u>
<b>8 CONTINGENCIES AND COMMITMENTS</b>			
There are no contingencies and commitments at the balance sheet date ( 2019: Nil).			
			For the period from December 07, 2018 to June 30, 2019
<b>9 GRANTS</b>	Note	(Rupees)	(Rupees)
Rupani Foundation USA		2,599,608	688,345
Agha Khan Foundation (AKF)		1,403,754	500,000
Open Society Foundation Fund		3,666,993	-
UNICEF Fund		3,595,000	-
UNESCO		310,572	-
Grant from promoters		-	1,012,000
		<u>11,575,927</u>	<u>2,200,345</u>
<b>10 Foundation Open Society Institute (FOSI)</b>			
Salaries and wages		477,000	-
		<u>477,000</u>	<u>-</u>
<b>11 UNICEF</b>			
Salaries and wages		1,725,000	-
Meals for participants		347,466	-
Venue, multimedia		10,340	-
Stationery		30,715	-
Meetings		108,234	-
Vehicle fuel & maintenance		62,325	-
Publishing/printing/mobile App		119,923	-
		<u>2,404,003</u>	<u>-</u>

PAKISTAN ALLIANCE FOR EARLY CHILDHOOD  
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

	2020	For the period from December 07, 2018 to June 30, 2019
Note	(Rupees)	(Rupees)
<b>12 Pakistan Alliance for Early Childhood program cost</b>		
International conference ECD	2,933,578	-
Seminars and workshops	109,343	-
	<u>3,042,921</u>	<u>-</u>
<b>13 Administrative expenses</b>		
Salary and wages	2,172,501	483,500
Utility expenses	217,097	74,224
Rent, rates and taxes	-	-
Printing and stationery	71,110	115,582
Office supplies	35,107	13,375
Entertainment	14,203	13,211
Travelling and lodging	-	59,980
Communication	122,610	36,457
Vehicle fuel	-	90,430
Repair and maintenance	118,563	16,660
Training, seminars and workshops	-	72,692
Auditors remuneration	-	75,000
Bank charges	13.1 87,000	1,125
Depreciation	15,018	58,186
Conveyance charges	88,155	-
Legal and Professional	17,692	-
Registration & affiliation	314,110	-
Miscellaneous	25,952	-
	16,900	-
	<u>3,316,018</u>	<u>1,110,422</u>
<b>13.1 Auditors' remuneration</b>		
<b>Audit services</b>		
Audit fee	75,000	75,000
Sales tax	12,000	-
Out of pocket expenses	-	-
	<u>87,000</u>	<u>75,000</u>

PAKISTAN ALLIANCE FOR EARLY CHILDHOOD  
 (A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2020

**14 RISK MANAGEMENT OBJECTIVES AND POLICIES**

**14.1 Risk management policies**

The company's objective in managing risk is the creation and protection of stake holders' value. Risk is inherent in the company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the company's continuing to meet their objectives. The company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and currency risk) arising from the financial instruments it holds.

**14.2 Credit risk**

Credit risk represents the accounting loss that would be recognized on the reporting date if counter parties failed completely to perform as contracted. The Company's exposure to credit risk is limited to the carrying amount of financial assets recognized at the balance sheet date, as summarized below:

Classes of financial assets - carrying amounts	Note	2020 Rupees	2019 Rupees
Security deposit		1,000	1,000
Advances to employees		-	12,000
Cash and bank balances	5	<u>15,063,158</u>	<u>1,225,130</u>
		<u><u>15,064,158</u></u>	<u><u>1,238,130</u></u>

**14.3 Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting 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 stress conditions, without incurring unacceptable losses or risking damage to the company's reputation. The company believes that it is not exposed to any significant level of liquidity risk.

**14.4 Market risk**

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the company's income or the value of its holdings of financial instruments.

**a) Currency risk**

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The company believes that it is not exposed to any significant level of currency risk.

**b) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from borrowings and investments. The company manages this risk through risk management strategies.

PAKISTAN ALLIANCE FOR EARLY CHILDHOOD  
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

14.5 Capital risk management

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

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of all financial assets and liabilities reflected in the financial statements 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.

16 FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of the Company's financial assets and liabilities are recognized at the balance sheet date of the reporting period under review may also be categorized as follow:

Particulars	Fair value through profit or loss		Amortized Cost		Total	
	2020	2019	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Financial assets</b>						
Security deposit	-	-	1,000	1,000	1,000	1,000
Advances to employees	-	-	-	12,000	-	12,000
Cash and bank balances	-	-	15,063,158	1,225,130	15,063,158	1,225,130
	-	-	15,064,158	1,238,130	15,064,158	1,238,130
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	-	-	-
	-	-	-	-	-	-

17 REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVE

	Chief Executive		Directors	
	2020	2019	2020	2019
Managerial remuneration	-	-	-	-
Retirement benefits	-	-	-	-
	-	-	-	-
No. of persons including those who worked part of the year	1	1	2	2



**PAKISTAN ALLIANCE FOR EARLY CHILDHOOD**  
**(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**18 TRANSACTIONS WITH RELATED PARTIES**

The related parties of the company comprise of key management personnel. Remuneration to key management personnel is disclosed in Note 17. Details of transactions with the related parties during the year, other than those disclosed elsewhere in these financial statements, are as follows:

Name of related party	Relationship	Nature of transactions	2020	2019
			Rupees	Rupees
Ms.Fakhira Najib	Chief Executive Officer	-	-	200,000
Mr. IzharAli Hunzai	Director	-	-	406,000
Mr. Shezada Muheet	Director	-	-	406,000

**19 AVERAGE NUMBER OF EMPLOYEES**

Total number of persons employed at the end of the year  
Average number of employees during the year

2020	2019
Number	Number
5	3
4	3

**20 EVENTS AFTER THE END OF THE REPORTING DATE**

There was no significant adjustable events subsequent to June 30, 2020, which may require an adjustment to the financial statement or additional disclosures.

**21 GENERAL**

Figures have been rearranged and regrouped wherever necessary for the purpose of better comparison.

**22 DATE OF AUTHORIZATION**

These financial statements are authorized for issue by the Board of Directors of the company on: 29-9-2020.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**