

**PAKISTAN ALLIANCE FOR
EARLY CHILDHOOD
AUDITED FINANCIAL
STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2021**



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

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, 2021, income and expenditure account, statement of changes in funds, statement of other comprehensive income, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, income and expenditure account, the statement of changes in funds, statement of other comprehensive income, 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, 2021 and of the loss 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



IJAZ TABUSSUM & CO.
CHARTERED ACCOUNTANTS

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: 12-11-2021

HLB Ijaz Tabussum & Co.

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, 2021

	Note	2021 (Rupees)	(Restated) 2020 (Rupees)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	356,450	409,518
Security deposits		180,000	1,000
		<u>536,450</u>	<u>410,518</u>
CURRENT ASSETS			
Cash and bank balances	5	16,339,721	15,063,158
		<u>16,339,721</u>	<u>15,063,158</u>
TOTAL ASSETS		<u>16,876,171</u>	<u>15,473,676</u>
FUND AND LIABILITIES			
General fund		(522,868)	2,669,132
NON-CURRENT LIABILITIES			
Deferred tax	6	9,132	-
		<u>9,132</u>	<u>-</u>
CURRENT LIABILITIES			
Deferred grant	7	16,894,821	12,717,544
Other payables	8	98,600	87,000
Current tax liability	9	396,486	-
		<u>17,389,907</u>	<u>12,804,544</u>
TOTAL FUND AND LIABILITIES		<u>16,876,171</u>	<u>15,473,676</u>

CONTINGENCIES AND COMMITMENTS 10

The annexed notes from 1 to 25 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, 2021

	Note	2021 (Rupees)	(Restated) 2020 (Rupees)
INCOME			
Grants	11	26,316,004	11,575,927
Deferred income recognized during the period		70,880	88,155
Other income		45,500	287,880
		<u>26,432,384</u>	<u>11,951,962</u>
EXPENDITURE			
Program and operational expenses	12	26,713,571	8,148,268
Administrative expenses	13	2,505,195	1,091,674
		<u>29,218,766</u>	<u>9,239,942</u>
Surplus/ (deficit) before taxation		<u>(2,786,382)</u>	<u>2,712,020</u>
Taxation	14	(405,618)	-
SURPLUS/ (DEFICIT) OF INCOME OVER EXPENDITURE		<u>(3,192,000)</u>	<u>2,712,020</u>

The annexed notes from 1 to 25 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 OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
Profit/ (loss) for the year	(3,192,000)	2,712,020
Other comprehensive income for the year		
Items that will not be subsequently reclassified to Income and expenditure account:		
Other gain/ (loss) net of taxes	-	-
Total comprehensive income/ (loss) for the year	(3,192,000)	2,712,020

The annexed notes from 1 to 25 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, 2021

	General fund (Rupees)	Total (Rupees)
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
Restatement of comparatives	(1,190,997)	(1,190,997)
Balance as at June 30, 2020- restated	<u>2,669,132</u>	<u>2,669,132</u>
Total surplus/ (deficit) of income over expenditure for the year ended 2021	(3,192,000)	(3,192,000)
Balance as at June 30, 2021	<u>(522,868)</u>	<u>(522,868)</u>

The annexed notes from 1 to 25 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 CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees)	(Restated) 2020 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/ (deficit) of income over expenditure for the year		(2,786,382)	2,712,020
Adjustment for non-cash items:			
Depreciation	4	72,068	88,155
Amortization charged during the year	7	(70,880)	(88,155)
Surplus/ (deficit) before working capital changes		(2,785,194)	2,712,020
Changes in working capital:			
Advances to employees		-	12,000
Other payables	8	11,600	(3,021)
Net cash generated from operations		11,600	8,979
Net cash generated from/ (used in) operating activities		(2,773,594)	2,720,999
CASH FLOWS FROM INVESTING ACTIVITIES			
Security deposits		(179,000)	-
Acquisition of Property, plant and equipment		(19,000)	-
Net cash generated from/ (used in) investing activities		(198,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Deferred grant		4,248,157	11,117,029
Net cash generated from/ (used in) financing activities		4,248,157	11,117,029
Net increase/ (decrease) in cash and cash equivalents		1,276,563	13,838,028
Cash and cash equivalents at the beginning of the year		15,063,158	1,225,130
Cash and cash equivalents at the end of the year	5	16,339,721	15,063,158

The annexed notes from 1 to 25 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)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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 educational development.

The registered office of the company is situated at Office no. 11 and 12, 2nd floor, Al Ghaffar mall, plot no. 22, G-11 markaz, Islamabad.

1.1 Foundation Open Society Institute-FOSI

Foundation Open Society Institute had made an agreement with Pakistan Alliance For Early Childhood dated March 16, 2020 to professionalize, upskill 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 United Nations International Children's Emergency Fund-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 comprises 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 the 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.14.7 million during the year as compared to previous 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.

2.6 Key judgements and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

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, 2021

- Useful lives, residual values and depreciation method of property, plant and equipment – Note 3.1 and 4
- Provision for doubtful trade receivables – Note 3.3
- Estimation of provisions - Note 3.11
- Estimation of contingent liabilities - Note 3.12 and 10
- Current income tax expense, provision for current tax and recognition of deferred tax asset - Note 3.10

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Initial recognition

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

Subsequent measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment loss (if any).

Depreciation

Depreciation is charged so as to write off the cost of assets, using the reducing balance method at rates specified in note 4 to the financial statements.

Disposal

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized as other income in the income and expenditure account.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

3.2 Method of preparation of cash flow statement

The statement of cash flows is prepared using indirect method.

3.3 Advances and other receivables

Advances and other 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 contract.

3.4 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalent comprise of cash in hand and cash at bank.

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 Restricted funds

Restricted fund received for specific purposes are deferred when received and charged to income to the extent of actual expenditure incurred. Unspent portion of these funds are reflected as restricted funds in the statement of financial position.

3.7 Income recognition

Grants are recognized as income on accrual basis.

3.8 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.

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, 2021

3.9 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.

3.10 Income tax

Income tax comprises of current tax and deferred tax.

Income tax expense is recognized in the income and expenditure account except to the extent that it relates to items recognized in statement of other comprehensive income or directly in equity (if any), in which case the tax amounts are recognized directly in statement of other comprehensive income or equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year; calculated using rates enacted or substantively enacted by the end of the reporting period. The calculation of current tax takes into account tax credit and tax rebates, (if any), and is inclusive of any adjustment to income tax payable or recoverable in respect of previous years.

Deferred tax

A deferred tax liability is recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, and the carry forward of unused tax losses.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted at the balance sheet date.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Off-setting

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority.

3.11 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognized at present value using a pre-tax discount rate. The unwinding of the discount is recognized as finance cost in the income and expenditure account.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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, 2021

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the income and expenditure account unless the provision was originally recognized as part of cost of an asset.

3.12 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.13 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

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, 2021

4 PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost				Rate %	Accumulated depreciation			Written down value As at June 30, 2021	
	As at July 01, 2020	Additions	Deletions	As at June 30, 2021		As at July 01, 2020	Charge for the year	Deletions		As at June 30, 2021
	-----Rupees-----					-----Rupees-----				
Furniture and fittings	282,157	-	-	282,157	15	63,309	32,827	-	96,136	186,021
Purchased	-	-	-	-		-	-	-	-	-
Computer equipments	109,123	-	-	109,123	30	46,104	18,906	-	65,010	44,113
Purchased	-	-	-	-		-	-	-	-	-
Office equipments	109,196	-	-	109,196	15	24,501	12,704	-	37,205	71,991
Purchased	-	-	-	-		-	-	-	-	-
Electrical appliances	55,383	-	-	55,383	15	12,427	6,443	-	18,870	36,513
Purchased	-	19,000	-	19,000		-	1,188	-	1,188	17,812
Grant total	555,859	19,000	-	574,859		146,341	72,068	-	218,409	356,450
2020	555,859	-	-	555,859		58,186	88,155	-	146,341	409,518

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, 2021

	Note	2021 (Rupees)	(Restated) 2020 (Rupees)
5 CASH AND BANK BALANCES			
Cash in hand		-	25,000
Cash at bank			
Local currency:			
Current accounts		16,339,721	15,038,158
		<u>16,339,721</u>	<u>15,063,158</u>
6 DEFERRED TAX			
Deferred tax (asset)/ liability	6.1	9,132	-
		<u>9,132</u>	<u>-</u>
6.1 Analysis of change in deferred tax			
Opening deferred tax (asset)/ liability		-	-
Deferred tax (income)/ expense		9,132	-
Closing deferred tax (asset) / liability		<u>9,132</u>	<u>-</u>
6.2 Deferred tax assets and liabilities on temporary differences is measured at 29%.			
7 DEFERRED GRANT			
Balance at the beginning of the year	7.1	12,717,544	497,673
Addition during the year			
Open Society Foundation Fund		10,978,293	11,594,029
UNICEF Fund		1,514,925	3,595,000
Deletion during the year			
Open Society Foundation Fund		5,539,139	477,000
UNICEF Fund		2,705,922	2,404,003
Amortization charged during the year		70,880	88,155
Balance at the end of the year		<u>16,894,821</u>	<u>12,717,544</u>
7.1 This represents assets transferred from Early Childhood Development Network of Pakistan (ECDNP) to Pakistan Alliance For Early Childhood.			
8 OTHER PAYABLES			
Audit fee payable		98,600	87,000
		<u>98,600</u>	<u>87,000</u>
9 CURRENT TAX LIABILITY			
Opening		-	-
Add: tax expense for the period		396,486	-
		<u>396,486</u>	<u>-</u>
10 CONTINGENCIES AND COMMITMENTS			
There are no contingencies and commitments at the balance sheet date (2020: Nil).			

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, 2021

	Note	2021 (Rupees)	2020 (Rupees)
11 GRANTS			
Rupani Foundation USA		2,073,943	2,599,608
Agha Khan Foundation (AKF)		-	1,403,754
Open Society Foundation Fund		5,539,139	3,666,993
UNICEF Fund		2,705,922	3,595,000
UNESCO		-	310,572
UNICEF-To fight and stop Covid-19		15,997,000	-
		<u>26,316,004</u>	<u>11,575,927</u>
12 PROGRAM AND OPERATIONAL EXPENSES			
Foundation Open Society Institute-FOSI	12.1	5,539,139	477,000
United Nations International Children's Emergency Fund-UNICEF	12.2	2,705,922	2,404,003
Pakistan Alliance For Early Childhood program cost	12.3	-	3,042,921
UNICEF-To fight and stop Covid-19	12.4	15,997,000	-
Program expenses	12.5	2,471,510	2,224,344
		<u>26,713,571</u>	<u>8,148,268</u>
12.1 Foundation Open Society Institute-FOSI			
Salaries and wages		5,029,450	477,000
Printing and stationery		22,720	-
Travelling		486,969	-
		<u>5,539,139</u>	<u>477,000</u>
12.2 United Nations International Children's Emergency Fund-UNICEF			
Salaries and wages		615,000	1,725,000
Meals for participants		373,560	347,466
Venue multimedia		7,605	10,340
Stationery		-	30,715
Meetings		-	108,234
Vehicle fuel and maintenance		52,000	62,325
Publishing, printing and mobile app		93,537	119,923
Travelling		1,564,220	-
		<u>2,705,922</u>	<u>2,404,003</u>
12.3 Pakistan Alliance For Early Childhood program cost			
International conference-Early Childhood Development		-	2,933,578
Seminars and workshops		-	109,343
		<u>-</u>	<u>3,042,921</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, 2021

	Note	2021 (Rupees)	2020 (Rupees)
12.4 UNICEF-To fight and stop Covid-19			
Salaries and wages		963,000	-
Inception workshop		17,070	-
Training of master trainers, influencers and masses		11,136,426	-
Awareness through chingchies		2,943,264	-
Photography and videography		234,089	-
Digital and social media marketing		355,151	-
Anthropological and social research		348,000	-
		<u>15,997,000</u>	<u>-</u>
12.5 Program expenses			
Salaries and wages		2,274,000	2,101,734
Communication		128,341	122,610
Advertisement and publicity		69,169	-
		<u>2,471,510</u>	<u>2,224,344</u>
13 ADMINISTRATIVE EXPENSES			
Salaries and wages		370,180	70,767
Utilities		96,482	217,097
Rent, rates and taxes		1,107,502	-
Printing and stationery		42,475	71,110
Office supplies		-	35,107
Entertainment		86,950	14,203
Travelling and lodging		26,560	-
Repair and maintenance		234,560	118,563
Auditors' remuneration	13.1	98,600	87,000
Bank charges		10,649	15,018
Depreciation		72,068	88,155
Conveyance charges		13,349	17,692
Legal and professional charges		344,129	314,110
Registration and affiliation		-	25,952
Miscellaneous		1,691	16,900
		<u>2,505,195</u>	<u>1,091,674</u>
13.1 Auditors' remuneration			
Audit services			
Audit fee		85,000	75,000
Sales tax		13,600	12,000
		<u>98,600</u>	<u>87,000</u>
14 TAXATION			
Current tax expense	14.1	396,486	-
Deferred tax (income)/ expense		9,132	-
		<u>405,618</u>	<u>-</u>
14.1	During the current year, Company is required to pay minimum tax @ 1.5% of revenue, therefore reconciliation between tax expense and accounting profit is not prepared.		

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15 RISK MANAGEMENT OBJECTIVES AND POLICIES

15.1 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 for the Company 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.

15.2 Credit risk

Credit risk represents the accounting loss that would be recognized on the balance sheet 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:

	Note	2021 (Rupees)	2020 (Rupees)
Classes of financial assets - carrying amounts			
Security deposits		180,000	1,000
Cash and bank balances	5	16,339,721	15,063,158
		<u>16,519,721</u>	<u>15,064,158</u>

15.3 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.

15.4 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.

15.5 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.

16 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, at an arm's length transaction.

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17 FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of the Company's financial assets and liabilities 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	
	2021	2020	2021	2020	2021	2020
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Financial assets						
Security deposits	-	-	180,000	1,000	180,000	1,000
Cash and bank balances	-	-	16,339,721	15,063,158	16,339,721	15,063,158
	-	-	16,519,721	15,064,158	16,519,721	15,064,158
Financial liabilities						
Other payables	-	-	98,600	87,000	98,600	87,000
	-	-	98,600	87,000	98,600	87,000

18 REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVE

	Chief Executive		Directors	
	2021	2020	2021	2020
Managerial remuneration	-	-	-	-
Retirement benefits	-	-	-	-
	-	-	-	-
No. of persons	1	1	4	2

19 TRANSACTIONS WITH RELATED PARTIES

The related parties of the company comprise of key management personnel. Remuneration to key management personnel is disclosed in Note 18. 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	Rupees	Rupees
			2021	2020
Ms. Fakhira Najib	Chief Executive Officer	-	-	-
Mr. Izhar Ali Hunzai	Director	-	-	-
Mr. Shezada Muheet	Director	-	-	-
Mr. Naeem Zafar Khan	Director	-	-	-
Ms. Shandana Humayun	Director	-	-	-

20 RESTATEMENT OF COMPARATIVES

Deferred capital grant

Management has wrongly reported closing balance of deferred capital grant in the financial statements of financial year ended June 30, 2020, the effect of restatement of deferred capital grant is as under:

	Previously reported	Effect of restatement	June 30, 2020 (Restated)
 Rupees		
Deferred capital grant	(11,526,547)	(1,190,997)	(12,717,544)
Accumulated general fund	3,860,129	1,190,997	2,669,132

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21 CORRESPONDING FIGURES

Figures have been rearranged and regrouped wherever necessary for the purpose of better comparison, however, no material significant reclassification have been made other than disclosed below:

<u>Description</u>	<u>Reclassified from</u>	<u>Reclassified to</u>	<u>2020 Balance (Rupees)</u>
Communication	Administrative expenses	Program and operational expenses	122,610
Salaries and wages	Administrative expenses	Program and operational expenses	2,101,734

22 NUMBER OF EMPLOYEES

	<u>2021 Number</u>	<u>2020 Number</u>
Total number of employees at the end of the year	6	4
Average number of employees during the year	6	5

23 EVENTS AFTER THE END OF THE REPORTING DATE

There were no significant adjusting events subsequent to June 30, 2021, which may require an adjustment to the financial statements or additional disclosures.

24 GENERAL

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

25 DATE OF AUTHORIZATION

These financial statements are authorized for issue by the Board of Directors of the company on: October 27, 2021



 CHIEF EXECUTIVE



 DIRECTOR