



# EMPLOYERS' FEDERATION OF PAKISTAN

THE ONLY MEMBER OF INTERNATIONAL ORGANIZATION OF EMPLOYERS, GENEVA,  
A CONSTITUENT OF INTERNATIONAL LABOR ORGANIZATION, MEMBER OF CONFEDERATION OF  
ASIA-PACIFIC EMPLOYERS & SOUTH ASIAN FORUM OF EMPLOYERS

2nd Floor, State Life Building No. 2,  
Wallace Road, Off. I.I. Chundrigar  
Road, Karachi-74000.  
+92-21-3246-3790, 92-21-3241-1551  
+92-21-3243-9347  
info@efp.org.pk ; efpak@cyber.net.pk  
www.efp.org.pk

3<sup>rd</sup> October, 2018

## **NOTICE OF 65<sup>th</sup> ANNUAL GENERAL MEETING (AGM)**

**NOTICE** is hereby given that 65<sup>th</sup> Annual General Meeting of the Employers' Federation of Pakistan will be held on **Friday 26<sup>th</sup> October, 2018 at Avari Towers (Khorshed Mahal), Karachi at 3:30 PM** to transact the following business:-

1. To confirm the Minutes of the 64<sup>th</sup> Annual General Meeting held on 19<sup>th</sup> October, 2017.
2. To receive, consider and adopt the Audited Accounts, Auditors' Report and the Annual Report for the year ended 30<sup>th</sup> June, 2018.
3. To appoint Auditors for the year ended 30<sup>th</sup> June, 2019 and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

Fasihul Karim Siddiqi  
Secretary General

Encl. as above





# EMPLOYERS' FEDERATION OF PAKISTAN

A CONSTITUENT OF ILO, MEMBER INTERNATIONAL ORGANIZATION OF EMPLOYERS, GENEVA  
AND MEMBER CONFEDERATION OF ASIA PACIFIC EMPLOYERS

## EMPLOYERS' FEDERATION OF PAKISTAN MINUTES OF THE 64<sup>th</sup> ANNUAL GENERAL MEETING [AGM] 2017

The 64th Annual General Meeting of the Employers' Federation of Pakistan (EFP) for the year ending 30th June, 2017 was held on Friday, 19th October, 2017 at 11:30 AM at Hotel Marriot, Karachi.

- The quorum being present, the President of EFP, Mr. Majyd Aziz called the meeting to order.
- The meeting started with recitation from Holy Quran by Col Haleem (R) of Bari textiles.
- The President, Mr. Majyd Aziz started the meeting with his welcome remarks. He thanked the member organizations for participation in the AGM and said that this was among the highest ever gathering of EFP members in an AGM during the entire history of EFP. He informed the members of major initiatives taken by EFP during the year 2017 and mentioned that these achievements would not have been possible without the cooperation of EFP members. Thereafter, the Chair took up the agenda items at seriatim.

### Agenda Item No. 1: To Confirm the Minutes of the 63<sup>rd</sup> Annual General Meeting held on 21<sup>st</sup> October, 2016.

The minutes of the 63rd Annual General Meeting held on 21st October, 2016 were placed before the meeting. The meeting was informed that no comment has been received on the minutes. Thereafter, Mr. Muhammad Fayyaz, Director IR Pharma Tech proposed and Mr. Tariq Dawood, section head of HR department of PARCO seconded for approval of the minutes. Accordingly, the minutes were unanimously approved.

### Agenda Item No. 2: To Receive, Consider and Adopt the Audited Accounts, Auditors' Report and the Directors Report for the year ending 30<sup>th</sup> June, 2017.

The Annual Accounts of the EFP for the year ended on 30th June, 2017 were presented before the meeting by Mr. Hanif Sattar, member BOD and Chairman EFP Finance Committee. It was also for the first time in EFPs' history that the Annual Performance report 2016-2017 containing the audited financial statements for the year ended June, 2017 were published and distributed among members which was highly appreciated. The floor was opened for any question or clarification. The members appreciated the efforts made by EFP particularly its new board in adopting an aggressive strategy to promote EFP as the voice of Employers. The EFP efforts to achieve financial sustainability was also appreciated.

Since no other observation was made by the members, Mr. Shiekh Tariq Jamil Attock Cement proposed that the audited accounts along with the auditor's report and the directors report for the year ended 30th June, 2017 be adopted which proposal was seconded by Mr. Salman Khursheed, Manager HR of Alfalah Insurance. Accordingly, the auditor's accounts along with auditor's report and the directors report for the year ending 30 June, 2017 were unanimously approved.



**Agenda Item No. 3: To Appoint Auditors for the Year Ending 30<sup>th</sup> June, 2018 and Fix Their Remuneration.**

The meeting was informed that M/S Hyder Bhimji & Co., Chartered Accountants, offered themselves for reappointment as auditors for the year ending 30<sup>th</sup> June, 2018 and requested for the review of remuneration.

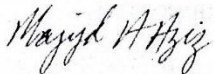
It was proposed by Mr. Yosuf Darbari of English Biscuit Manufacturing to approve the appointment with a 10% increase on the auditor's last remuneration which was seconded by Mr. Rahimullah Shah, Head of administration & IR of Atlas Honda. The appointment of M/S Hyder Bhimji & Co. as auditors for the year ending 30<sup>th</sup> June, 2018 along with an increase of 10% of auditors last drawn remuneration was, therefore, unanimously approved.

**Agenda Item No. 4: To Transact any other business with the permission of the Chair.**

Mr. Ismail Suttar Co-Chairperson Building Committee informed the meeting that an agreement for construction of EFP building was being negotiated with quality builders copy of the agreement has been circulated to members. The meeting unanimously approved the proposal to give go ahead to the Committee for finalizing the agreement.

Secretary General Mr. Siddiqi apprised the meeting about the developments taking place in the Constitutional Petitions filed in the Sindh High Court on the matter of Social Security and EOBI.

There being no other business for transaction, the meeting was adjourned with a vote of thanks to the Chair.



Majyd Aziz  
President



## EMPLOYERS' FEDERATION OF PAKISTAN

A Company Registered under Section 42 of the Companies Ordinance, 1984

### **DIRECTORS' REPORT 2017-2018**



# Employers' Federation of Pakistan

## Board of Directors Report

### July 2017 – June 2018

It gives me pleasure to present the Annual Report of the Employers' Federation of Pakistan (EFP) on behalf of the Board of Directors together with the Audited Financial Statement of the EFP and Auditor's Report thereon for the period ended 30<sup>th</sup> June, 2018.

#### **FINANCIAL HIGHLIGHTS:**

Net Income	:	Rs.	19,584,025
Other income	:	Rs.	349,685
Expenditure	:	Rs.	(12,560,967)
Surplus for the period (before tax)	:	Rs.	7,372,743

#### **PERFORMANCE REVIEW:**

The new Board of Directors of Employers' Federation of Pakistan was elected for three years tenure from January 2017 to December 2019 which took office on 1<sup>st</sup> January, 2017. In the 2<sup>nd</sup> Board Meeting held by Employers' Federation of Pakistan on 24<sup>th</sup> January, 2017 reviewed the EFP Growth Strategy September 2015 to December 2016 and the EFP Growth Targets and Strategies were finalized for the year 2017 to 2019.

Considerable progress has been made in pursuing the targets set forth in the Growth Strategy.

The overall performance of EFP has substantially improved in the fiscal year ending 30<sup>th</sup> June 2018.

Given below is the summary of the progress made in the Strategy implementation giving an insight into the overall performance of EFP in the Fiscal Year under review: -

#### **TARGETS:**

- Achieving Financial Sustainability

#### **STRATEGIES:**

1. Membership Retention & Growth
2. Improving EFP Visibility
3. Engaging Members
4. Attracting Members
5. EFP Capacity Building
6. Strengthening & Developing Partnerships

## FINANCIAL SUSTAINABILITY

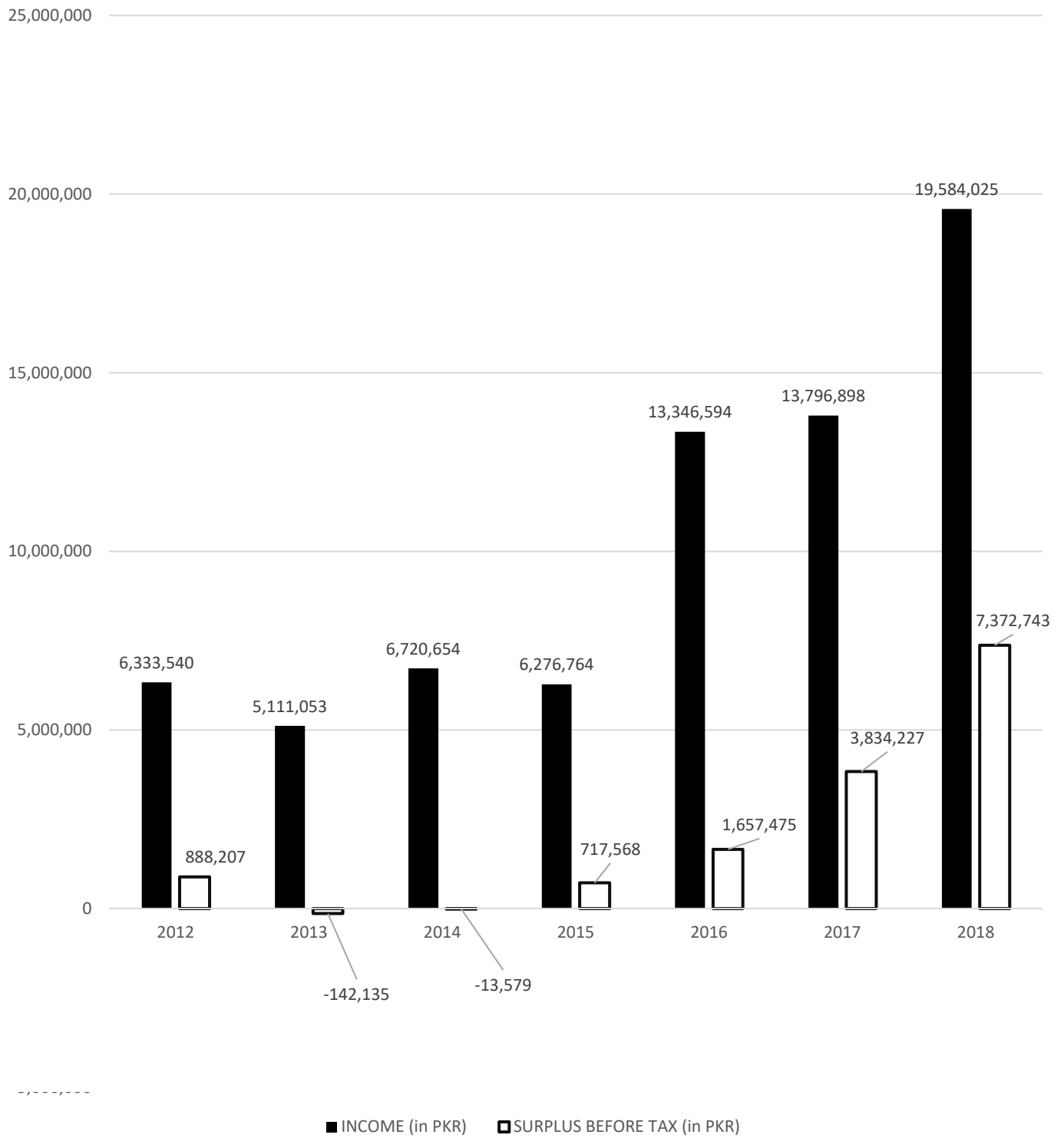
A flash view of the EFP's income and surplus account statement for the Financial Years 2012-2018 is given below: -

YEARS	AMOUNT (IN RS.)	
	INCOME (in PKR)	SURPLUS BEFORE TAX (in PKR)
2012	6,333,540	888,207
2013	5,111,053	(142,135)
2014	6,720,654	(13,579)
2015	6,276,764	717,568
2016	13,346,594	1,657,475
2017	13,796,898	3,834,227
2018	19,584,025	7,372,743

A graphic representation of the income and surplus is given below:



### Graphic Representation of the Income and Surplus Statement



## **Strategy: Membership Retention & Growth**

<b>TARGETS</b>	<b>ACHIEVEMENTS</b>
<b>Membership Strength - 2017 = 623</b> <b>New Membership during 2017 = 64 (11% Growth)</b>	<b>Membership 2018: 702</b> <b>New Members added in 2018: 78 (12% growth)</b>
<b>Trade Bodies Membership 2017 = 22</b> <b>New Trade Bodies during 2017 = 7</b>	<b>Trade Bodies Membership: 28</b> <b>New Members added in 2018: 6</b>

### **Activities:**

1. New EFP Profile & Service Package developed and printed with the Sponsorship of DECP.
2. Digital Membership has been prepared allotting each member with a universal ID, based on which permanent EFP Membership Certificates are issued to members.
3. With the assistance of DECP, EFP Declaration of Business Leadership has been printed and sent to members with the request to sign them and display in their offices as mark of their EFP Membership and Business Leadership.
4. With the assistance of ITC-ILO & DECP, Customer Relationship Management (CRM) system installed in May 2017 has been helpful in improving communication with members with considerable increase in frequency of contact and communication.
5. A list of potential members and trade bodies / associations have been prepared and aggressive membership campaign for approaching them has been put in place.
6. EFP Chapters in Lahore and Peshawar have also been given the task of promoting and increasing membership in Punjab and KPK Province. Lahore Chamber of Commerce and Industry (LCCI) and Faisalabad Chamber of Commerce and Industry (FCCI) have been approached and engaged in helping EFP increase its Membership in Punjab.
7. Meetings in Provincial Capitals are planned for steering EFP Membership Campaign.

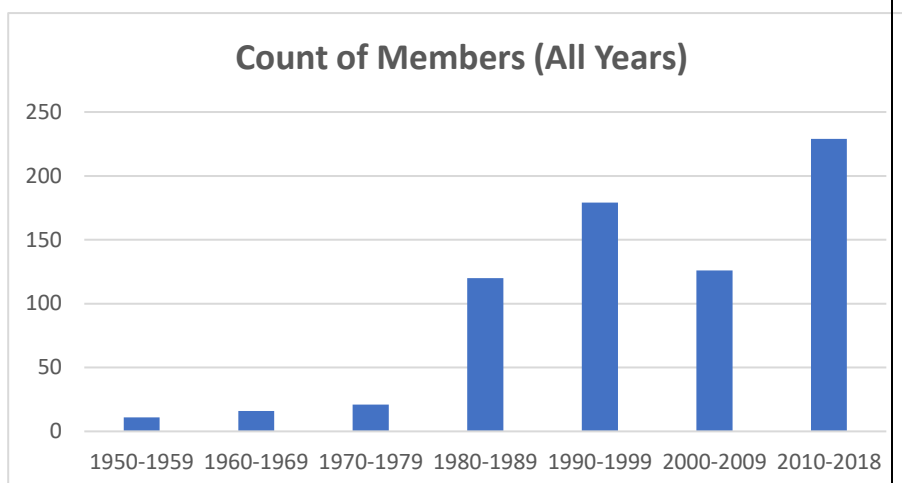


Given below is the graph showing trend of membership growth from 1950-2018.

**Count of Members (All Years)**

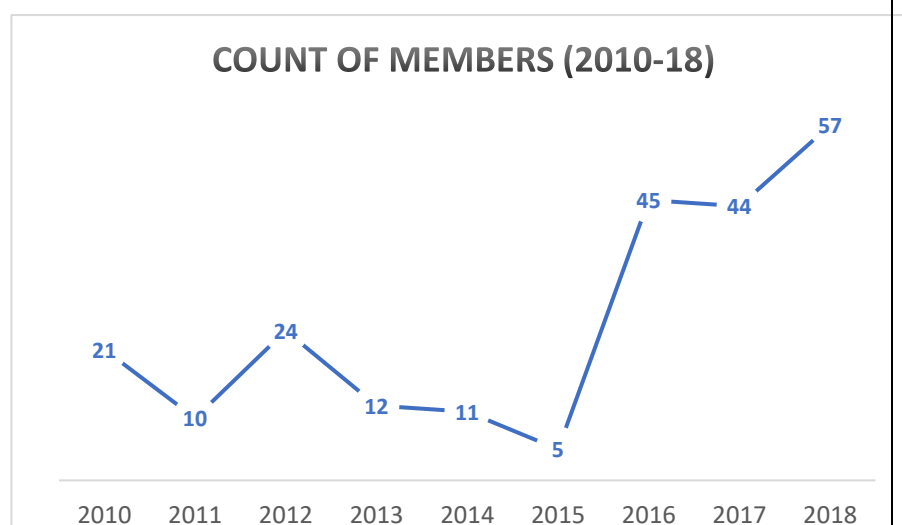
Year	Count of Members
1950-1959	11
1960-1969	16
1970-1979	21
1980-1989	120
1990-1999	179
2000-2009	126
2010-2018	229*
Grand Total	702

\*Up to June 2018



**Count of Members (2010-18)**

Year	Count of Members
2010	21
2011	10
2012	24
2013	12
2014	11
2015	5
2016	45
2017	44
2018	57
Grand Total	229



- During the first six decades from 1950-2009, the highest membership growth took place in the decade 1990-1999 during which period total of 179 members were enrolled. This is followed by the current decade of 2010-2018 during which 229 members have been enrolled.
- The highest number of members enrolled in the last three year, i.e. 2016 (45 members), 2017 (44 members) and 2018 up to June (57 members).
- **As on 30<sup>th</sup> June, 2018 our total membership stood at 702 out of which 28 members are Institutional members.**
- All the seven Town Associations of Karachi have joined the membership of EFP. Efforts are being made to expand the membership of institutional members.
- As per the EFP's Growth Strategy 2017-2019 the, targeted membership growth is to reach a 4-digit increase.

## **STRATEGY 2: IMPROVING EFP VISIBILITY**

### **TARGET:**

Making EFP's presence felt among Government, Business and Civil Society

In order to improve EFP's visibility the following initiatives and activities have been undertaken:

#### **A. PREPARATION OF PAKISTAN'S NATIONAL BUSINESS AGENDA 2018-23**

Driven by Pakistan's Vision 2025, the Employers' Federation of Pakistan (EFP) - prepared Pakistan's National Business Agenda (PNBA) 2018-23 with a view to:

-

- a. identify problems and challenges affecting the business growth, employment, revenue generation, low productivity and other core issues,
- b. advocate a campaign for creating and enabling a favorable atmosphere for business growth providing a level playing field to business community to effectively play its part in economic development, employment generation and better brand image of business.

The PNBA containing a summary list of critical economic and social issues faced by employers and their proposed tangible solutions were printed and delivered to the Federal and Provincial Government functionaries including Provincial Governors, Chief Ministers, Federal Ministers, Heads of Political Parties, Parliamentarians, and CEOs to widely disseminate the employers voice in the circles which matter.

#### **B. FORMATION OF EFP ECONOMIC COUNCIL AND PUBLICATION OF ECONOMIC VISION 2030**

As a result of the EFP's decision to improve the EFP's brand image by expanding its scope and horizon of activities beyond the conventional areas of employment and social policy, EFP Economic Council was formed comprising a team of economic experts with Mr. Ismail Suttar and Mr. Asif Aziz Zuberi, EFP Board Directors, as its Chairman and Vice Chairman, respectively.

The EFP Economic Council undertook an intensive research of global economic trends and developed EFP's Economic Vision 2030 which prescribes the way forward to sustainable development, prosperity and sovereignty. As a result, a booklet under the title **The Economic Vision 2030: Objectives and Targets in Global Scenario** was published and launched in May 2018 which presents the development model based on the doctrine of EFP's Economic Vision.

This publication has also been sent to Federal and Provincial Government functionaries including Provincial Governors, Chief Ministers, Federal Ministers, Heads of Political Parties, Parliamentarians, CEOs, Head of Organizations, etc.



An extract of this publication highlighting the doctrine of EFP's Economic Vision is reproduced below.

Mainly the framework of 'EFP's Economic Vision' depends on achieving the higher rate of GDP growth without disturbing the low-income group of the society. This higher rate of growth can be achieved through implementing the supply side economic policies which covers investment policy, industrial policy and labor policy. At the same time for providing immediate reliefs to the weaker segments of the economy we have suggested some short-term measures in the proposed monetary and fiscal policies. Conservatively speaking, at least 500000 new job opportunities will be created because of 7 percent growth in GDP. After enhancement in economic activities including infrastructure development, fast track privatization program and lower rate of GST, further acceleration in growth is expected.

In order to analyze the future trend of economic growth, EFP performed different simulation exercises on the basis of 5.1 percent, 7 percent, 10 percent and 12 percent rates of growth in GDP. On the basis of these growth rates EFP forecasted GDP volume and per capita income for the year of 2030.

EFP' strategy is divided into two parts: first belong to provide immediate reliefs through demand management (Fiscal and monetary) policies. The second part belong to the supply side policies to achieve the targeted rate of growth for sustainable development.

We are not in favor to create unemployment or any compromise on the economic, social and community services. As we know that Pakistan spends only 4 percent of public expenditures in account of salaries and wages, while this ratio is 8 percent in India, and 25 percent in Bangladesh. Unfortunately, we have to pay 37 percent of our public expenditures in debt servicing; this share is 13 percent in India, 17 percent in Bangladesh and 13 percent in Sri Lanka. About 65 percent of our current expenditures are consumed for interest payment and defense services. How can the remaining 35 percent can fulfill the requirement of health, education, administration, law and order, economic, social and community services of an economy of more than 220 million inhabitants?

These statistics show our limitations and causes of the problems of lower growth, unemployment and poverty in the country. We have emphasized on the growth of economy through private investment. It will create employment opportunities. To enhance employment opportunities, we have focused on investment particularly FDI from expatriate Pakistanis. At initial stage government has to develop the basic infrastructure to boost the private investment. Now, we are lacking the development finance institutions (DFIs). In the absence of these institutions we suggested a 'New Development Initiative

program'. It should not be a part of PSDP and will be govern by a separate board of governors including representation of stakeholders from private sector. Here, it is noteworthy that inducement of private investment particularly foreign direct investment is the only feasible option to develop the badly deteriorated infrastructure in Pakistan. Greenfield investment and capitalization of the savings of expatriate Pakistanis are also included in this program. The stagnancy of traditional fiscal policies in Pakistan has failed to revive the economy and we do not have fiscal space for badly needed developing projects.

It is important to note that tax system in Pakistan emphasizes on indirect taxes and surcharges. The traditional approaches for financing the deficit and mobilization of resources through heavy indirect taxes have been damaging the economy of Pakistan. This approach leads the poverty and inflation. The share of direct taxes in central government revenue is around 25 percent in Pakistan, 47 percent in India, 46 percent in Malaysia, 38 percent in UK and 50 percent in USA. The lower share of direct taxes in Pakistan is because of exemptions and less efforts for tax collections from agriculture, services, real estates and retail trading activities. This situation leads to dependency on indirect taxes. The indirect taxes hampered the industry in multiple ways: they increase the cost of production and reduce the demand of manufacturing goods, because of higher market prices of those products after adding the sales tax. In this way, they damage the industrial competitiveness and induce inflation in the economy. EFP has recommended the shifting of dependency from indirect to direct taxes.

To increase its revenue government should not depend on indirect taxation. We should encourage revenue enhancement through direct taxation on equity and egalitarian basis. Tax should be paid according to the magnitude of earning regardless the source of earning.

**EFP Economic Council is committed to have a close eye on the economic and sectoral development of Pakistan and deliver research-based analysis and proposal to the Government and business so that the business perspective is clearly spelt and understood while shaping the national development plans now and in future. The EFP's Economic Council, through its functions and contributions, is expected to tremendously contribute in improving EFP's visibility and impact on national economic planning, policies and decisions.**



### **C. OTHER ACTIVITIES:**

1. Regular Monthly Business Talk Sustainability Meetings and other events were held during the Fiscal year.
2. The events included observance of International Women's Day 2018, International Health and Safety Day 2018, International HR Conference, Employer of the Year Award 2017, Luncheon Meeting with Diplomats and Annual Corporate Dinner 2017. These events created immense impact and visibility among members in terms of EFP's Capacity to deliver and serve the business in new dimensions.
3. A number of consultative periodic meeting with Member were held on legal and labor issues as a result of which the members jointly approached EFP to file and fight legal cases particularly relating to EOBI & Social Security, Sales on Services Tax and SEPA regulations.
4. The EFP was actively involved in legislative amendments and development of labor policy in the Province of Sindh and was instrumental in helping the Government successfully to organize The Sindh Tripartite Labor Conference on 11<sup>th</sup> December 2017 at Hotel Marriot Karachi.
5. The EFP's draft for Sindh Labor Policy developed in consensus with the workers and government representatives were finally adopted and made part of the Sindh Labor Policy.
6. EFP has made effective representation of business in the Provincial and Federal Tripartite Standing Labor Sub-Committee and raised issues of significance concern such as centralization of Social Security, EOBI and Welfare fund legislations.
7. The President EFP actively participated and demonstrated his conspicuous and effective presence in International Labor Conference held at Geneva including his address at the Conference presenting employers' perspective on issues of future of work, decent work and other international ILO agenda impacting business nationally and globally.
8. In addition to our continued relationship with our Member Trade Bodies / Industrial Associations, EFP developed a close working relationship with the following new Trade Bodies / Industrial Associations for raising employers voice collectively: -
  - a) Lahore Chamber of Commerce and Industry
  - b) The Faisalabad Chamber of Commerce and Industry

c) All Pakistan Manpower Outsourcing Association

d) Kotri Association of Trade and Industry

e) The Rawalpindi Chamber of Commerce and Industry

9. The following foreign visits / training nominations were made during the Fiscal Year ending 30<sup>th</sup> June 2018.

#	Program Title	Dates	Venue	Nomination
1	EFP Study Tour to Sri Lanka	23-26 July, 2017	Colombo, Sri Lanka	EFP Team: 1. Majyd Aziz, President 2. Zaki Ahmed Khan, Vice President 3. Saadia Naveed, Director 4. Asif Aziz Zuberi, Director 5. Syed Nazar Ali, Director
2	Enhancing employers' involvement in social protection policy debates	2-5 October 2017	Turin, Italy	Mr. Majyd Aziz, President Employers' Federation of Pakistan
3	ILO-Sweden Multi-Stakeholder Regional Meeting on Promoting Decent Work in Garment Sector Supply Chains in Asia	9-12 October 2017	Bangkok, Thailand	Mr. Majyd Aziz, President EFP and Ms. Nadia Farooqui, CEO and Head of Designer Nadia The Pret Studio
4	Developing Employees Relations Services for EOs in the South Asian Region	15-17 November 2017	Kuala Lumpur, Malaysia	Mr. Zaki Ahmed Khan, Vice President EFP and Mr. Fasihul Karim Siddiqi, Secretary General EFP
5	Negotiation Skills in the World of Work	13-17 November 2017	Turin Italy	Mr. Athar Iqbal, EFP Board Director
6	South Asia Sub-regional Bipartite Knowledge Sharing Workshop on Domestic workers and Home-based workers	29-30 November 2017	Kathmandu, Nepal	Mr. Ismail Suttar, EFP Board Director

<b>7</b>	The Essentials of Occupational Safety and Health (A9710750)	4-7 December 2017	Turin, Italy	Mr. Akhtar Quddus, HSE and Process Safety Consultant & Specialist and Mr. Muhammad Akram, Senior Faculty Member, Punjab University New Campus Lahore
<b>8</b>	Workshop of Joint Study on Challenges and Opportunities for Creating Shared Value in Industrial Relations in Light of Globalization, Productivity, Diversity & ICT Innovation.	23 – 26 January 2018	Jakarta, Indonesia	Mr. Majyd Aziz, President & Mr. Fasihul Karim Siddiqi Secretary General EFP
<b>9</b>	Coordinators Meeting on Industrial and Employment Relations Diploma	25-26 April 2018	Turin, Italy	Mr. Zaheer Minhas, EFP Legal Advisor
<b>10</b>	Master Training on the Effective Business Member Organization	7-11 May 2018	Turin, Italy	Ms. Warda Rehman, EFP Training Executive
<b>11</b>	Workshop on " Promoting outreach and services to SMEs to improve EBMOs representativeness"	14- 18 May 2018	Colombo Sri Lanka	Mr. Malik Tahir Javed, President, Lahore Chamber of Commerce and Industry & Mr. Farooq Yousaf, SVP Faisalabad Chamber of Commerce & Industry
<b>12</b>	107 <sup>th</sup> Session of the International Labour Conference	28 May -08 June, 2018	Geneva, Switzerland	Mr. Majyd Aziz, President EFP

## **STRATEGY 3: ENGAGING MEMBERS**

### **TARGET:**

Revisiting / revamping of EFP services.

### **A. ACTIVITIES OF IR/LEGAL CELL:**

#### **I. CONSULTANCY / ADVISORY SERVICES:**

- ❖ Consultative Meetings with Member Organizations were held on issues relating to Notification of EOBI, Social Security and Contract Labor issues and members were provided complete assistance in responding to demand Notices, recovery Notices, and other unlawfully motivated threatening letters from Regulatory Agencies.
- ❖ **Six Sub-Committee were formed by Government of Sindh for discussing issues and developing recommendations for inclusion in the Tripartite Sindh Labour Conference. Following were the Sub-Committee: -**
  1. Tripartite Committee on Labor Laws
  2. Tripartite Committee on Labor Policy
  3. Tripartite Committee on Labor Inspection
  4. Tripartite Committee on Occupational Safety, Health & Environment
  5. Tripartite Committee on Workers Welfare
  6. Special Committee

EFP was actively engaged in all the Sub-Committee and was instrumental in holding their meetings and finalizing their recommendations. In the Process of these consultations, EFP sought advices and recommendations from the Member Organizations on important labor issues.

#### **II. LEGAL ACTIONS:**

- ❖ Follow up was maintained in respect of cases filed through EFP by 300+ companies in respect of EOBI Act and SESSI. On constant follow up of these cases, the High Court of Lahore and Peshawar accepted the EFP Petitions declaring the EOBI Notification of linking the basis of contribution with minimum wages announced for ICT as nullified in their application to the Provinces of Punjab and KPK. The matter is under stay at the Sindh and Baluchistan High Courts and a final decision is awaited.

Similarly, in court cases in matter of Sales Tax and SEPA filed through EFP, stay orders have been granted by the Superior Courts and are pending for final disposal.

- ❖ Constitutional Petition filed by EFP in the matter of Social Security challenging the composition of the Governing Body and the provision of depositing 25% of the demand amount of SESSI before filing a dispute or claim is also pending for hearing by the Sindh High Court.

- ❖ The EFP challenged the SESSI notification through which the upper wage limit for social security contribution was increased from PKR 10,000/- to 22,200/- in the Province of Sindh. Consequent upon filing the petitions, the Government was made to withdraw the said notification.
- ❖ The three notifications of Punjab Social Security Institutions increasing the wage limited from PKR 15,000/- to PKR 18,000/- to PKR 22,000/- were also challenged by EFP in the Lahore High Court and as an interim order, these notifications have been suspended bringing the Social Security Contribution payment on monthly wage of Rs. 10,000/-. The matter is pending for final decision.
- ❖ In Constitutional Petitions relating to SESSI demanding contribution on the basis of minimum wage of PKR 15,000/-, the Sindh High Court gave an adverse decision which has been challenged by over 40 companies through EFP in the Supreme Court of Pakistan and the matter is pending for disposal.
- ❖ As a result of decision in the Sindh Labor Policy for giving representation to the extent of 80% to employers and workers in the governing bodies of welfare institutions, EFP has taken up the matter with the Provincial Government for re-composition of the Governing Body of SESSI, EOBI, Workers Welfare Board and Minimum Wage Board with genuine representation from employers and workers and the matter is under process.
- ❖ EFP is in the process of introducing EFP Legal Help Desk which will provide round the clock retainership and advisory services to its members.

## **B. ACTIVITIES OF TRAINING CELL**

Sr.	Local Trainings	Trainer	Date		Location
1	<b>Workshop on Issues of Labor laws devolution &amp; implications of additionally enacted Sindh Labor laws</b>	Fasihul Karim Siddiqi	17 August	2017	Karachi
2	<b>Workshop on Applicable Labor Laws At The Shop Floor And Handling Disciplinary Procedures At Artistic Milliners Pvt Ltd</b>	Fasihul Karim Siddiqi	16 December	2017	Karachi
3	<b>Workshop on Salient features of Companies Act 2017</b>	Rahat Aziz	6 July	2017	Karachi
4	<b>Training on High Productivity Skills</b>	Muneeb Kidwai	26 July	2017	Karachi
5	<b>2 Day Internationally ITC-ILO / EFP Certified Training Programme On Essentials of Occupational Safety &amp; Health At International Steels Ltd</b>	Tahir Barlas	3 & 4 October	2017	Karachi
6	<b>Workshop on Brand Management for Higher Growth</b>	Shahid Qadri	25 October	2017	Karachi
7	<b>Power Thinking for Higher Growth</b>	Muneeb Kidwai	30 November	2017	Karachi



8	<b>MS Excel Tips &amp; Tricks</b>	Sumaira Ghouri	9 February	2018	Karachi
9	<b>MS Excel For HR Professionals</b>	Sumaira Ghouri	13 February	2018	Karachi
10	<b>“Sindh Labor Policy 2018: Issues and Challenges in Implementation”</b>	Fasihul Karim Siddiqi	16 February	2018	Karachi
11	<b>2 Day Internationally ITC-ILO / EFP Certified Training Programme On Essentials of Occupational Safety &amp; Health at Qarshi Industries</b>	Tahir Barlas	27 & 28 February	2018	Hattar
12	<b>Contractual Employment &amp; Labor Laws : Issues and Challenges in the light of Superior Court Decisions</b>	Muhammad Akram	3 April	2018	Lahore
13	<b>Contractual Employment &amp; Labor Laws : Issues and Challenges in the light of Superior Court Decisions</b>	Fasihul Karim Siddiqi	17 April	2018	Karachi
14	<b>Sindh OSH Act 2017 : Challenges &amp; Opportunities</b>	Akhter Quddus & Ashraf Naqvi	15 May	2018	Karachi
15	<b>2 Day Internationally ITC-ILO / EFP Certified Training Programme On Essentials of Occupational Safety &amp; Health at Avari Towers</b>	Tahir Barlas	2 & 22 June	2018	Karachi
16	<b>SPECIAL SEMINAR ON LABOR LAWS</b>	UR Usmani	28 June	2018	Karachi

Sr.	Foreign Training	Date	Participant	Company
	THE PROGRAM ON OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT AND WORK ENVIRONMENT IMPROVEMENT [ERWM]	Dated: 25 September – 6 October 2017	Shahid Khan	K-Electric
	THE PROGRAM ON INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT FOREXECUTIVES [ERHE]	Dated: 9 October 20 October 2017	Jamil Bajwa Tariq Mahmood	K Electric Sitara Chemicals
	THE PROGRAM ON INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT FOR EXECUTIVES OF GLOBAL EENTERPRISES [ERHG]	Dated: 15 January 26 January, 2018	Arif Malik Waseem Anwar	New Horizon Engro Fertilizers
	Challenges and Opportunities for Creating Shared Value in Industrial Relations- In Light of Globalization, Productivity, Diversity and ICT Innovation -”	Dated: January 23 - January 26, 2018	Majyd Aziz Fasihul Karim Siddiqi	Employers' Federation of Pakistan
	PROGRAM; INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT FOR EXECUTIVES [ERHR2]	Dated: 5 March - 16 March, 2018	Muhammad Farooq	ALLIED MARKETING (PVT) LIMITED
	PROGRAM; "MANAGEMENT TRAINING PROGRAM (MTP) [ERMT]	Dated; 13 March - 20 March, 2018	Bushra Naseem Muhammad Ashhab Zafar	Hub-Pak Salt Refinery Crescent Steel and Allied Products Limited

	THE PROGRAM ON "MANAGEMENT TRAINING PROGRAM (MTP)" [ERMI]	Dated: 21 May 8 June, 2018	Nadeem Ahmed	PARCO
	The Program on Industrial Relations and Human Resource Management [ERHR1]	Dated: 13 June 27 June, 2018	Fahad Sheikh	International Industries Limited

**C. CONSULTATIVE AND AUDIT SERVICES**

- I. EFP started the following new services: -
  - a. Management Consultancy,
  - b. HR, IR and Labor Laws Compliance Audit,
  - c. OSH&E Audit,
  - d. Contractual Labor Management Systems Audit
  
- II. The organizations have shown keen interest in these initiatives and so far, 05 Companies have availed the benefit of these services. These Services carries immense potential for EFP and its member organizations to their mutual benefit.

## **STRATEGY 4: ATTRACTING MEMBERS**

### **TARGETS:**

Providing forums to members for new initiatives / learning opportunities / knowledge sharing on best practices

**ACTIVITIES:** Following fifteen (15) major activities were conducted: -

- 1. 16<sup>th</sup> August 2017, EFP hosted a Lunch with the Diplomats** in which around 25-30 Diplomats were present. to establish a mutually beneficial relationship with the Diplomatic Corps and offers EFP services in advising and guidance in labor relations, whether legal, audit or compliance. The lunch was attended by around 25-30 Diplomats and a Special Guest Ms. Belinda Chanda, Acting Country Director, ILO Islamabad.
- 2. 19<sup>th</sup> October 2017- EFP in collaboration with ILO convened a Stakeholders' Dialogue on EFP's National Business Agenda and the Multinational Enterprises & Social Policy Declaration & 5<sup>th</sup> Employer of the Year Award 2016.** The event brought together about 200 participants including the Hon'ble Minister for Labour, Information and Transport, Government of Sindh Mr. Syed Nasir Hussain Shah as the Chief Guest. EFP also recognized companies with Best Practices in the areas of general & corporate management, working conditions, labor laws compliance, CSR, adherence to social protection floors and principles of MNE Declaration
- 3. 24<sup>th</sup> November 2017: 2<sup>nd</sup> International HRM Conference** was organized by EFP in collaboration with ILO and Bahria University Karachi Campus. The Conference aimed at bringing together a diverse group of thought HR leaders and practitioners and to align their combined resources to extend and expand the latest developments in terms of tools, techniques, and practices in HRM Internationally and nationally. The event also observed 2<sup>nd</sup> EFP Award on Best HRM Practices 2017 in which companies with best practices in HRM were conferred with the Excellence Award. The Conference was attended by more than 150 participants.
- 4. 20<sup>th</sup> December 2017: EFP for the first time hosted Annual Corporate Dinner & Shaam-e-Ghazal** to provide an opportunity to our CEOs and professional members of our various Forums and Diplomats to interact with each other and share knowledge and experiences. The Dinner was attended by more than 140 CEOs and Professional Members of various Forums and Diplomats.

5. **19<sup>th</sup> February 2018: SAFE CONCLAVE 2018;** EFP in collaboration with ILO hosted a Grand Mega Event in honor of SAFE Delegates to provide a unique opportunity to member organizations to interact with the delegates representing employers' organization and exchange best practices in various areas of mutual interest through focused group discussions.
6. **21<sup>st</sup> February, 2018: EFP in collaboration with GCNP & Nestle Pakistan, Lahore Office organized 25<sup>th</sup> Business Talk Sustainability Meeting on Business Role in Implementing SDGs & Aligning Strategies with SDGs for Business Sustainability.** It was for the first time the meeting was organized in Lahore and member companies based in Lahore and in surrounding areas were invited. The event highlighted the best practices being pursued by business in making global business inclusive and helping business to be Sustainable and improving their ability to be visible as SDG Champions in Pakistan.
7. **22<sup>nd</sup> February, 2018: EFP organized a Meeting with Member based in the Lahore / Punjab at PTCL Zonal Office** to discuss the current legal and labor issues confronting the business enterprises in Lahore / Punjab. The meeting also deliberated on the proposal for Labor Policy in the Province of Punjab in the light of Sindh Labor Policy 2018.
8. **23<sup>rd</sup> February, 2018: EFP in collaboration with Lahore Chamber of Commerce and Industry convened a meeting of business community** at the Conference Room of LCCI in which issues and challenges being currently faced by business were discussed and suggested remedial measures.
9. **28<sup>th</sup> February 2018: GCNP in collaboration with EFP convened The Business Sustainability Moot and Annual General Meeting of GCNP** under the theme Making Global Goals Local Business: Using the New Business Landscape". The event also recognized companies with "Living the Global Compact Business Sustainability Award"
10. **5<sup>th</sup> March, 2018: EFP invited All the Member Trade Bodies / Industrial Associations to a Luncheon Meeting with SCORE Consultants from ILO.** The meeting was called to discuss the followings: -
  1. To Discuss international labor and environmental standards application in SMEs sector
  2. To discuss the recommendations suggested by EFP for amendments in various labor laws to rectify errors and omissions and incorporate recommendations of the Sindh Labor Policy.

- 11. 21<sup>st</sup> March, 2018: EFP organized the International Women’s Day Conference in collaboration with ILO under the theme “Press for Progress: Time is Now & Promoting ILO Convention No. 100 & 111”.** This marked the plight and achievements of women and reflected on progress made, to call for change and celebrated acts of courage and determination by ordinary women. Companies with best practices in Women Empowerment were conferred with the EFP Award for Excellence in Women Empowerment 2017.
- 12. 26<sup>th</sup> March, 2018: Meeting with KPK Members.** At the courtesy of Mr. Haji Muhammad Javed Chairperson of KPK Chapter and our Board Member EFP Delegation met with the business community in Peshawar in which representatives from politicians, workers, academia, legal and government were present.
- 13. 16<sup>th</sup> April 2018: EFP organized International Health & Safety Day 2018 and 13<sup>th</sup> EFP Best Practices Award on Occupational Safety and Health** in which business organizations were recognized in best practices in the area of OSH by conferring EFP Best Practices Award on OSH 2017.
- 14. 30<sup>th</sup> April, 2018: Sports Gala in Sialkot. EFP and ILO jointly organized Sports Gala in Sialkot.** A Concluding Seminar was organized to promote More and Better Jobs through Socially Responsible Labor Practices in Sialkot Sports Goods Industry in Sialkot Pakistan.
- 15. 14<sup>th</sup> May 2018: Press Conference for the Launching of EFP Economic Vision 2030**



## **STRATEGY 5: EFP CAPACITY BUILDING**

### **TARGET:**

Developing EFP Secretariat to cope with strategy & activities implementation

### **ACTIVITIES:**

1. Efforts are ongoing to improve the capacity building of EFP.
2. EFP staff was sent to Turin Centre of ITC-ILO for “Master Training on the Effective Business Member Organization” on 7 – 11 May 2018.
3. EFP inaugurated its Lahore Office on 21<sup>st</sup> February 2018. The office space is volunteered by Barrister Haroon Dugal in his Lahore Office and its currently being manned by an advisor and two full time dedicated staff one of whom being a Law Officer. This is the first EFP Office outside Karachi and the objective is to provide closer and focused services to EFP Members in Punjab.
4. Similarly, EFP inaugurated its second office at Peshawar on 26<sup>th</sup> March 2018 with the courtesy of the Chairperson of KPK Chapter and our Board Member Mr. Haji Muhammad Javed. The office space is provided at the place where Skills Development Council Peshawar is located and the objective is to provide close and focus services to its members located in the Province of KPK.
5. EFP is thankful to ILO for donating valuable equipments such as LCD TVs, Video Conferencing System, Handy cam, Laptops, Printers, Color Photocopier, Multimedia Projector, etc. for equipping its training facilities which will enable EFP to hold in-house training effectively.

## **STRATEGY 6: STRENGTHENING & DEVELOPING PARTNERSHIP**

### **TARGETS:**

Strengthening & developing new partners

### **ACTIVITIES:**

#### **1. Academia-Business Linkage:**

In addition to Bahria University Karachi Campus, Jinnah University for Women, Federal Urdu University Karachi, Dadabhoj Institute of Higher Education Karachi, EFP has signed MOU with the following business schools for strengthening Academia-Business Linkages: -

- Institute of Business Management
- PAF-KIET
- Hamdard College of Medical and Dentistry

The EFP is collaborating with ILO in initiating Post Graduate Academic Programs leading to Diploma, Masters, MS and PhD Degrees in Occupational Safety and Health at Punjab University. In this connection, the launching of this program was held in the month of October 2017.

#### **2. More intensive engagement with ILO, particularly with the third phase of Decent Work Country Programme and implementation of SDG 8 relating to Decent Work.**

#### **3. Intensive engagement with UNGC**

### **EFP – EXTERNAL LINKAGES**

- MOUs have been signed with the following external business bodies for more intensive collaboration in areas of mutual interests: -
  - The Employers’ Federation of Ceylon (EFC) (in July 25, 2017 in Sri Lanka)
  - The Cambodian Federation of Employers and Business Associations (CAMFEBA) (in October 05, 2017 in Turin Italy ITC-ILO)
  - The Employers’ Federation of Indonesia (APINDO) (in January 24, 2018 in Jakarta, Indonesia)
  - ASEAN Confederation of Employers (ACE) & South Asian Forum of Employers (SAFE) (in May 30, 2018 at ILO ILC 2018 Geneva)
  - Namibian Employers’ Federation (NEF) (in June 6, 2018 at ILO ILC 2018 Geneva)
  - Malta Employers’ Association (MEA) (in June 8, 2018 at ILO ILC 2018 at Geneva)

## 7<sup>th</sup> SAFE MEETING

For the first time in the history of Pakistan the 7<sup>th</sup> Meeting of South Asian Forum of Employers (SAFE) was hosted by EFP in Karachi from 17<sup>th</sup> to 20<sup>th</sup> February 2018. Delegates featured representatives from India, Sri Lanka, Bangladesh, Afghanistan, Nepal and Pakistan besides representatives from ILO, ACTEMP New Delhi and Dutch Employers Cooperation Program (DECP). The President of EFP has been elected as the first President of SAFE and EFP will act as a Secretariat of the Forum.

This initiative opens wide range of opportunities in the form of regional and international partnerships which can help EFP in strengthening its role as an effective voice of business in the region.

## EFP SUB-COMMITTEES & REGIONAL CHAPTERS

Eight Sub-Committees have been formed which are being Chaired and Co-Chaired by Board Members and their membership has been drawn from representation from our member organizations.

The list of the Sub-Committees and their Chairman and Co-Chairman are given below:

<b>SUB-COMMITTEES</b>	<b>Chair</b>	<b>Co-Chair</b>
LABOR, HR, IR & CSR	Mr. Khawaja Muhammad Nauman	Mr. Athar Iqbal & Mr. Humayun Nazir
FINANCE AND TAXES	Mr. Hanif Sattar	Mr. Khawaja Muhammad Nauman
CORPORATE & LEGAL ISSUES	Mr. Muhammad Feroz Alam	Mr. Shahid Mustafa Qureshi
POLICY, TRADE, TARIFF, DIPLOMATIC AFFAIRS & MEMBERSHIP	Mr. Ismail Suttar	Mr. Zaki Ahmed Khan, Mr. M. Feroz Alam & Mr. Khalid Junejo
TECHNICAL EDUCATION, SKILL DEVELOPMENT & TRAINING	Mr. Ahsan Ullah Khan	Haji Muhammad Javed, Mr. Syed Nazar Ali & Mr. Mian Akram Farid
WOMEN DEVELOPMENT & ENTREPRENUERSHIP	Ms. Saadia Naveed	Ms. Sharon Dias
EFP BUILDING	Mr. Muhammad Adrees	Mr. Ahsan Ullah Khan & Ismail Suttar

## **THE WAY FORWARD: EFP GROWTH STRATEGY & ACTION PLAN 2017-2019**

Two Board Retreats have been held so far with the support of DECP at Dubai on 24<sup>th</sup> & 25<sup>th</sup> Jan, 2017 & at Lahore on 21<sup>st</sup> – 23<sup>rd</sup> February, 2018 in which the new EFP GROWTH STRATEGY & ACTION PLAN 2017-2019 was reviewed and approved.

### **GROWTH STRATEGY: TARGETS & STRATEGIES**

**Target 1: EFP emerging as the most relevant effective and influential employers organization on issues of employment and social policy in Pakistan and Asia.**

#### **Strategies:**

1. Liaison with parliamentarians / political parties / media /social activist and diplomats for promoting / advocating Pakistan National Business Agenda emphasizing on inclusion of solutions to employment, industrial and labor issues & challenges in political manifestos for manifestation of political will.
2. Taking the lead role in helping Federal & Provincial Governments to develop:
  - A long-term employment, labor and industrial policy ensuring conducive industrial climate for generating employment, legal compliance, and expanding labor welfare & social protection.
  - Uniform and harmonious labor laws congenial for industrial productivity, decent job and equitable industrial growth in all provinces.
3. Making EFP's Sub-Committees active and effective in outreaching members and addressing their issues & challenges.
4. Bringing the EFP membership base to a four-digit increase with coverage of all major industrial and export-oriented sectors and their associations to bring weightage of EFP's influence on socio-economic and political decisions. Working in collaboration with seven town industrial associations for strategic membership growth.
5. Meaningful participation & impact in Tripartite National and Provincial Committees, governing bodies and other legal & quasi legal institutions through effective nominations of employers' representatives.
6. Developing strong liaison and collaboration with industrial and trade bodies, chambers, sectorial associations, diplomatic corps and FPCCI for bringing them on one platform on issues of employment and social policy.
7. Strengthening bilateral approaches to industrial relations at the national, provincial and enterprise levels in the industrial and agricultural sector through

initiatives such as WEBCOP and registration of EFP as Trade Union of Employers under Industrial Relations Law under Sri Lankan pattern.

8. Strong liaison with regional EOs to develop joint employers voice on issues of international labor and social standards.
9. Strong representation at the ILO, IOE, SAFE, CAPE, *UN agencies and Multilateral donors* for highlighting employers issues & challenges in developing an emerging economies.

## **Target 2: Achieving Financial Self-Sufficiency**

### **Strategies:**

1. Increasing EFP's annual turnover to Rupees 50 million plus by end 2019.
2. Ensuring 100% recovery of annual membership subscriptions.
3. Strengthening legal cell by providing legal, HR & IR consultancy services to members.
4. Strengthening EFP's Training Cell enabling it to become sustainable self-income generating unit as a cost center within EFP.
5. Introducing entrepreneurship development program for SMEs.
6. Developing new service products such as: -
  - HR, IR, Labor Laws & Social Audits
  - Salaries, Benefits & Employment Condition Survey for management and non-management employees
  - Strengthening business academia partnership for developing research culture in business organizations and providing them OD and consultation services.
  - Establishing regional field offices in each province and federal capital for coordinating EFP activities its products and services.
7. Digitalization of EFP membership record through CRM and developing paperless environment with the help of IT tools.
8. Strengthening partnership beyond ILO and GIZ with DECP, DANIDO, European Union, USAID, UN Women, UNICEF, WHO, ADB, CIPE & other donor & helping agencies.



9. Materializing the construction of EFP building on EFP's amenity Plot No. St 25/A, measuring 2166 square yards in Block 2 Clifton, Karachi allotted by KDA in the year 1987.

### **STRATEGIC ACTION PLAN 2017-2019**

EFP Secretariat had drawn an Action Plan for achieving the targets by implementing appropriate strategies which is being vigorously pursued under guidance of the EFP Board and its Sub-Committees.

### **THE FUTURE OUTLOOK**

The Growth Strategy, developed by Employers' Federation of Pakistan, focuses on achieving sustainable financial self-sufficiency and making EFP to emerge as the most relevant, effective and industrial employers' organization on issues of employment and social policy in Pakistan and Asia. An Action Plan for achieving Growth Strategy has been developed and the EFP Secretariat is fully poised to vigorously implement the same under the guidance of the EFP Board and its Sub-Committees. For the achievement of ambitious activities under our growth strategy, we need total support and cooperation of member organizations.

## ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to thank the Management, Staff and other associated persons, bodies and associations whose support and co-operation has been crucial and important to our success.

I have every reason to believe that the Management and Staff of the EFP will continue to work with zeal and passion so that the objectives of EFP are achieved.

On behalf of the Board of Directors



Majyd Aziz

President

Karachi

September 28, 2018

**M/S. EMPLOYERS' FEDERATION  
OF PAKISTAN**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2018**

**To the members of Employers' Federation of Pakistan**  
**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of Employers' Federation of Pakistan, ("the Company") which comprise of the statement of financial position as at June 30, 2018, and the income and expenditure statement and other comprehensive income, the statement of changes in equity, 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, the income or expenditure statement and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the surplus and other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan 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.

**Emphasis of Matters**

We draw your attention to note 13 of the annexed financial statements relating to litigation in respect of claim of increase in rent for past years. EFP is subjected to litigation bearing reference C.P No. 2812/2017 and dated 19-12-2017 before the Honorable Sindh High Court against differential office rent claimed by State Life Insurance Corporation of Pakistan (landlord) in respect of office premises of EFP. The differential claimed rent amounts to Rs. 23,077,368 with effect from October 1995 till June 2018 at the rate of 10% p.a. under "Sindh Rented Premises Ordinance, 1979". The ultimate outcome of the case is based on court's verdict. Our opinion is not qualified in respect of this matter.

**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 for *Director's 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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate, where necessary, with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

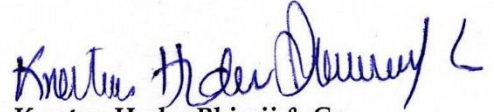

#### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the income and expenditure statement and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Hanif Razzak.

Karachi: **28 SEP 2018**

  
Kreston Hyder Bhimji & Co  
Chartered Accountants  




**EMPLOYERS' FEDERATION OF PAKISTAN**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2018**

	Note	Jun-18 Rupees	Jun-17 Rupees
<b><u>NON-CURRENT ASSETS</u></b>			
Property, Plant and Equipment	5	3,047,495	1,274,413
Long Term Loan to Related Party	6	-	-
		3,047,495	1,274,413
<b><u>CURRENT ASSETS</u></b>			
Account Receivable	7	2,176,449	1,755,945
Short Term Investments	8	9,089,037	4,000,000
Accrued Income on short term investments		174,315	50,685
Cash & Bank Balances	9	3,204,239	3,023,097
		14,644,040	8,829,727
		<u>17,691,535</u>	<u>10,104,141</u>
<b><u>FUNDS &amp; LIABILITIES</u></b>			
Capital Fund	10	13,977,927	8,495,720
Deferred Income	11	1,678,621	-
<b><u>CURRENT LIABILITIES</u></b>			
Trade & Other Payables	12	1,401,583	1,608,421
Current portion of deferred income		260,551	-
Provision for taxation - net of payments		372,853	-
		2,034,987	1,608,421
Contingencies and Commitments	13		
		<u>17,691,535</u>	<u>10,104,141</u>

The annexed notes 1 to 21 form an integral part of the financial statements. *M*

*Majid Aziz*  
**CHIEF EXECUTIVE**

*[Signature]*  
**DIRECTOR**

**EMPLOYERS' FEDERATION OF PAKISTAN  
THE INCOME & EXPENDITURE STATEMENT  
AND OTHER COMPHREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	Jun-18 Rupees	Jun-17 Rupees
Net Income from subscriptions and other activities	14	19,584,025	13,796,898
Less: General Expenditure	15	12,560,967 7,023,058	10,030,708 3,766,190
Add: Other Income	16	349,685	68,037
Surplus Before Taxation		7,372,743	3,834,227
Less: Provision for Taxation		1,890,536	952,697
Surplus transferred to Capital Fund		5,482,207	2,881,530
Comprehensive income:			
Other comprehensive income		-	-
Surplus transferred to Capital Fund		5,482,207	2,881,530

The annexed notes 1 to 21 form an integral part of the financial statements.

*Majid Aziz*

CHIEF EXECUTIVE

*[Signature]*  
DIRECTOR

**EMPLOYERS' FEDERATION OF PAKISTAN  
STATEMENT OF CHANGES IN FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	Capital Fund	Total
	-----Rupees-----	
Balance as at July 01, 2016	5,614,190	5,614,190
Surplus for the year ended June 30, 2017	2,881,530	2,881,530
Balance as at June 30, 2017	<u>8,495,720</u>	<u>8,495,720</u>
Surplus for the year ended June 30, 2018	5,482,207	5,482,207
Balance as at June 30, 2018	<u><u>13,977,927</u></u>	<u><u>13,977,927</u></u>

The annexed notes 1 to 21 form an integral part of the financial statements. *W*

*Majid Aziz*

CHIEF EXECUTIVE

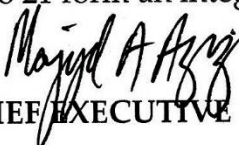
*Alex*  
DIRECTOR



**EMPLOYERS' FEDERATION OF PAKISTAN**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Jun-18</b> <b>Rupees</b>	<b>Jun-17</b> <b>Rupees</b>
Surplus for the year	7,372,743	3,834,227
<i>Adjustment for non cash items:</i>		
Unrealized gain on mutual fund	(89,037)	-
Loan Received from Deceased President waived off	-	(175,000)
Account Receivable written off	-	21,290
Deferred income	(86,333)	-
Depreciation	432,995	141,990
	<u>257,625</u>	<u>(11,720)</u>
	7,630,368	3,822,507
<b>Cash Flows from Operating Activities</b>		
<b>Changes in Working Capital</b>		
<b>(Increase)/decrease in current assets</b>		
Accrued Income	(123,630)	(50,685)
Account Receivable	(420,504)	(1,000,806)
	<u>(544,134)</u>	<u>(1,051,491)</u>
<b>Increase/(decrease) in current liabilities</b>		
Trade & Other Payables	(206,838)	(488,415)
	<u>(206,838)</u>	<u>(488,415)</u>
Income tax Paid	(1,517,682)	(823,513)
Net cash flows from operating activities	<u>5,361,714</u>	<u>1,459,088</u>
<b>Cash Flows from Investing Activities</b>		
Encashment of COI - Short Term Investment	4,000,000	(4,000,000)
Investment in Mutual fund - Short term investment	(9,000,000)	-
Grants from ILO	2,025,505	-
Additions to Property, Plant & Equipment	(2,206,077)	(281,200)
Net cash flows from investing activities	<u>(5,180,572)</u>	<u>(4,281,200)</u>
Net (decrease) / increase in cash & cash equivalents	181,142	(2,822,112)
Cash and cash equivalents at the beginning of the year	3,023,097	5,845,209
Cash and cash equivalents at the end of the year	<u><u>3,204,239</u></u>	<u><u>3,023,097</u></u>

The annexed notes 1 to 21 form an integral part of the financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**EMPLOYERS' FEDERATION OF PAKISTAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**1 LEGAL STATUS & OPERATIONS:**

The Employers' Federation of Pakistan (the Federation) was incorporated on 17 May, 1950 as Non Profit Company (under repealed Companies Act 1913) (section 42 of the repealed Companies Ordinance, 1984) now Companies Act, 2017. The main Objectives of the Federation are to promote, foster, encourage, protect and advance the interest of employers in trade, commerce, transportation (Whether by land, sea or air) industries and manufacturing business in Pakistan.

**2 STATEMENT OF COMPLIENCE:**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.1 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR**

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements.

**3 STANDARDS, AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS**

**Changes in accounting standards, interpretations and pronouncements**

- a) Standards, interpretations and amendments to published approved accounting standards that became effective during the year.

The following Standards, interpretations and amendments to published approved accounting standards became effective during the year.

- IAS-7 Statement of Cash Flows (Amendment)
- IAS-12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)
- IFRS-7 Financial Instruments: Disclosures – Disclosure Initiative (Amendments)

These Standards, interpretations and amendments as also communicated in the preceding year, do not have significant impact on Company's financial statements except for some additional disclosures. In addition to above, certain new cycle of improvements are applicable in current year, are either considered not to be relevant or are not expected to have significant impact to the Company's financial statements and hence have not been specified. W



The Companies Act, 2017 has also brought certain changes with regards to preparation and presentation of annual and interim financial statements of the Company.

Further, the disclosure requirements contained in the fourth schedule to the Companies Act, 2017 have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirement: and
- incorporation of significant additional disclosures.

**b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:


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

IAS-28 Annual Improvements to IFRSs 2014-2016 Cycle [Amendments 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit and loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's financial statements.

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

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- IAS-40 Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company's financial statements.
- IFRS-2 Classification and Measurement of Share-based Payment Transactions - amendments clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Company's financial statements.
- IFRS-9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The management has completed an initial assessment of changes required in classification and measurement of financial instruments on adoption of the standard and has also carried out an initial exercise to calculate impairment required under expected credit loss model. Based on initial assessment the management considered that there is no significant change in the recognition criteria or carrying value of the financial assets or liabilities and no additional significant impairment is expected.
- IFRS-15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The management has completed an initial assessment of the potential impact on revenue and considered that the impact would not be significant.
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- IFRS-16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.
- IFRIC-22 IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Company's financial statements.
- IFRIC-23 IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.

These standards, interpretations and the amendments are either not relevant to or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures, if applicable in certain circumstances.

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

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

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

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

#### **New Standards issued by ISAB but not yet been notified by SECP**

Following new standards issued by IASB but not yet effective:

IFRS – 1	First Time Adoption of IFRS	January 01, 2013
IFRS – 14	Regulatory Deferral Accounts	January 01, 2016
IFRS – 17	Insurance Contracts	January 01, 2021

#### **4 SIGNIFICANT ACCOUNTING POLICIES:**

##### **4.1 Basis of Preparation:**

These accounts have been prepared on the basis of historical cost convention.

##### **4.2 Property, plant & equipment:**

These are stated at cost less accumulated depreciation. Depreciation is charged on reducing balance method. Depreciation on additions is charged from the period the asset is available for use upto the period prior to disposal. Maintenance and normal repairs are charged to Income and Expenditure account as and when incurred. Gain or Loss on disposal of items is also charged to the same.

##### **4.3 Receivables:**

Receivables considered irrecoverable are written off and a provision is made for the same.

##### **4.4 Staff Retirement Benefits:**

The Federation operated an funded gratuity scheme for eligible employees. However, all the employees, who were covered under the funded gratuity scheme have left their employment. Since, there is no permanent employee currently employed in the Federation entitled to benefit under the funded gratuity scheme, Board of Directors of Federation has discontinued the gratuity scheme in the preceding years.

##### **4.5 Revenue Recognition:**

Returns on investments and deposit accounts are recorded on accrual basis.

Subscription, courses, seminars, sale of publication, advertisements and advisory service are accrued upon completion of performance.

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#### **4.6 Taxation:**

The charge for the current taxation is computed in accordance with the provision of the Income Tax Ordinance after considering admissible tax credits and rebates, If any, or tax computed under the minimum tax regime and alternate corporate tax in accordance with the Income Tax Ordinance, 2001, whichever is higher. The Federation deferred tax does not arise as its income is subject to minimum tax, hence no timing difference arises as a result thereof.

#### **4.7 Provision:**

Provisions are recognized in the balance sheet when the Federation has a present legal or constructive obligation as a result of a past event. Also if it is probable that an outflow of economic benefits will be required to settle that obligation and a reliable estimate of the amount can be made.

#### **4.8 Impairment**

##### **Financial Assets**

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

The Federation considers evidence of impairment for receivable and other financial assets at specific asset level. Losses are recognized as an expense in the Income and Expenditure account. When a subsequent event causes the amount of impairment loss to decrease, this reduction is reversed through the Income and Expenditure account.

##### **Non Financial Assets**

The carrying amount of non-financial assets is assessed 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. Recoverable amount is the higher of an asset's fair value less cost to sell and value in use. An impairment loss is recognized as expense in the income and expenditure account for the amount by which asset's carrying amount exceeds its recoverable amount.

#### **4.9 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks.

#### **4.10 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, 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 asset and settle the liability simultaneously.

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**.11 Financial instruments**

All the financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the company loses control of the contractual rights that comprise the financial assets. All the financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on derecognizing of the financial liabilities are taken to income and expenditure account currently.

**.12 Deferred Income**

The deferred income represents the utilization of grant received from International Labour Organization (ILO) for fixed assets comprising of Furniture & Fixture, Office Equipment and Computers. The deferred income is released to income and expenditure account in equal amounts over the expected useful life of the related assets.

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5 Property, Plant & Equipment:

2018	C o s t			Accumulated Depreciation			N.B.V as at Jun 30, 2018	Rate
	1-Jul-17	Addition	30-Jun-18	1-Jul-17	Depreciation for the Year	30-Jun-18		
Furniture & Fixture	732,737	226,792	959,529	287,379	52,096	339,474	620,055	10%
Office Equipment	2,373,425	1,460,595	3,834,020	1,706,450	259,144	1,965,594	1,868,426	10%
Computers	183,200	518,690	701,890	21,120	121,756	142,876	559,014	33%
	<b>3,289,362</b>	<b>2,206,077</b>	<b>5,495,439</b>	<b>2,014,949</b>	<b>432,995</b>	<b>2,447,944</b>	<b>3,047,495</b>	

----- Rupees -----

Furniture & Fixture, Office Equipment and Computers amounting to Rs. 226,792. Rs. 1,460,595 and Rs. 518,690 respectively have been granted by the International Labour Organization under the scheme for office renovation. Net book value of Furniture & Fixture, Office Equipment and Computers amounting to Rs. 219,232. Rs. 1,430,228 and Rs. 289,712 respectively.

2017	C o s t			Accumulated Depreciation			W.D.V as at Jun 30, 2017	Rate
	1-Jul-16	Addition	30-Jun-17	1-Jul-16	Depreciation for the Year	30-Jun-17		
Furniture & Fixture	732,737	-	732,737	237,895	49,484	287,379	445,358	10%
Office Equipment	2,275,425	98,000	2,373,425	1,635,064	71,386	1,706,450	666,975	10%
Computers	-	183,200	183,200	-	21,120	21,120	162,080	33%
	<b>3,008,162</b>	<b>281,200</b>	<b>3,289,362</b>	<b>1,872,958</b>	<b>141,990</b>	<b>2,014,949</b>	<b>1,274,413</b>	

----- Rupees -----

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	Note	Jun-18 Rupees	Jun-17 Rupees
<b>6</b>			
<b><u>LONG TERM LOAN TO RELATED PARTY</u></b>			
<b><u>Un-secured considered good:</u></b>			
This represent interest free loan to related party			
M/s. Employers' Federation of Pakistan Trust	6.1	4,265,347	4,265,347
Provision for Long Term Loan to Related Party		(4,265,347)	(4,265,347)
		-	-

6.1 The Federation had extended an interest free loan to the "Employers Federation of Pakistan Trust" (being a related party of the Federation) few years back. The amount was utilized for the purpose of meeting the expenditure of occupancy value, non-utilization fee and construction of boundary wall for the building project etc. The land for the building project was allotted by the Karachi Development Authority (via allotment order # ST-25-A/ B, 2/Such: 5/ATC/87/1267 dated 26-09-1987) and is situated at plot # ST-25-A, Block 2, Clifton, Karachi admeasuring 2,166.66 Square yards. In respect of the same, the Federation had also executed a general power of attorney in favour of "Employers Federation of Pakistan Trust" which is registered vide M.F. number roll 460 B-IV dated February 25, 1997. However, the construction of the building project could not commence/complete due to inadequacy of funds. The Federation's governing board had granted the aforementioned trust a general power of attorney to carry on the building construction project on its behalf. Accordingly, the Trust had carried out the construction of a basement on the plot of land and as the available fund exhausted therefore, the contraction work had to be stoped. The fair value of the plot of land would be estimated at a much higher amount as compared to the abovementioned loan amounting to Rs. 4.265 million. The management has decided to provide the same in full as an abundant precaution.

**7** **ACCOUNT RECEIVABLE**  
**Considered good.**

This represents amount receivable from International Labour Organization and Members Organization on account of the following.

International Women Day	-	488,528
Employer of the Year Award	300,000	-
Seminar, Conference, Project	40,517	
Woman Entrepreneur	-	80,800
Sepa Seminar	500	16,000
Local and EOSH Training	368,000	87,200
Travelling	444,682	62,876
OSH Award	1,022,750	1,020,541
	<u>2,176,449</u>	<u>1,755,945</u>

7.1 During the year, an amount of Rs. 13,580 (2017: Rs. 21,290) has been written off against international women day and climate change programe receivables in previous year.

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	Note	Jun-18 Rupees	Jun-17 Rupees
<b>8</b>			
<b><u>SHORT TERM INVESTMENTS:</u></b>			
Certificate of Investment	8.1	-	4,000,000
<b><u>At fair value through income or expenditure</u></b>			
Investment of Mutual Fund	8.2	9,089,037	-
		<b>9,089,037</b>	<b>4,000,000</b>
8.1 EFP has invested the above amount in Certificate of Investment with Pak Oman Investment Company Limited for twelve months period with maturity on April 18, 2018 at indicative profit rate of 6.25% per annum. These investment has been matured and encashed during the year.			
8.2 Investment of Mutual Fund:			
Al-Meezan Investment Management Ltd			
Purchase Cost of units 588,609.2698		9,000,000	-
Add: Remeasurement gain		89,037	-
		<b>9,089,037</b>	<b>-</b>
<b>9</b>			
<b><u>CASH &amp; BANK BALANCE</u></b>			
Cash in hand		856	163
<b><u>Cash at Bank:</u></b>			
In Current Accounts		3,203,383	3,022,934
		3,203,383	3,022,934
		<b>3,204,239</b>	<b>3,023,097</b>
<b>10</b>			
<b><u>CAPITAL FUND</u></b>			
Opening Balance		8,495,720	5,614,190
Surplus for the year		5,482,207	2,881,530
		<b>13,977,927</b>	<b>8,495,720</b>
<b>11</b>			
<b><u>DEFERRED INCOME</u></b>			
Balance at July 01		-	-
Grant received during the year		2,025,505	-
Less: Recognized in income and expenditure		(86,333)	-
Transferred from deferred income		1,939,172	-
Current portion of deferred income		(260,551)	-
Balance at June 30		<b>1,678,621</b>	<b>-</b>

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11.1 The Company has received a grant amounting to Rs. 2,025,505 from International Labour Organization , during year for the purchase of Office equipment, Furniture & Fixture and Computers of the Company and has recognized the same as deferred income up to the extent of the amount utilized for scheme. The deferred income is realized in the Profit and Loss account and equals the depreciation charge pertaining to the related assets.

	Note	Jun-18 Rupees	Jun-17 Rupees
<b>12 TRADE &amp; OTHER PAYABLES</b>			
Accrued expenses		1,401,583	1,032,323
Payable for Seminars/ Conference/ Projects Accounts		-	576,098
		<b>1,401,583</b>	<b>1,608,421</b>

**13 CONTINGENCIES AND COMMITMENTS**

EFP is subjected to litigation bearing reference C.P No. 2812/2017 and dated 19-12-2017 before the Honorable Sindh High Court against differential office rent claimed by State Life Insurance Corporation of Pakistan (landlord) in respect of office premises of EFP. The differential claimed rent amounts to Rs. 23,077,368 with effect from October 1995 till June 2018 at the rate of 10% p.a. under "Sindh Rented Premises Ordinance, 1979". So far, no provision has been recorded as in the view of the legal advisor as confirmed vide letter dated August 31, 2018 that there is no risk of any loss in this case.

**14 NET INCOME FROM SUBSCRIPTION AND OTHER ACTIVITIES**

**Income:**

Subscription from Members		6,108,461	5,734,436
		<b>6,108,461</b>	<b>5,734,436</b>

**Surplus on Members dealing:**

Entrance Fee		183,000	129,000
<b>Course Participation Fee:</b>			
Foreign Training Course Fee	14.1	1,211,702	1,576,437
Local Training Course Fee	14.2	1,069,371	776,982
		<b>2,464,073</b>	<b>2,482,419</b>
Income from dealing with members		<b>8,572,534</b>	<b>8,216,855</b>

**Surplus on other activities:**

Seminars-Conference & Project	14.3	2,746,606	2,751,251
Advisory Services	14.4	4,991,051	654,500
Employer of the year Awards	14.5	2,109,003	827,336
Occupational Safety & Health Awards	14.6	1,164,831	1,346,956
		<b>11,011,491</b>	<b>5,580,043</b>
		<b>19,584,025</b>	<b>13,796,898</b>

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	Note	Jun-18 Rupees	Jun-17 Rupees
<b>14.1 <u>Foreign Training Course Fee</u></b>			
Course fees		1,463,500	1,917,500
Related course expenses		(251,798)	(341,063)
Surplus		<u>1,211,702</u>	<u>1,576,437</u>
<b>14.2 <u>Local Training Course Fee</u></b>			
Income		3,159,527	1,869,777
Directly attributable expenses		(2,090,156)	(1,092,795)
Surplus		<u>1,069,371</u>	<u>776,982</u>
<b>14.3 <u>Income from Seminars-Conference</u></b>			
Seminar participation fees		7,834,299	7,169,545
Related seminar expenses		(5,087,693)	(4,418,294)
Surplus		<u>2,746,606</u>	<u>2,751,251</u>
<b>14.4 <u>Income from Advisory Services</u></b>			
Advisory services income		15,790,543	1,732,000
Related advisory service expenses		(10,799,492)	(1,077,500)
Surplus		<u>4,991,051</u>	<u>654,500</u>
<b>14.5 <u>Employer of the year Award</u></b>			
Participation Fee		3,393,000	1,164,600
Event Expenses		(1,283,997)	(337,264)
Surplus		<u>2,109,003</u>	<u>827,336</u>
<b>14.6 <u>Occupational Safety &amp; Health Award</u></b>			
Participation Fee		2,181,446	2,410,809
Event Expenses		(1,016,615)	(1,063,853)
Surplus		<u>1,164,831</u>	<u>1,346,956</u>

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	Note	Jun-18 Rupees	Jun-17 Rupees
<b>15 GENERAL EXPENDITURE</b>			
Salaries, Wages & Benefits		4,498,145	2,811,904
Secretary General Remuneration		2,448,077	2,140,000
Subscription to IOE & CAPE		1,743,193	1,925,118
Printing & Stationery		421,038	319,259
Conveyance Expenses		143,303	73,696
Entertainment		148,658	176,801
Office Expenses		238,610	173,220
Telephone Charges		203,303	177,260
Office Rent		421,440	421,440
Repairs & Maintenance		245,473	185,272
Electricity Charges		341,282	336,613
Bank Charges		191,010	107,795
Auditors' Remuneration	15.1	94,330	94,330
Travelling		371,366	101,160
Depreciation		432,995	141,990
Courier Charges		86,381	68,245
AGM Expenses		215,000	168,468
Website Expenses		36,088	300,927
E-Filing		11,050	42,625
Account Receivable Written off	7.1	13,580	21,290
Miscellaneous Expenses		256,645	243,295
		<b>12,560,967</b>	<b>10,030,708</b>

**15.1 AUDITOR'S REMUNERATION**

Audit fee	57,250	57,250
Tax compliance services	10,000	10,000
Sindh Sales tax on services	4,580	4,580
Out of Pocket reimbursement	22,500	22,500
	<b>94,330</b>	<b>94,330</b>

**16 OTHER INCOME**

Donations Received	-	142,352
Less: Meritorious grants	-	(300,000)
	-	(157,648)
Income from short term Investments - TDR	174,315	50,685
Deferred income	86,333	-
Remeasurement gain on mutual fund	89,037	-
Loan Received from Deceased President waived off	-	175,000
	<b>349,685</b>	<b>68,037</b>

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17 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

17.1 Financial assets and liabilities

	Interest / Mark up Bearing		Non Interest / Mark up Bearing		As at June 30
	Maturity Up to One Year	Maturity after One to Five Years	Maturity Up to One Year	Maturity after One Year	
<b>30-Jun-18</b>					
<b>FINANCIAL ASSETS</b>					
Account Receivable	-	-	2,176,449	-	2,176,449
Short Term Investments	-	-	9,089,037	-	9,089,037
Accrued Income	-	-	174,315	-	174,315
Bank Balances	-	-	3,203,383	-	3,203,383
			<b>14,643,184</b>	<b>-</b>	<b>14,643,184</b>
<b>FINANCIAL LIABILITIES</b>					
Trade and Other Payables	-	-	1,401,583	-	1,401,583
			<b>1,401,583</b>	<b>-</b>	<b>1,401,583</b>
<b>30-Jun-17</b>					
<b>FINANCIAL ASSETS</b>					
Account Receivable	-	-	1,755,945	-	1,755,945
Short Term Investments	4,000,000	-	-	4,000,000	4,000,000
Accrued Income	-	-	50,685	-	50,685
Bank Balances	-	-	3,022,934	-	3,022,934
	<b>4,000,000</b>	<b>-</b>	<b>4,829,564</b>	<b>-</b>	<b>8,829,564</b>
<b>FINANCIAL LIABILITIES</b>					
Trade and Other Payables	-	-	1,608,421	-	1,608,421
	<b>-</b>	<b>-</b>	<b>1,608,421</b>	<b>-</b>	<b>1,608,421</b>

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## 17.2 Financial risk management

The Governing Board of the Federation has an overall responsibility for the establishment and oversight of its risk management framework. The Federation has an exposure to the following risks from its use of financial instruments:

- a Credit risk
- b Liquidity risk
- c Market risk

### a CREDIT RISK

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The Federation's credit risk is primarily attributable to its Account receivable, Short term investment and balances with banks . The carrying amount of financial assets, in note 17.1 , represents the maximum credit exposure. The Federation manages the credit risk in respect of each significant asset as follows:

#### (i) Account Receivable

This represents receivable from members of the federation as well as ILO and do not carries significant credit risk.

#### (ii) Investments

The Federation's investments represents investment in rated Mutual fund that have stable credit rating. Federation's management actively monitors credit ratings and give the high credit ratings, management does not expect that the counter party will fail to meet their obligations.

#### (iii) Balances with Bank

The Federation limits its exposure to credit risk by maintaining bank accounts only with counter-parties that have stable credit rating. Federation's management actively monitors credit ratings and give the high credit ratings, management does not expect that the counter party will fail to meet their obligations.

### b LIQUIDITY RISK

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments.

The management forecasts the liquidity of the Federation on the basis of expected cash flows considering the level of liquid assets necessary to meet such risk. Based on this the management maintains such amounts of cash and balances at bank that are sufficient to fulfil its financial liabilities within their due dates and to meet its current and expected operational requirements.

The management believes that it is not exposed to any significant level of liquidity risk.

Financial liabilities in accordance with their contractual maturities are presented in note 17.1.

### c MARKET RISK

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

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(i) **Interest/ Markup Rate Risk**

Interest / mark-up rate risk arises from the possibility that changes in market interest / mark-up rates will affect the value of financial instruments. The carrying value of the financial instruments, whose cash flows may be affected by future changes in interest rates, is given the schedule of Financial Assets and Liabilities, i.e., in note 17.1. The Federation is not exposed to significant of any such interest/markup risk.

(ii) **Foreign Exchange Risk**

Foreign Exchange Risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate due to changes in foreign exchange rates. Foreign Exchange Risk arises mainly from future economic transactions or receivables and payables that exist due to transactions in foreign currencies. The Federation is not exposed to any foreign exchange risk.

(iii) **Other / Equity price risks**

Equity price risk is the risk that the fair value of future cash flows of 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 instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At reporting date if the share price of mutual fund investment at fair value through profit or loss had strengthened/weakened by 10% with all other variables held constant, pre tax profit for the year would have been higher/lower by the amount shown below.

	2018	2017
	Rupees	
<b>Effect on profit or loss account and investment</b>	<u>908,904</u>	<u>-</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets/liabilities of the Company.

**17.3 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation's certain accounting policies and disclosure requires use of fair value measurement and the Foundation while assessing fair value maximize the use of relevant of observable inputs and minimize the use of unobservable inputs establishing a fair value hierarchy, i.e., input used in fair value measurement is categorized into following three levels;

- Level 1: Level 1 inputs are the quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.
- Level 2: Level 2 inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Level 3 inputs are unobservable inputs for the asset or liability.

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As at balance sheet the fair value of all the financial assets and liabilities approximates to their carrying values except property, plant and equipment. The property plant and equipment is carried at cost. The Federation investment in mutual fund in level 1 and does not expect that unobservable inputs may have significant effect on fair values.

**18 NUMBER OF EMPLOYEES**

Average and number of employee at year end were 9 excluding casual staff of 3 (2017: 9 and 3)

**19 TRANSACTION WITH RELATED PARTIES**

The following transactions were carried out with related parties during the year.

Relationship with Company	Nature of Transaction	2018	2017
		Rupees	
<b>Related Party being members of the Federation</b>	Membership Subscription	212,600	235,900
	Advisory Service	330,001	50,000
	Foreign Training	384,000	193,000
	Employer of the Year Award	645,000	25,000
	Seminar, Conference, Project	437,495	724,500
	Training Local	121,000	53,500
	OSH Award	575,000	600,000

Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

Name of Company	Basis of Association
Iqbal Silk Mills (Pvt.) Ltd.	Common Director / Member
EPLA Laboratories (Pvt.) Ltd.	Common Director / Member
Amjad Ahsan Info Tech (Pvt.) Ltd.	Common Director / Member
Otsuka Pakistan Ltd.	Common Director / Member
Barrett Hodgson Pakistan (Pvt.) Ltd.	Common Director / Member
English Biscuit Manufacturers (Pvt.) Ltd.	Common Director / Member
Sitara Chemical Industries Limited	Common Director / Member
Pak-Arab Refinery Limited (PARCO)	Common Director / Member
Ashraf Industries (Pvt.) Ltd.	Common Director / Member
Hotel Crown Plaza	Common Director / Member
The Searle Company Limited	Common Director / Member
Magnum Management Solutions (Pvt.) Ltd.	Common Director / Member
Recorder Television Network (Pvt.) Ltd.	Common Director / Member
Qasim International Container Terminal Limited	Common Director / Member
Aspin Pharma (Pvt.) Ltd.	Common Director / Member
Skill Development Council	Common Director / Member
International Industries Limited	Common Director / Member
Seri Sugar Mills Limited	Common Director / Member
Lasbella Chamber of Commerce and Industry	Common Director / Member
Phedra Industries (Pvt.) Ltd.	Common Director / Member

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19.1 No remuneration has been paid to board of members and executive except secretary general which is given below:

	2018	2017
	Rupees	
Salary	1,368,000	1,296,000
House rent	615,600	583,200
Benefits and other allowance	464,477	260,800
	<u>2,448,077</u>	<u>2,140,000</u>

The Federation deals with its members and employees and aggregate transactions made are disclosed in note 14 & 15.

20 **DATE OF AUTHORIZATION FOR ISSUE**

These Financial Statements have been approved on 28 SEP 2018 by the Governing Board of the Federation.

21 **GENERAL**

Figures have been rounded off to the nearest of Rupee. *M*

*Majid Aziz*  
CHIEF EXECUTIVE

*[Signature]*  
DIRECTOR

**The President and Members of Managing Committee,  
EMPLOYERS FEDERATION OF PAKISTAN,  
Second Floor State life Building No. 2  
I.I. Chundrigger Road.  
Karachi.**

September 25, 2018

Sub: RE-APPOINTMENT AS AUDITORS FOR THE YEAR ENDING JUNE 30, 2019

Dear Sirs,

We shall be pleased to act as auditors of **Employers Federation of Pakistan**, if recommended by the Managing Committee and re-appointed by the members in General Meeting to carry out the audit of financial statements for the year ending June 30, 2019 and we confirm that;

- i). our firm has been assigned satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan.
- ii). our firm and its Partners are compliant of Code of Ethics issued by the International Federation of Accountants (IFAC) guidelines as adopted by the Institute of Chartered Accountants of Pakistan.
- iii). Our firm and all the Partners are Independent and compliant of applicable clauses of the Code of Corporate Governancè.
- iv). our firm maintains Category "A" in the panel of auditors maintained by the State Bank of Pakistan.

Thanking you,

Yours truly,

