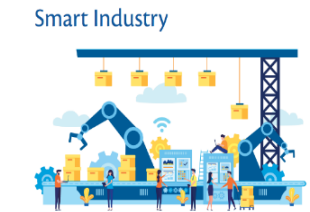


ANNUAL REPORT 2019-20





National Productivity Organization (NPO)
(A company set up under section 42 of the Companies Ordinance, 1984)
Under the Ministry of Industries and Production
Islamabad, Pakistan
Tel: 92-51-9244254-5

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FOREWORD

CHAIRMAN, NPO BOARD OF DIRECTORS



FOREWORD

Technology is the driving force behind the industrial revolutions, modernization of businesses and contemporary globalization. It has revolutionized the global economy as nucleus of competitive strategies. Technology driven globalization fostered communications, facilitated access to information and caused expansion of markets. Similarly, it helped evolution and enforcement of continuously improving standards and an unending trade even beyond perceptible frontiers.



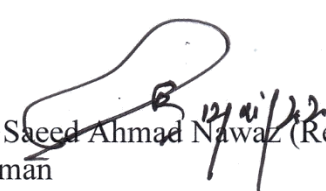
Covid-19 extraordinarily challenged the society and economy of Pakistan in early 2020 as the pandemic was most virulent in its neighborhood. Pakistanis, however, faced the menace with an unwavering resolve, dedication and resilience to weather the storm and bounce back to new normal within a few months. The economy is expected to gain momentum in FY 2021 as uncertainty about the pandemic fades away, supply chain restores and domestic demand gradually rebounds. Likewise, structural reforms implemented pre-Covid-19 may support domestic and inward investments, whilst the demand for Pakistani products is likely to rise in tandem with the global economic recovery.

National Productivity Organization (NPO) has revisited its Vision according to the current demands of the prevalent competitive environment. NPO is working with full dedication to come up with concrete solutions for the industry to meet the modern challenges. NPO Pakistan is playing a pivotal role in institutional capacity building for productivity and competitiveness. Major challenges faced by Pakistan include deficient knowledge of interrelationship between productivity tools and techniques, unexpected problems at the firm level, limited exposure to the latest organizational management techniques to boost productivity at the micro-organizational level. Regulatory and tax burdens are equally problematic in relation to the productivity enhancement. The efforts to address these challenges must be carried out systematically, concertedly, continuously in an integrated manner embracing all the sectors of economy.

Ministry of Industries and Production is playing the role of a facilitator in industrial development and productivity enhancement through public policy interventions such as setting up industrial parks and export processing zones for investors, skill development of human resource for industrial sector and socio-economic development of the country with particular focus on developing competitive SME sector. The Ministry is similarly supportive of NPO in its endeavors.

The NPO Board of Directors is cognizant of its role to provide leadership to the Company. It has been persistently endeavoring to deliver value over the long term and set the Company's beliefs, values and standards fully aligned with its strategic objectives, organizational culture and social norms.

Dated: 12/11/22


Capt. Saeed Ahmad Nawaz (Retd.)
Chairman
NPO Board of Directors / APO
Alternate Director for Pakistan



PREFACE

CEO, NPO



PREFACE

In the new global economic situation, the growth and development of the economy of Nations will be built on its competitiveness in the global market, which includes its capability to innovate and utilization of these innovations through commercialization for achieving socio economic benefits. If Pakistan has to successfully transform its economy into knowledge-based economy, all the major stakeholders, government, education sector, public sector, R&D organizations and industry, need to be aware of their respective roles. The educational sector and R&D organizations should realize their role in knowledge generation, knowledge exploitation and knowledge transfer while on the contrary government should formulate policies; provide finances and instruments to stimulate collaboration between academia / researchers and industry. The sustainable Industrial development is the backbone for economic acceleration of a country. The compliance to the increasing global business requirements is posing serious challenges to the Pakistani industry in terms of international trade in late 20th century. Evolution of Technical Barriers to Trade has enforced countries to develop national productivity framework to meet the requirements of international best practices and standards.



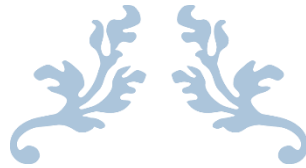
The Covid-19 pandemic has affected developing economies like Pakistan. It is one of the existing and upcoming infectious diseases with significant impact on the public health and economy. The current outbreak of corona virus (COVID-19) has continuous impact on the human beings of Pakistan. The social and economic impact of COVID-19 are being felt with greater intensity across least developed, developing and emerging market economies irrespective of their income level, which resulted in drop of the GDP and unemployment in many of the economies leading to greater poverty, food insecurity and malnutrition.

The role of National Productivity Organization (NPO) is quite vigilant in terms of providing support to local industry for strengthening their processes to meet the international market standards. NPO Pakistan, being the pioneer institute in Pakistan having the mandate of productivity and quality is doing its best for the industry to cope with the growing international standards and values.

NPO Pakistan through Asian Productivity Organization (APO) is intending to envision the development of national productivity culture for improving the management systems with a focus in enhancing the quality of products and services. Knowledge-based economy and sharing of best practices would encourage public and private sector companies to achieve competitiveness for emerging as globally recognized companies, resulting in technology based driven economy. There is a huge potential for digitalization and innovation, which could possibly add value to the society and would contribute to industrial growth. A successful digital transformation will involve empowering people to work in new ways, including reskilling and up skilling. Cross-sector collaboration will play a vital role in allowing us to 'build-back better' from the current crisis.

Dated: 22-10-20.


Muhammad Alamgir Chaudhry
Chief Executive Officer



EXECUTIVE SUMMARY



1. EXECUTIVE SUMMARY

The outbreak of pandemic Covid-19 has disturbed the political, social, economic, religious and financial structures of the entire World. World's topmost economies such as the US, China, UK, Germany, France, Italy, Japan and many others have to confront serious challenges surfaced by the Covid-19. The social and economic impact of COVID-19 are being felt with greater intensity across least developed, developing and emerging market economies irrespective of their income level. Most of these economies will experience a drop in the GDP and losses in employment and income leading to greater poverty, food insecurity and malnutrition. Capacities and resources vary across the World to overcome this pandemic and its intertwined health, social and economic impacts.

The pandemic has a devastating blow on the Pakistan economy too. Pakistan's economy shrunk, unemployment is rising and various sectors faced crisis. The COVID-19 pandemic projected to effect real economic growth, affect the government's fiscal position and depress private investment, both foreign and domestic. Primarily, the pandemic is likely to reduce the real GDP growth through a slowdown in the services and manufacturing sectors. The agriculture sector is also affected due to disruption in transportation, logistical support, labor for harvest & transport and access to inputs for next planting season.

NPO effectively managed the disaster and maximized outcome-based output with limited resources and strong national and international contacts to help execute assignments and achieve NPO objectives. NPO Pakistan continued to support industry through following APO assisted programs and services.

APO International Programs:

Title	No. of Programs
○ Participation in International Trainings	23
○ APO Multi country programs held in Pakistan	02
○ APO International Conference held in Pakistan	01
○ Research on Smart Agricultural Transformation	01
○ Research on National Strategy on Developing Human Resources for the Industries of the Future	01
○ APO Productivity Data book and Database (research project)	01
○ 62nd Session of the APO Governing Body Meeting	01
○ 60th Workshop Meeting (WSM) of Heads of NPOs	01
○ Strategic Planning workshop for Senior Planning Officers of NPOs	01
○ The Steering Committee meeting on the report of the Vision 2025	01
○ APO Liaison Officer's Meeting	01

Following projects also approved during the year 2019-20

○ Technical Expert Services	03
○ Individual Country observational study mission	01
○ Project Development of Demonstration companies	01
○ Bilateral Cooperation between NPO's (BCBN)	01

Total number of beneficiaries of APO programs are 335

Wide range of specialized trainings, including but not limited to, replication of international trainings are being provided through various types of programs such as General Awareness Training (GAT), Corporate Training (CT), Professional Development (PD), In-house Training Activities (ITA), Distance Learning, e-Learning, Trainings under Special Projects in the management and technical disciplines; such as Productivity and Quality Management, Green Productivity, International standards/compliance, Agricultural Productivity, Soft Skills, Development of Productivity Practitioner and Special Programs as per emerging trends and society requirement for the development of Rural Areas & Disabled Persons. NPO is also offering training programs via E-learning & Video conferencing. NPO was able to deliver following services to the local industry.

National Capacity Building Program

- | | |
|---|----|
| ○ Productivity Trainings organized | 15 |
| ○ Energy Audit/Green Productivity Assessments conducted | 17 |
| ○ Development of Demonstration companies | 03 |

Total number of beneficiaries of NPO programs are 803

NPO is providing consultancy services to national and multinational companies on Productivity & Quality. It includes 5S, Kaizen Management, Benchmarking, Industrial Engineering Tools, Total Productive Maintenance, Six Sigma, Human Resource Management and Factory Improvement studies. To enhance outreach and cope with the dynamics of globalization in the industry, NPO has successfully developed National database for Trainers & Consultants. NPO can also assist companies in Standards Implementation such as ISO 9001:2015, ISO 14000, OHSAS 18001, SA 8000, ISO 17025. These services help identify the gap. Such gap analysis studies are expected to prove helpful in ascertaining the current level of competitiveness of the Pakistani industry in comparison with other global industries. Benchmarking initiatives encourage industries to adopt best practices. Capacity building for monitoring after adopting best practices at intervals of six months can ensure quality consistency.

Strategic Initiatives

APO Assisted

- Institutional Capability Development Plan for NPO Pakistan
- National Productivity Master Plan
- NPO to Become Certification Body Under the Umbrella of APO
- APO Special Account for Business Recovery and Resilience for member countries

NPO sustainably completed all necessary corporate compliance requirements including Annual Report for 2019-20, Board meetings, Annual General Meetings and obligations from the Ministry of Industries & Production.

NPO actively worked on improving its internal systems & documentations and human resource capacity building. Following activities took place in 2019-20:

a. Self-initiatives, Systems and Human Resource Development

- Performance appraisal system developed for NPO Employees.
- NPO Vision and Mission redefined.
- NPO developed annual plans harmonized with the vision and mission.
- Organizational structure redefined as per current requirements.
- NPO Employees salary Rationalization.
- Teamwork is promoted and regular meetings are organized.
- Relocation and Renovation of NPO Head office.
- Hiring on vacant positions of NPO

b. Revisited NPO Service Rules for promoting corporate culture.

- Redefined percentage of direct recruitment and internal promotions in NPO Service rules.
- Initiation of Gratuity for NPO Employees.
- Inclusion of revised/specialized qualification for certain position in NPO service Rules.
- Inclusion of missing qualification of NPO employees at the time NPO service rules was framed.

NPO primarily worked to become a corporate compliant institution within the public sector. With the support of the Ministry of Industries & Production, NPO succeeded in great strides towards corporate compliance. In the year 2019-20, NPO is actively working on improving its internal systems & documentations and human resource capacity building to meet the challenging requirements on productivity improvement. Following figure shows thrust areas that have been identified and transformed into action plans for promotion of productivity, quality and innovation.



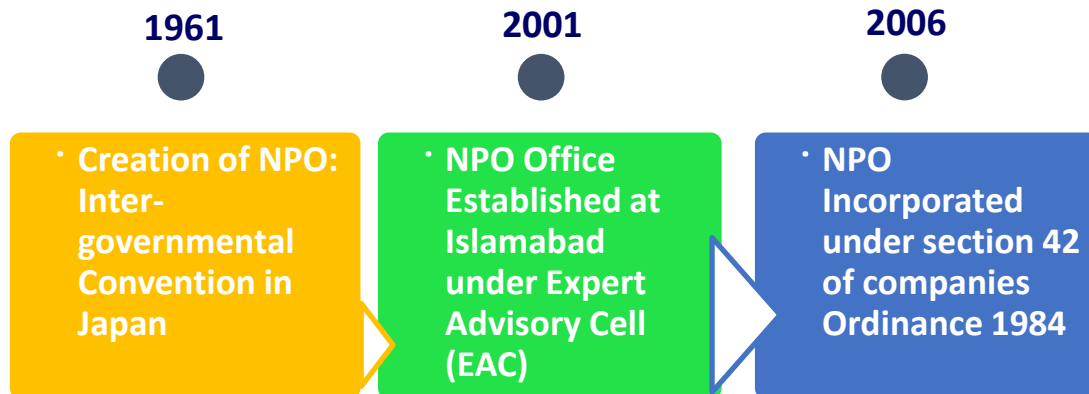


NPO INTRODUCTION



2. NPO INTRODUCTION

National Productivity Organization (NPO), an autonomous organization under the Ministry of Industries & Production (MoIP), Government of Pakistan was originally established in 1961 under a regional intergovernmental convention to formally represent Pakistan as member of Asian Productivity Organization (APO) Japan. Currently, APO Japan has 21 contributing member countries. Secretary MoIP is the Director representing Pakistan at APO Governing Body. Besides, productivity and quality promotion, NPO also acts as a Liaison Office of APO Japan.



NPO was registered as a Public Sector Company under section 42 of the Companies Ordinance 1984 in 2006, under the Ministry of Industries and Production. It is, presently, working on enhancing Productivity and Quality to develop a Knowledge Based Economy. During the year 2019-20, the Board adopted the following vision statement, mission statement and corporate values:

2.1 Vision

“Economically Productive and Globally Competitive Pakistan”

2.2 Mission

“To enhance Total Factor Productivity (TFP) through Human Resource Development (HRD), Technology Demonstration and Improved Practices, Processes and Procedures by 2030”

2.3 Corporate Values

1. Positive work ethics
2. Honesty, dignity and mutual respect
3. Team work
4. Continuous learning
5. Transparency and impartiality
6. Conducive working environment

2.4 Objectives

Objectives of NPO includes;

- (i). To take over existing business and acquire all assets and property whether moveable or immovable, right and privilege, investments and all other interests and rights in, or arising out of, such property, and all debts, liabilities and obligations of whatever kind of “National Productivity Organization” established through “federal government’s Resolution No4(1)2001-PITAC dated 19-03-2001.
- (ii). To inculcate productivity consciousness through promotion of productivity concept at macro and micro levels of economy.
- (iii). To measure, evaluate and improve productivity of various sectors of the economy.
- (iv). To set up information collection databases and dissemination systems on all facets of economy.
- (v). To propagate productivity as an evolving concept, including attention to special issues and concerns relating to quality, environment, energy, integrated rural and community development.
- (vi). To train and educate management and supervisory personnel in industrial, commercial and service organizations of the public and private sectors in the techniques and process of modern management and accordingly award certificate or diploma with the permission of relevant authorities, if required.
- (vii). To assist Govt. organizations and private undertakings in their efforts to improve productivity, establish performance standards, and determine rational monetary compensation system and to establish productivity Wage Board.
- (viii). To increase efficiency in business management and industrial operations, by providing management consultancy and technical assistance to local industries of various sectors, especially small and medium industries.
- (ix). To act as the integrated focal point of all national as well as international organizations engaged in productivity drive especially Asian Productivity Organization (APO).
- (x). To formulate strategic plans to sustain the growth of the productivity movement and to monitor it movement thereafter.
- (xi). To undertake research into problems of management and productivity improvements as they occur and to disseminate the results of such research.
- (xii). To carry out research in productivity and quality (P & Q) in various sectors of economy, establish productivity indices for industries and to provide and disseminate information on P & Q indicators and case studies at industry, sector and national levels to Govt. as input for policy formulation and planning to enhance P&Q growth.
- (xiii). To disseminate P & Q literature, organize conventions, surveys, seminars and workshops as well as administer quality management awards.
- (xiv). To undertake, support and subsidies measures, programmers plans and schemes, for environment development and planning, prevention of pollution and industrial wastage.

- (xv). To advance money or give credit, either with or without security, to such persons or companies and on such terms as may seem expedient and in particular where the same is desirable in the interest of the company and to persons or companies having dealings with the company and to guarantee the performance of any contract or obligation and the payment of money to or by any person or company and generally to give guarantees and indemnities in connection with the objects of the company, (provided that the company shall not indulge in the banking business /micro credit financing).
- (xvi). To amalgamate with any other association or company having objects all together or in parts similar to those of the company.



HEADOFFICE



LAHORE OFFICE



KARACHI OFFICE



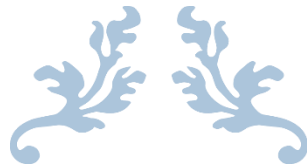
MULTAN OFFICE



FAISALABAD OFFICE



PESHAWAR OFFICE



NPO ACTIVITIES



3 REVIVAL OF NPO AS STRATEGIC PRODUCTIVITY ORGANIZATION

In 2nd National Productivity Council (NPC) meeting held under the Chairmanship of Chairman NPC (Advisor to the Prime Minister for Ministry of Industries and Production) along with Deputy Chairman Planning as Vice Chairman NPC, highlighted that with the present level of inefficiencies and low output, it would be extremely difficult for us to survive in the international market. Realizing the sustainable productivity as an important factor for achieving competitiveness and targeted GDP growth, the Chairman emphasized to launch a comprehensive Productivity movement as successfully done in other Asian developed countries like Singapore, Korea, Japan and Malaysia etc. The main stay of the economic development of these countries has been on their productive workforce and in reality, these countries what so ever are exporting are actually exporting the skills of their productive workforce.

3.1 62nd Session of the APO Governing Body Meeting (GBM)

62nd Session of the APO Governing Body was held on 8 June 2020, Virtual Session. It was the first time that GBM conducted virtually using digital technology. Secretary-General Dr. AKP Mochtan proposed that a Special Account be established to assist member countries in strengthening the resilience of economies and businesses and recover from the impact of COVID-19. APO allocated special budget for each country under the Special Account:

There would be four program initiatives under Special Account for Business Recovery and Resilience:

- 1) Strengthening the digital capability of NPOs (USD 20,000)
- 2) For assistance to SMEs (USD50,000)
- 3) For critical sectors (USD40,000)
- 4) Enhanced in-country services (USD40,000)

3.2 Institutional Capability Development Plan for The NPO Pakistan

NPO sought special support from APO under Specific National Program (SNP) to develop a long-term productivity policy framework with the assistance of the APO. APO allocated 60,000USD for the initiative taken by NPO. NPO Pakistan proposed an institutional capability development initiative composed of five phases: 1) preparatory work to identify key issues faced; 2) fieldwork/survey and stakeholders' meeting in Pakistan; 3) preparation of an institutional capability development plan; 4) consultative meetings; and 5) finalization and submission of the proposed institutional capability development plan.

The ultimate objective of this program is to develop an institutional capability development plan to enhance NPO's role as one of the primary institutions in the country's productivity ecosystem. The program is under implementation and consultant engaged by the APO, Dr. Robin Mann from New Zealand is assisting to develop the plan.

3.3 National Productivity Master Plan

NPO intends to adopt a holistic approach to address the productivity issues in the country with the support of its stakeholders. In this regard, NPO acquired support of the Asian Productivity Organization (APO), Japan in developing a National Productivity Master Plan on the basis Productivity Quality and Innovation (PQI) Framework. APO allocated 125,000USD for the execution of the program. It is essential that the PQI initiative be taken forward with a thrust to get

the fruits of productivity to run a productivity drive at country level as the productivity drive is run by the productivity organizations like Malaysia Productivity Corporation (MPC), Korea Productivity Center (KPC) etc. are few to be mentioned. Hence, in the present scenario, NPO request greater support from the government in order to catch the pace of productivity drives in other countries and for improving productivity in all spheres of economy to make Pakistan globally competitive.

3.4 NPO to Become a Certification Body (CB) Under the Umbrella of APO Accreditation Body

NPO has developed and submitted proposal to APO-Japan to become a Certification Body under the umbrella of APO Accreditation Body. As a CB, NPO would contribute in the development of productivity experts for a sustainable productivity drive in the country in a more systematic way, which will eventually help in improving competitiveness of Pakistan over the years. NPO Pakistan will become an APO Certification Body to offer following Certification Schemes:

- i). Certification of Persons Schemes for Productivity Practitioners
- ii). Certification of Persons Schemes for Green Productivity Specialists.

3.5 Development of NPO Annual Plan

To meet organizational objectives annual plan were developed with quantifiable targets, objectives and KPI's at individual, departmental and organizational level. The purpose of developing annual plan was to set the strategic direction of the organization and to ensure the contribution of each employee of the organization in order to achieve the objectives of NPO. These annual plans will demonstrate qualitative results in terms of capacity building and actual input of individual employee, which would lead to departmental analysis, to streamline the input and output ratio for enhancing productivity and competitiveness.

3.6 Technical Expert Services (TES)

APO approved 03 proposals under the Technical Expert Services (TES) scheme for Pakistan for 2020-21 for the industry. These programs will help the industry to upgrade their knowledge and skills to get the maximum benefits.

S #	TES Program
1.	Innovation Led Knowledge Management
2.	Training of Trainer - Kaizen Practitioners Program
3.	Lead Auditors Course on ISO 50001 Energy Management System

3.7 Individual-Country Observational Study Mission (IOSM)

APO approved 02 individual-country Observational Study Mission (IOSM) for Pakistan on the following topics.

S #	Program	Executing Agency/Stakeholder
1.	Benchmarking of Industrial Education System for National Competitiveness	Women University, Mardan
2.	Municipal Solid Waste Management and Treatment by using organic composting strategy during and after COVID-19 Pandemic	University of Management and Technology, Lahore

3.8 Bilateral Cooperation between NPOs (BCBN)

In this era of globalization and unprecedented technological change, the success of emerging economies like Pakistan depends heavily on the ability of the workforce to learn new digital skills and master new technologies. To cope with inherent economic challenges and the increased competition from neighboring economies due to their rapid pace of development, the Government of Pakistan is taking initiatives to speed up growth and therefore APO approved BCBN program for Pakistan to benchmark the best industrial practices in Malaysia. This BCBN mission from Pakistan to the Malaysia Productivity Corporation (MPC) will provide an opportunity to examine productivity tools and development techniques that can improve operational procedures in the industry, agriculture, and service sectors; methods to boost competitiveness; and examples of productivity support programs that could be adapted for initiatives in Pakistan.

3.9 Relocation and Renovation of NPO Head Office

By the Grace of Allah and with the kind support of MoI&P, NPO has been allocated 11th floor of Shaheed e Millat Secretariat, space measuring 7800 Sft, in January 2020. The entire space occupied by the NPO required major renovation work (Dismantling, Floor Tiling, False ceiling and Paint work etc.) and the same was managed in a way that it was undertaken by the PPWD against their budget, as there was no provision in NPO budget. In a short span of time, an independent office in good location has been established having corporate image. It is worth indicating that the tireless efforts and hard work put in by the NPO staff played a major role to achieve this landmark for the NPO within available budget, the long outstanding necessary required office accessories were purchased which includes a telephone exchange for having better and improved communication among the employees, air-conditioning system and some IT equipment's for better utilization of the employees in a conducive environment. These initiatives may support to have improved productivity and creating competitive environment. Some pictorials of the newly established / renovated offices are as follows:



4 APO INTERNATIONAL PROGRAMS:

Based on APO platform, NPO has been offering different types of programs including Trainings/Workshops, Technical Expert Services, Research, Conferences, Observational Study Missions and Development of Demonstration Companies. Main thrust areas of these services include Industry Development, Innovation, Green Productivity, Agriculture Development, Service Sector Development and Public Sector Development.

A summary of international trainings / programs (2019-20) is as follows:

Description	2019- 2020	
	Programs	Participants
E- learning	-	-
International Courses abroad in multiple countries	23	38*
62 nd Session of the APO Governing Body	01	01
60 th Workshop Meeting (WSM) of Heads of NPOs	01	01
Strategic Planning Workshop for Senior Planning Officers of NPOs	01	01
The Steering Committee meeting for the feedback on the report of the Vision 2025	01	01
APO Liaison Officer's Meeting	01	01
Research on Smart Agricultural Transformation for APO Member Countries	01	01
Research on National Strategy on Developing Human Resources for the Industries of the Future	01	01
APO Productivity Databook and Database (research project)	01	01
Total	31	46

**Excluding 02 participants not able to attend the programs due to non-issuance of visa and/or NOC*

4.1 APO Multi-Country Program on Training of Trainers on “Material Flow Cost Accounting for SME’s” from September 02-06,2019.

MFCA is a management tool focusing on the optimization of resources utilized in the operational flow. It examines the use of materials and energy as well as the waste produced, proposes the treatment of waste as resources, and therefore contributes to reductions in emissions and more efficient utilization of resources, and improved productivity.

The National Productivity Organization (NPO), Ministry of Industries & Production and Asian productivity Organization (APO), Japan has successfully organized APO Multi Country program “**Training of Trainers on Material Flow Cost Accounting for SMEs**” which was held from September 02- 06, 2019 at Islamabad, Pakistan and was attended by 17 participants from APO member countries i.e. Bangladesh, Cambodia, Fiji, Indonesia, Iran, Sri Lanka, Thailand and Vietnam.

This Course was designed for owners or senior/mid-level managerial, technical Personnel & professional consultants from SMEs with the following objectives.

- To introduce different approaches in conducting MFCA training for the SMEs in their respective countries; and
- To develop a pool of trainers on MFCA who will be able to guide SMEs in improving their organizational performance through effective applications of MFCA leveraging practical approaches and supplementary smart technologies.



4.2 APO Multi-Country Program on Value-Added Agriculture from 18 - 22 November 2019 at Islamabad.

It is imperative for policymakers and planners, farmers, and businesses to embrace modern technologies at all levels for smart agriculture processes and management. By using technology as a sustainable, scalable resource, agriculture can be transformed into a future-proof industry including productive, sustainable food value chains.

The National Productivity Organization (NPO), Ministry of Industries & Production and Asian productivity Organization (APO), Japan has successfully organized APO Multi Country program “Value-added Agriculture” which was held from November 08- 22, 2019 at Islamabad, Pakistan and was attended by 22 Participants and 4 Observers. Total 16 participants attended the program from APO member countries i.e. Bangladesh, Cambodia, Fiji, Indonesia, Iran, Sri Lanka, Thailand and Vietnam, 6 local participants and 4 observers from various cities of Pakistan also attended this workshop.

National Productivity Organization (NPO), is endeavoring to promote productivity in various sectors of the economy in Pakistan. In an effort to improve productivity in the agriculture sector. Objective of this workshop was to introduce the latest innovative trends, technologies and branding techniques used globally for value-added agriculture.

International experts from Malaysia and Sri Lanka along with renowned local experts having decades of experience in agriculture were brought onboard to conduct the workshop, share their experiences and inculcate knowledge to the participants.



4.3 Development of Demo Companies on Material Flow Cost Accounting (MFCA):

The project aimed to support the three demo companies in tackling their long-standing issues of high expenditure on energy consumption, low labor productivity, and high volumes of material waste. MFCA is used by the APO to assist its members in raising productivity by improving overall resource management. This tool helps businesses to improve efficiency in utilizing materials and energy while contributing to reductions in non-value-added activities, waste, and emissions.

As a result of the demo project, Serena Hotel managed to save PKR2.5 million (USD16,172) per year, for Asian Food Industries, the savings were amounted to PKR12.7 million (US\$82,158) and for Grand Engineering, the savings were amounted to PKR31.40 million (USD203,131) as informed by the representatives of the organizations. Having seen the tangible results and best practices in multiple sectors/subsectors resulting from the demo projects, NPO Pakistan is confident that the positive outcomes will motivate other companies to adopt the concept of MFCA, which could result in saving millions of rupees, more efficient use of resources, and improved productivity.



4.4 APO-NPO International Conference Green Productivity “Material Flow Cost” September 05, 2019 at Serena Hotel, Islamabad

MFCA is a management tool focusing on the optimization of resources utilized in operational flow. It examines the use of raw materials, energy, water and system cost and waste produced and then treats waste as resources, thereby reducing emissions and non-products, utilizing resources more efficiently, and improving productivity.

The concept of MFCA was first developed in Germany in late 1990s and was later adopted widely by Japanese companies. MFCA has helped numerous SMEs to reduce waste and costs and thus increase profits and overall productivity.

The National Productivity Organization (NPO), Ministry of Industries & Production and Asian productivity Organization (APO), Japan has successfully organized International Conference on “Material Flow Cost Accounting” which was held at Serena Hotel Islamabad on December 05 2019 and was attended by 253 participants.

It aims to provide a platform for company executives, environmental management professionals, and MFCA practitioners to exchange experiences and knowledge of waste management and MFCA application



4.5 International Trainings

S. No.	Course Name	Venue	Date	Pakistani Participants
1	Workshop on Innovations in Agribusiness for Young Entrepreneurs	Taipei, Republic of China	1-5 July 2019	1
2	Workshop on the Use of Smart Technology to Raise Productivity in the Service Sector	Singapore	22-25 July 2019	1
3	Development of Public-sector Productivity Specialists (APO Certified Public-sector Productivity Specialists)	Bangkok, Thailand	22-26 July 2019	1
4	Workshop on Developing Regulatory Management System (RMS) Framework to Improve Public-sector Productivity	Manila, Philippines	5-9 August 2019	2
5	Training of Trainers on Assistance Systems for Cyberphysical Facilities	Taipei, Republic of China	5-9 August 2019	1
6	International Forum on Smart Manufacturing and Launching Ceremony for the APO Center of Excellence on Smart Manufacturing (COE on SM)	Taichung, Republic of China	6-8 August 2019	2
7	4th International Conference on Biofertilizers and Biopesticides: Integrated Pest Management	Pingtung, Republic of China	20-23 August 2019	3
8	Training of Trainers in Foresight Management and Scenario Development for Development Planners	Kuala Lumpur, Malaysia	26-30 August 2019	2
9	Conference on the Future of Work	Taipei, Republic of China	3-5 September 2019	3
10	Organic Agro industry Development Leadership Course in Asia	Phnom Penh, Cambodia	9-13 September 2019	2
11	Workshop on Agricultural Transformation	Bali, Indonesia	30 September-4 October 2019	1
12	Workshop on Trends in the Development of Traditional Craft Villages in the Industry 4.0 Era	Ho Chi Minh City, Vietnam	2-4 October 2019	2

13	Workshop on Application of Smart Organic Agriculture Models and Traceability Systems for Agricultural Products	Hanoi, Vietnam	7–11 October 2019	1
14	Workshop on Measuring, Monitoring, and Evaluation Regulatory Performance for Productivity and Competitiveness	Putrajaya, Malaysia	7-11 October 2019	1
15	Workshop on Delivering Citizen Centered Public Service and Driving Innovation	Manila, Philippines	7-11 October 2019	2
16	Workshop on Smart Farming Models	Bangkok, Thailand	4–8 November 2019	1
17	International Conference on Public-sector Productivity	Manila, Philippines	14-16 November 2019	2
18	Workshop on Rural Community Development for Sustainable and Inclusive Growth	Nadi, Fiji	18-22 November 2019	2
19	Workshop on the Formulation and Study of Spatial Development Climate Change, and the Environment for Agricultural Transformation	Manila, Philippines	18-22 November 2019	2
20	Training of Trainers on Big Data Analytics for Public-sector Productivity	Bangkok, Thailand	25-29 November 2019	2
21	Workshop on Sustainable Productivity	Tokyo, Japan	16–20 December 2019	2
22	Workshop on Food Safety Regulations and Related Issues	Vientiane, Lao PDR	16-20 December 2019	2

Following APO programs were not attended by selected Pakistani participants due to non-issuance of visa and due to other commitments:

Sr. No.	Course Name	Venue	Dates	Pakistani Participants
1	Development of Public-sector Productivity Specialists (APO Certified Public-sector Productivity Specialists)	Bangkok, Thailand	22-26 July 2019	1 (Course name repeat from Sr. No. 3)
2	Certified Productivity Practitioner's Course for NPOs	Manila and Tagaytay City, Philippines	19-30 August 2019	1

Following APO Program were postponed due to the COVID-19 Pandemic

23	Lead Assessors' Course for APO Accredited Certification Bodies	Tokyo, Japan	7-10 January 2020	Postponed due to COVID-19
24	Training of Trainers on Building Sustainable Supply Chains for Agriculture	Jakarta, Indonesia	23-27 March 2020)	
25	Workshop on Shaping the Future of Rice Value Chains and Policies	Tokyo, Japan	6-10 April 2020	
26	International Conference on Blockchain Solutions	Seoul, Republic of Korea	7-9 April 2020	
27	APO Developmental Workshop for Practitioners of Business Excellence	Singapore	20-23 April 2020	
28	Workshop on Digital Agribusiness for Women Entrepreneurs	Coimbatore, India	20-24 April 2020	
28	Conference on Successful Models of Smart Public Service Delivery	Dhaka, Bangladesh	10-12 May 2020	
30	Multicounty Observational Study Mission on Modern Farm Machinery	Tokyo, Japan	18-22 May 2020	
31	Workshop on Smart Service and Technology for Enhancing Productivity in the Service Sector	Seoul, Republic of Korea	18-22 May 2020	

32	Training of Trainers on Development of Rural Leadership for Change	Colombo, Sri Lanka	25-29 May 2020
33	Multicounty Observational Study Mission on Emerging Models of Controlled-environment Agriculture	Tokyo, Japan	8-12 June 2020
34	Training of Trainers on Developing future-ready Agribusiness Social Enterprises	Manila, Philippines	15-19 June 2020
35	Conference on Emerging Disruptive Technologies for Economic Transformation	Kuala Lumpur, Malaysia	23-25 June 2020
36	Certified Productivity Practitioners' Course for NPOs	Manila, Philippines	29 June - 10 July 2020

4.6 Multi-Country Training Program:

The following APO Multicounty program was planned to be hosted by Pakistan in the month of March, 2019. The program was postponed due to COVID-19 pandemic.

- Workshop on Advanced Postharvest Technology for Horticultural Crops

5 NATIONAL TRAININGS/PROGRAMS

Wide range of specialized trainings, including but not limited to, replication of international trainings are being provided through various types of programs such as General Awareness Training (GAT), Corporate Training (CT), Professional Development (PD), In-house Training Activities (ITA), Distance Learning, e-Learning, Trainings under Special Projects in the management and technical disciplines; such as Productivity and Quality Management, Green Productivity, International standards/compliance, Agricultural Productivity, Soft Skills, Development of Productivity Practitioner and Special Programs as per emerging trends and society requirement for the development of Rural Areas & Disabled Persons. NPO is also offering training programs via E-learning & Video conferencing.

A summary of national trainings (2019-20) is as follows:

Sr. #	Description	No. of Programs	No. of Participants
1.	Productivity and Quality Management	5	338
2.	Operations Management	5	423
3.	Personal Productivity Skills	5	42
Total		15*	803

** including shopfloor trainings*

With the invoke of COVID-19, NPO quickly adjusted itself and starts offering online courses which helps the participants in out reaching the facility with ease. For example, in an online course on Knowledge Management held on June 02, 2020 was attended by 224 participants from 17 different cities of Pakistan including 2 participants from Azerbaijan and Dubai.

i) **Labor Productivity Through Labor Law” on July 30, 2019**

Strong tie of Labor laws with industrial management builds positive working environment and leads to labor productivity results in creating good image, profitability and labor wellbeing.

National Productivity Organization (NPO) organized 01- day Training program on “**Labor Productivity Through Labor Law**” at Islamabad which was attended by 06 participants.

The objective of the program was:

- Designed to promote productive & safe workplaces.
- Awareness among the stakeholders regarding the benefits of implementing labor laws in organizations.

ii) International online session “Knowledge Management “on June 02, 2020

Knowledge management is systematic management of an organization's knowledge assets for creating value and meeting tactical & strategic requirements; it consists of the initiatives, processes, strategies and systems that sustain and enhance the storage, assessment, sharing, refinement and creation of knowledge.

National Productivity Organization (NPO) in collaboration with Asian Productivity Organization (APO) Tokyo-Japan organized International online session on “**Knowledge Management** “on **June 02, 2020** which was attended by 224 participants from 17 different cities of Pakistan including 02 participants from Azerbaijan and Dubai.

The goal of knowledge management is to provide reliable and secure information, as well as make it available throughout your organization’s lifecycle. The objectives of KM are as follows;

- Enabling better and faster decision making
- Making it easy to find relevant information and resources
- Reusing ideas, documents, and expertise
- Avoiding redundant effort
- Avoiding making the same mistakes twice
- Taking advantage of existing expertise and experience
- Communicating important information widely and quickly
- Promoting standard, repeatable processes and procedures

iii) One Day In-House Training Program on “5S Good House Keeping” on November 26, 2019

5S or good housekeeping involves the principle of waste elimination through workplace organization. 5S was derived from the Japanese words seiri, seiton, seiso, seiketsu, and shitsuke. In English, they can be roughly translated as sort, set in order, clean, standardize, and sustain

The National Productivity Organization (NPO), Ministry of Industries & Production organized one day in-house training program on **5S Good House Keeping” on November 26, 2019** at Faisalabad which was attended by 15 participants.

The goal of this program was to teach the concepts and principals of 5S to the participants; so that the participants can recognize its importance in developing productive workplace in the organization and Practice relevant tools in line with application of 5S.



iv) One Day Training Program on “Cyber Safety & Networking” December 07, 2019

Cyber security is the practice of defending computers, servers, mobile devices, electronic systems, networks, and data from malicious attacks. It's also known as information technology security or electronic information security.

National Productivity Organization (NPO) organized 01- day Training program on “*Cyber Safety & Networking*” at “P” Block Auditorium, Pak Secretariat Islamabad attended by 145 participants.

This course introduced different types of cybercrime to the students. These students learnt how to identify cybercriminal activity and learn how companies and law enforcement agencies are responding to the threats raised from these crimes.



v) One Day Training program on “5S Japanese System of Good House Keeping & Its Implementation” 30th November, 2019

The Purpose of this training program was to improve the house keeping level of the company by introducing 5S Japanese system. 5S is a structured program that how to systematically achieve total organization cleanliness and standardization in the work place. A well-organized work place results in a safer more efficient and more productive operation. 5S was introduced in Japan and stand for 5S Japanese words that start with the letter’s “S”.



National Productivity Organization has organized one day NPO training program on “**5S Good House Keeping**” dated 30th November, 2019 at Karachi which was attended by 12 participants. Following aspects were covered during the program.

- Definition of 5S
- Explanation of 5 steps of Japanese System
- Application of each step in the offices & the factories with the examples
- Guidelines on 5S implementation in the company
- Auditing of 5S System for its maintenance
- Evaluation of housekeeping level on basis of audit result.

vi) Training program on “Safety at Work Place” February 20, 2020

Workplace safety training is a process that aims to provide your workforce with knowledge and skills to perform their work in a way that is safe for them and their co-workers. In addition, an effective workplace safety plan includes instructions and guidelines to identify hazards, report them, and deal with incidents.

National Productivity Organization (NPO) organized one day training program on “**Safety at Work Place**” February 20, 2019 at Management Services Wing, Islamabad which was attended by 13 participants from different sectors of the economy.

The primary objective of workplace safety is preventing workplace injuries, illnesses and fatalities. Employers develop detailed plans that provide guidance in the event of an accident, fire, natural disaster or other emergency.



vii) Online session on “Productivity through Professional Attitude & Behavior” June 17, 2020

Professional behavior is a key to career success, but it is not always taught. Most people learn how to be professional, meaning they develop their own image and perception of competence, by watching others, but without good role models, it is easy to make mistakes that could be detrimental to your career and overall professional image. When you understand the fundamentals of professional behavior and act accordingly, you are less likely to make those costly errors, and your career will continue on an upward trajectory.

National Productivity Organization (NPO) organized online session on “**Productivity through Professional Attitude & Behavior**” on **June 17, 2020** attended by 37 participants from 11 different cities of Pakistan. The objective of training was,

- To achieve a change in the behavior of those trained participants.
- To provide knowledge, attitude or job skills that will help participants to perform their present role.

viii) One Day In-House Training program on “Safety at Workplace” February 25, 2020

Workplace safety training is a process that aims to provide your workforce with knowledge and skills to perform their work in a way that is safe for them and their co-workers. In addition, an effective workplace safety plan includes instructions and guidelines to identify hazards, report them, and deal with incidents.

National Productivity Organization (NPO) organized one day in-house training program on “*Safety at Workplace*” on February 26, 2020 at FAST University, Islamabad which was attended by 26 participants.

The primary objective of workplace safety is preventing workplace injuries, illnesses and fatalities. Employers develop detailed plans that provide guidance in the event of an accident, fire, natural disaster or other emergency.



ix) One Day In-House Training program on “Advance Excel Training” March 04, 2020

Microsoft Excel is a tool, which is extensively used in organizations. It doesn't matter if you are pursuing a career in IT or not, Excel is very necessary to increase your workplace productivity. Our Microsoft Excel course is designed for all including participants from Computer Science, Information Technology, Engineering, Management and Business Studies and many other fields.

National Productivity Organization (NPO) organized one day in-house training program on “*Advance Excel Training*” on March 04, 2020 at FAST University, Islamabad which was attended by 29 participants. This training starts from the basics of Microsoft Excel and help in learning all major and important aspects of this tool.



x) **One Day Training Program on “Visual Workplace – Visual Management” 14 October 2019**

Visual Management is a set of techniques for creating a workplace embracing visual communication and control throughout the work environment. The visual workplace is a continuous improvement paradigm that is closely related to Lean, the Toyota Production System (TPS) and operational excellence yet offer its own comprehensive methodology for significant financial and cultural improvement gains.

National Productivity Organization (NPO) organized one day training program on Visual Workplace – Visual Management on 14th October 2019 at Lahore which was attended by 08 participants.

The objective of the program was to equip participants with the necessary knowledge regarding visual management that attempts to improve organizational performance. Following aspects were covered during the program.

- Lean implementation of visual management strategies,
- How to eradicate 7 lean wastes
- How to create a problem-solving culture throughout the organization
- How to make things obvious and problems visible to cater at the spot
- Workplace visual communication

xi) **One Day Training program on “Occupational Health & Safety Management System: ISO 45001:2018” 6 August 2019**

ISO 45001:2018 is the first global Occupational Health & Safety Management System standard that replaces OHSAS 18001. The ISO 45001 training course enables you to comprehend the basic concepts of an Occupational Health & Safety Management System (OH&SMS), It also helps the participants gain better understanding of the best practices to minimize risk, improve an existing OH&SMS demonstrate diligence and gain assurance etc.



National Productivity Organization, Regional Office Karachi has organized one day NPO training program on “*OH&SMS*” on dated 06th August, 2019 at Karachi which was attended by 07 participants.

The objective of the training was:

- Introduction of ISO45001:2018
- ISO 45001:2018 Frame work & Elements
- Initiation of an OH&SMS
- Implementation of an OH&SMS
- Comparison b/w 45001 & 18001

**xii) One Day Training Program on “Labor Productivity Through Labor Law”
December 03, 2019**

Strong tie of Labor laws with industrial management builds positive working environment leads to labor productivity results in creating good image, profitability and labor wellbeing.

National Productivity Organization (NPO) organized 01- day Training program on “**Labor Productivity Through Labor Law**” at Islamabad attended by 07 participants.

The objective of the program was designed:

- To promote productive & safe workplace.
- To create awareness among the stakeholders regarding the benefits of implementing labor laws in organizations.



xiii) One Day NPO Training program on “Environmental Management System ISO: 14001:2015” 23 July 2019

Understanding Knowledge of ISO 14001 Environmental Management System (EMS) Standards will lead to discover the latest changes and how these will affect your organization, so you can start putting transition arrangements in place. It will assist you with the implementation of the changes within your business, completion of the course you will be able to apply your knowledge of the amended requirements to ISO 14001:2015 to develop an action plan to aid implementation of your processes

National Productivity Organization has organized training program on “**EMS ISO 14001:2015**” on 23 July, 2019 at Karachi attended by 07 participants.

The objective of the training was as follows:

- To understand your organization and its context
- To understand the needs and expectations of interested parties
- To determine the scope of the EMS
- To develop leadership and commitment
- To develop awareness regarding Environmental policy
- To understand Organizational roles

6 FINANCIAL REPORT

Directors Report on the Financial Status

For the Year Ended June 30, 2020

The Directors of the Company have the pleasure to present this report on the financial status of the Company for the year ended June 30, 2020.

a. Principal Activities (Services and projects)

i. *International Trainings / Programs:* *International Trainings/Workshops/Meetings:*

Description	2019- 2020	
	Programs	Participants
E- learning	-	-
International Courses abroad in multiple countries	23	38*
62 nd Session of the APO Governing Body	01	01
60 th Workshop Meeting (WSM) of Heads of NPOs	01	01
Strategic Planning Workshop for Senior Planning Officers of NPOs	01	01
The Steering Committee meeting for the feedback on the report of the Vision 2025	01	01
APO Liaison Officer's Meeting	01	01
Research on Smart Agricultural Transformation for APO Member Countries	01	01
Research on National Strategy on Developing Human Resources for the Industries of the Future	01	01
APO Productivity Databook and Database (research project)	01	01
Total	31	46

* Excluding 02 participants not able to attend the programs due to non-issuance of visa and/or NOC

APO/ NPO Joint Programs:

Description	2019- 2020	
	Programs	Participants
TES/DON/Multi-country	02	43

ii. National Trainings

Sr. #	Description	2019- 2020	
		Courses	No. of Participants
1.	Productivity and Quality Management	5	338
2.	Operations Management	5	423
3.	Personal Productivity Skills	5	42
		15	803

* Including Shop floor trainings

With the invoke of COVID-19, NPO quickly adjusted itself and starts offering online courses which helps the participants in out reaching the facility with ease. For example, in an online course on Knowledge Management held on June 02, 2020 was attended by 224 participants from 17 different cities of Pakistan including 2 participants from Azerbaijan and Dubai.

iii. Green Productivity Services

- NPO conducted 17 Energy Efficiency Audits in various sectors (17units) and identified 15% to 20% potential energy savings in electrical/mechanical and processes at no or negligible investments.
- Awareness / Hands on training: Trained 68 technical staff members

iv. APO Development of Demonstration Companies Project for Pakistan

- The National Productivity Organization (NPO), Ministry of Industries & Production and Asian productivity Organization (APO), Japan has successfully organized APO Multi Country program “Training of Trainers on Material Flow Cost Accounting for SMEs” from September 02- 06, 2019 at Islamabad, Pakistan attended by 17 participants. The project aimed to support the three demo companies in tackling their long-standing issues of high expenditure on energy consumption, low labor productivity, and high volumes of material waste. MFCA is used by the APO to assist its members in raising productivity by improving overall resource management. This tool helps businesses to improve efficiency in utilizing materials and energy while contributing to reductions in nonvalue-added activities, waste, and emissions. As result of the demo project, Serena Hotel managed to save PKR2.5 million (USD16,172) per year, for Asian Food Industries, the savings amounted to PKR12.7 million (US\$82,158) and for Grand Engineering, the savings amounted to PKR31.40 million (USD203,131) as informed by the respective representatives of the organizations.

v. ***National Productivity Master Plan***

NPO intend to adopt a holistic approach to address the productivity issues in the country with the support of its stakeholders. In this regard, NPO acquired support of the Asian Productivity Organization (APO), Japan in developing a National Productivity Master Plan on the basis Productivity Quality and Innovation (PQI) Framework. APO allocated 125,000USD for the execution of the program. It is essential that the PQI initiative be taken forward with a thrust to get the fruits of productivity to run a productivity drive at country level as the productivity drive is run by the productivity organizations like Malaysia Productivity Corporation (MPC), Korea Productivity Center (KPC) etc. are to name a few. Hence, in the present scenario, NPO request greater support from the government in order to catch the pace of productivity drives in other countries and for improving productivity in all spheres of economy to make Pakistan Globally Competitive.

vi. ***NPO to Become a Certification Body (CB) Under the Umbrella of APO Accreditation Body***

NPO has developed and submitted proposal to APO-Japan to become a Certification Body under the umbrella of APO Accreditation Body. As a CB, NPO would contribute in the development of productivity experts for a sustainable productivity drive in the country in a more systematic way, which will eventually help in improving competitiveness of Pakistan over the years.

NPO Pakistan will become an APO Certification Body to offer following Certification Schemes:

- i. Certification of Persons Schemes for Productivity Practitioners
- ii. Certification of Persons Schemes for Green Productivity Specialists

vii. ***Strategic Initiatives:***

• ***Institutional Capability Development Plan for the NPO Pakistan***

NPO sought special support from APO under Specific National Program (SNP) to develop a long-term productivity policy framework with the assistance of the APO. APO allocated 60,000USD for the initiative taken by NPO. NPO Pakistan proposed an institutional capability development initiative composed of five phases: 1) preparatory work to identify key issues faced; 2) fieldwork/survey and stakeholders' meeting in Pakistan; 3) preparation of an institutional capability development plan; 4) consultative meetings; and 5) finalization and submission of the proposed institutional capability development plan. The ultimate objective of this program is to develop an institutional capability development plan to enhance NPO's role as one of the primary institutions in the country's productivity ecosystem. The program is under implementation and consultant engaged by the APO, Dr. Robin Mann from New Zealand is assisting to develop the plan.

b. Corporate Compliance

National Productivity Organization faced many challenges after the fire incident in 2017. The company has to complete all the codal formalities in order to do compliance with Securities and Exchange Commission of Pakistan (SECP) rules and Procedures. In 2019-20 with the support of Ministry of Industries and Production, National Productivity Organization succeeded to receive an unqualified report from the auditors with non-zero compliance with SECP.

c. Systems and Human Resource Development

NPO actively worked on improving its internal systems & documentations and human resource capacity building. Following activities took place in 2019-20:

- Performance appraisal system developed for NPO Employees.
- NPO Vision and Mission redefined.
- NPO developed annual plans harmonized with the vision and mission.
- Organizational structure redefined as per current requirements.
- NPO Employees salary Rationalization.
Team work is promoted and Monthly meetings are organized.
- Initiation of Hiring of New employees on vacant positions of NPO.

Revisited NPO Service Rules for promoting corporate culture.

- Redefined percentage of direct recruitment and internal promotions in NPO Service rules.
- Initiation of Gratuity for NPO Employees.
- Inclusion of revised/specialized qualification for certain position in NPO service Rules.
- Inclusion of missing qualification of NPO employees at the time NPO service rules were framed.

Operating Result

Significant changes in the company's state of financial affairs occurred during the year under review. The Company has a net deficit of Rs. 1.337million (on 30 June 2020) as compared to net surplus of Rs. 1.404 million for the financial year ended 30 June 2019. The key financial figures are tabulated as follows:

	2020 (Rupees)	2019 (Rupees)
INCOME		
Grant	57,231,143	53,372,447
Income from training and consultancy	2,196,315	5,088,771
Amortization of deferred grant	737,364	467,381
Other income	61,172	151,089
	60,225,994	59,079,688
EXPENDITURE		
Training and consultancy expenses	57,247,193	56,008,062
Operating costs	692,268	1,157,966
Seminar expenses	2,814,441	-
Depreciation	809,698	509,233
	61,563,600	57,675,261
(DEFICIT) / SURPLUS FOR THE YEAR	(1,337,606)	1,404,427

Environmental Issues

The company's operations are not affecting the environment rather its activities are supportive towards green/clean environment.

Dividend

The Company is a non-profit organization and all surplus earned, if any, would be employed by the Company to meet its objectives. The SECP while granting license under section 42 of the Companies Ordinance 1984 (now Companies Act 2017) has also required that no payment would be made to the members; therefore, the Company is not required to declare any dividends.

Meetings of the Board

As per Public Sector Companies (Corporate Governance) Rules 2013, clause 6(1), the Board shall meet at least once, each quarter of a year, to ensure that it discharges its duties and obligations to shareholders and other stakeholders efficiently and effectively.

The Company has successfully complied by holding six meetings during the year.

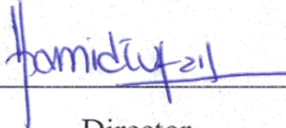
Indemnifying Officer or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer (except for health insurance premium) or auditor of the company.

Signed in accordance with a resolution of the Directors:



Chief Executive Officer



Director

Dated: 21.10.2020 2020.

Board of Directors

The composition of Board of Directors as of June 30, 2020 is as under:

- | | |
|---|---------------------------------|
| 1. Capt. Saeed Ahmad Nawaz (Retd.)
Additional Secretary-I, MoI&P | Director/ Chairman (Ex-Officio) |
| 2. Dr. Nawaz Ahmed
Sr. Joint Secretary–Exp (MoI&P), Finance Division | Director (Ex-Officio) |
| 3. Dr. Muhammad Azeem Khan
Chairman PARC | Director (Ex-Officio) |
| 4. Mr. Shahid Karim
Management Consultant | Independent Director |
| 5. Mr. Hamid Tufail Khan
Consultant | Independent Director |
| 6. Mr. Muhammad Alamgir Chaudhry
Chief Executive Officer, NPO | Executive Director |
| Mr. Waheed Ahmed | Company Secretary |

NPO Board of Directors Committees as of June 30, 2020

Human Resource Committee

- | | | |
|----|---|----------|
| 1. | Mr. Shahid Karim, Independent Director | Chairman |
| 2. | Capt. Saeed Ahmad Nawaz (Retd.), Additional Secretary-I MoI&P | Member |
| 3. | Mr. Muhammad Alamgir Chaudhry, CEO, NPO | Member |

Audit Committee

- | | | |
|----|---|----------|
| 1. | Mr. Hamid Tufail Khan, Independent Director. | Chairman |
| 2. | Dr. Nawaz Ahmed, Senior JS Expenditure (MoI&P), MoF | Member |
| 3. | Dr. Muhammad Azeem Khan, Chairman, PARC. | Member |

Nomination Committee

- | | | |
|----|---|----------|
| 1. | Mr. Shahid Karim, Independent Director. | Chairman |
| 2. | Capt. Saeed Ahmad Nawaz (Retd.), Additional Secretary-I MoI&P | Member |
| 3. | Mr. Muhammad Alamgir Chaudhry, CEO, NPO | Member |

Procurement and Finance Committee

- | | | |
|----|---|----------|
| 1. | Dr. Muhammad Azeem Khan, Chairman, PARC. | Chairman |
| 2. | Mr. Hamid Tufail Khan, Independent Director | Member |
| 3. | Mr. Muhammad Alamgir Chaudhry, CEO, NPO | Member |

INDEPENDENT AUDITOR'S REPORT

Dear Members
National Productivity Organization

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **National Productivity Organization**, which comprise the statement of financial position as at **June 30, 2020** and the Income and expenditure statement, the statement of changes in fund balance, 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 purpose 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 and expenditure statement, the statement of changes in fund balance and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and the surplus, the changes in fund balance 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.

J



FARUQ ALI & CO.
CHARTERED ACCOUNTANTS

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Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income or the income and expenditure account, the statement of changes in fund balance 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)

Faruq Ali & Co
Chartered Accountants

Umer Farooq
(Engagement Partner)

Date: October 21, 2020

Islamabad



National Productivity Organization

Balance Sheet

As at 30 June 2020

	Note	2020 Rupees	2019 Rupees
PROPERTY AND EQUIPMENT	4	4,394,704	3,689,121
CURRENT ASSETS			
Advance to employees	5	143,278	195,546
Deposits and prepayments	6	1,430,833	452,250
Trade and other receivables	7	172,941	1,047,304
Advance Tax paid	8	1,452,117	1,188,363
Cash and bank balances	9	2,580,624	38,533,140
		5,779,793	41,416,603
TOTAL ASSETS		10,174,497	45,105,724
FUND BALANCE AND LIABILITIES			
Fund Balance		(4,974,437)	(3,341,483)
NON-CURRENT LIABILITIES			
Deferred Grant	10	3,814,337	3,037,172
CURRENT LIABILITIES			
Accrued and other liabilities	11	5,469,920	4,951,538
Payable to Govt. treasury recovered from NAB	12	5,864,677	40,458,497
		11,334,597	45,410,035
TOTAL FUNDS BALANCE AND LIABILITIES		10,174,497	45,105,724


 CHIEF EXECUTIVE


 DIRECTOR

National Productivity Organization
Income and Expenditure Account
For the year ended 30 June 2020

	Note	2020 Rupees	2019 Rupees
INCOME			
Grant	13	57,231,143	53,372,447
Income from training and consultancy	14	2,196,315	5,088,771
Amortization of deferred grant		737,364	467,381
Other income	15	61,172	151,089
		60,225,994	59,079,688
EXPENDITURE			
Operating costs	16	57,247,193	56,008,062
Training and consultancy expenses	17	692,268	1,157,966
Seminar expenses		2,814,441	-
Depreciation		809,698	509,233
		61,563,600	57,675,261
(Deficit) / Surplus for the year		(1,337,606)	1,404,427



 CHIEF EXECUTIVE



 DIRECTOR

National Productivity Organization
Statement of Comprehensive Income
For the year ended 30 June 2020

	2020 Rupees	2019 Rupees
(Deficit) / surplus for the year	(1,337,606)	1,404,427
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(1,337,606)</u>	<u>1,404,427</u>

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CHIEF EXECUTIVE


DIRECTOR

National Productivity Organization
Statement of changes in fund balance
For the year ended 30 June 2020

	Accumulated Surplus
	Rupees
Balance at 01 July 2018	(4,745,910)
Total comprehensive income for the year (Deficit) / surplus for the year	<u>1,404,427</u> <u>(3,341,483)</u>
Balance at 01 July 2019	(3,341,483)
Total comprehensive income for the year (Deficit) / surplus for the year	<u>(1,337,606)</u> <u>(295,348)</u>
Tax liabilities for the FY 2018-19 charged	(4,974,437)
Balance at 30 June 2020	<u><u>(4,974,437)</u></u>


 CHIEF EXECUTIVE


 DIRECTOR

National Productivity Organization
Cash flow statement
For the year ended 30 June 2020

	2020 Rupees	2019 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
(Deficit) / surplus for the year	(1,337,606)	1,404,427
Adjustment for:		
Depreciation	809,698	509,233
Grant income recognised	(57,231,143)	(53,372,447)
Deferred grant recognised	(737,364)	(467,381)
Loss on Disposal of fixed assets	16,085	62,805
Profit on deposit accounts	(1,486,959)	(13,714)
	(59,967,289)	(51,877,077)
Increase/ (decrease) in current assets		
Advances to employees	52,268	616,583
Deposits and prepayments	(978,583)	238,800
Other receivables	874,363	714,187
(Decrease)/ increase in current liabilities		
Accrued and other liabilities	(34,075,438)	34,405,398
	(34,127,390)	35,974,968
Grant received from GOP - MOIP	58,745,671	54,816,788
	(35,349,008)	38,914,679
Taxes paid	(559,102)	(567,326)
Net cash used in operating activities	(35,908,110)	38,347,353
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,531,366)	(1,550,341)
Profit on bank deposits- received	1,486,959	13,713
Net cash (used in)/ generated from investing activities	(44,407)	(1,536,628)
Net decrease in cash and cash equivalents	(35,952,517)	36,810,725
Cash and cash equivalents at beginning of the year	38,533,140	1,722,415
Cash and cash equivalents at end of the year	2,580,624	38,533,140


 CHIEF EXECUTIVE


 DIRECTOR

National Productivity Organization
Notes to the Financial Statements
For the year ended 30 June 2020

1 STATUS AND OPERATIONS

- 1.1** National Productivity Organization ("the Company") was registered in Pakistan on 26 June 2006 as a guarantee limited company under section 42 of the Companies Ordinance, 1984. The Company was formed pursuant to the approval of the Prime Minister of Pakistan communicated through letter no. 24(3)/2003-Per-II dated 21 May 2006 of Ministry of Industries and Production, Government of Pakistan. The Company's registered office is situated in Islamabad.

The objectives of the Company are to inculcate productivity consciousness through promotion of productivity concept by training and education of management and supervisory personnel in industrial, commercial and service organizations in public and private sectors in the techniques and process of modern management.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 (the repealed Ordinance), provisions of or the directives issued under the Companies Ordinance, 1984 (the repealed Ordinance). In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 (the repealed Ordinance), shall prevail. During the year, the Companies Act, 2017 (the Act) was enacted on May 30, 2017, which replaced and repealed the Companies Ordinance, 1984. However, the Securities and Exchange Commission of Pakistan (SECP) through its Circular No. 23 of 2017 dated October 4, 2017 has advised the Companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Significant accounting estimates

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in the ensuing paragraphs.

National Productivity Organization
Notes to the Financial Statements
For the year ended 30 June 2020

i Property and equipment

The Company reviews the useful lives and the residual value of the property and equipment on a regular basis. Any change in estimates in future years which might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge and impairment loss.

ii Advances and other receivables

The carrying amounts of advances and other receivables are assessed on a regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made.

iii Provisions and contingencies

A provision is recognised in the balance sheet when the Company has legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the reliable estimate can be made of the amount of obligation.

iv Functional and presentation currency

These financial statements are presented in Pakistan Rupee (PKR), which is the Company's functional currency. All financial information presented in rupees has been rounded off to the nearest of rupees, unless otherwise stated.

v Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, interpretations and the amendments are effective for accounting periods beginning from the dates specified below and are either not relevant to the Organisation's operations or are not expected to have significant impact on the Organisation's financial statements other than certain additional disclosures.

- Amendments to IAS 12, 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
- Amendments to IAS 7, 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2, 'Share-based Payment' 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.



National Productivity Organization
Notes to the Financial Statements
For the year ended 30 June 2020

- IFRS 15, 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 January 2018) specifies how and when an IFRS compliant entity will recognize revenue as well as requiring such entities to provide users of financial statements with more informative and relevant disclosures. The standard provides a single principle-based five-step model to be applied to all contracts with customers.
The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.
- IFRS 16, 'Leases' (effective for annual periods beginning on or after 1 January 2019) supersedes IAS 17, 'Leases' and related interpretations. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16 a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been notified locally by the Securities and Exchange Commission of Pakistan (SECP) as at 30 June 2016:
 - IFRS 1 – First Time Adoption of International Financial Reporting Standards
 - IFRS 9 – Financial InstrumentsThe following interpretations issued by the IASB have been waived off by SECP effective 16 January 2012:
 - IFRIC 4 – Determining Whether an Arrangement Contains a Lease. Also refer note 41 to the financial statements.
 - IFRIC 12 – Service Concession Arrangements
- Transfer 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 a evidence of the change in use. In isolation, a change in management's attentions for the use of a property does not provide a evidence to change in use. The amendments or not likely to have any impact on Company financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advances 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 for 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.



National Productivity Organization
Notes to the Financial Statements
For the year ended 30 June 2020

- Annual improvement to IFRS standards 2014-2016 cycle . The new cycle of improvement addresses improvements to following approved accounting standards:
 - Amendments to IFRS 12 'disclosure of interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarified that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 -' Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on company's financial statements.
 - Amendments to IAS 28 '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 or loss, for each associates 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's or joint venture's investments entity's 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 company's financial statements.

- 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.

- In addition, the Companies Act, 2017 was enacted on 30 May, 2017 and Securities & Exchange Commission of Pakistan (SECP) vide its circular 17 of 2017 has clarified that the Companies Whose financial year closes on or before 30 June, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 applicable for financial year beginning on 1 July 2017 requires certain additional disclosures and changes for certain accounting treatments which may require change in the relevant accounting policy.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property and equipment

These are stated at cost, which includes purchase price and directly attributable cost less accumulated depreciation and impairment loss, if any.

Normal repairs and maintenance are charged to income and expenditure account as and when incurred whereas major improvements and modifications are capitalized.

Depreciation is charged to income applying reducing balance method. Rates of depreciation are mentioned in note 4.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amounts of property and equipment and are recognised within "other operating income" in the income and expenditure account.

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National Productivity Organization
Notes to the Financial Statements
For the year ended 30 June 2020

3.2 Impairment

Non-financial assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognized as expense in the income and expenditure account.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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 indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Impairment loss is recognized as expense in income and expenditure account.

3.3 Foreign currency transactions

Foreign currency transactions are recorded in PKR at the rate of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevalent on the balance sheet date. All exchange differences are taken to income and expenditure account currently.

3.4 Accrued and other liabilities

These are initially recognized at their fair value. Subsequent to the initial recognition these are carried at their amortized cost.

3.5 Taxation

A provision for current taxation has not been made in these financial statements as the Company has applied to the taxation authorities for grant of exemption from the date of its incorporation and management is confident of securing this exemption.

3.6 Revenue

Funds received against which no conditions are attached are recognized as grant income and others are recorded in restricted grant.

Profit on deposit accounts is recognized in the income and expenditure account on a time proportion basis.

Income generated from training courses is recognized at the time of performance of service.

3.7 Financial instruments

i Non-derivative financial assets

These are initially recognized on the date that they are originated i.e. trade date which is the date that the Company becomes a party to the contractual provisions of the instrument.

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or when the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

National Productivity Organization
Notes to the Financial Statements
For the year ended 30 June 2020

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

Investments at fair value through profit or loss - Held for trading

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified as held for trading and designated as such upon initial recognition. These are stated at fair values with any resulting gains or losses recognized directly in the profit and loss account. The Company recognizes the regular way purchase or sale of investments using settlement date accounting.

Loans and receivables

Loans and receivables comprise investments classified as loans and receivables, cash and cash equivalents and trade and other receivables.

Trade and other receivables

Trade and other receivable are stated initially at the fair value, subsequent to initial recognition these are stated at their fair value as reduced by appropriate provision for impairment. Known impaired receivables are written off, while receivables considered doubtful of recovery are fully provided for.

The allowance for doubtful accounts is based on the Company's assessment of the collectability of counterparty accounts. The Company regularly reviews its debts and receivables that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering factors such as historical experience, credit quality, age of the accounts receivable balances and current economic conditions that may affect a customer's ability to pay.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments.

ii Non-derivative financial liabilities

The Company initially recognizes non derivative financial liabilities on the date that they are originated or the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

These financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Non derivative financial liabilities comprise markup bearing borrowings including obligations under finance lease, bank overdrafts and trade and other payables.

3.8 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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National Productivity Organization
Notes to the Financial Statements
For the year ended 30 June 2020

4 PROPERTY AND EQUIPMENT
(Grant Assets)

	Motor vehicles	Furniture and fixture	Office and equipment	Computer and ancillary equipment	Total
Cost					
As at 30 June 2018	5,892,548	1,141,263	495,877	251,200	7,780,888
Deletion during the year	(902,647)			-	(902,647)
Additions during the year	-		167,360	1,276,981	1,444,341
As at 30 June 2019	4,989,901	1,141,263	663,237	1,528,181	8,322,582
Deletion during the year				(66,500)	
Additions during the year		69,000	1,003,015	442,513	1,514,528
As at 30 June 2020	4,989,901	1,210,263	1,666,252	1,904,194	9,837,110
Depreciation					
As at 30 June 2018	4,874,112	505,525	178,447	162,591	5,720,675
Charge for the year	196,709	63,574	76,454	67,840	404,577
Deletion during the year					
As at 30 June 2019	4,230,979	569,099	254,901	230,431	5,285,410
Charge for the year	151,784	57,791	98,384	413,319	721,279
Deletion during the year	-			(50,415)	
As at 30 June 2020	4,382,764	626,890	353,285	593,334.89	6,006,689
Carrying amount					
- 30 June 2019	758,922	572,164	408,336	1,297,750	3,037,172
- 30 June 2020	607,137	583,373	1,312,967	1,310,859	3,814,336
Rates of depreciation	20%	10%	20%	30%	

4 PROPERTY AND EQUIPMENT
(Non-Grant Assets)

	Motor vehicles	Furniture and fixture	Office and equipment	Computer and ancillary equipment	Total
Cost					
As at 30 June 2018	-	556,916	280,660	251,500	1,089,076
Deletion during the year					
Additions during the year	-	56,000		50,000	106,000
As at 30 June 2019	-	612,916	280,660	301,500	1,195,076
Deletion during the year					
Additions during the year		9,500	7,338	-	16,838
As at 30 June 2020	-	622,416	287,998	301,500	1,211,914
Depreciation					
As at 30 June 2018	-	54,504	174,229	209,738	438,471
Charge for the year	-				
Deletion during the year		55,841	21,285	27,529	104,655
As at 30 June 2019	-	110,345	195,514	237,267	543,126
Charge for the year	-	50,653	18,497	19,270	88,420
Deletion during the year					
As at 30 June 2020	-	160,998	214,011	256,537	631,546
Carrying amount					
- 30 June 2019	-	502,571	85,146	64,233	651,949
- 30 June 2020	-	461,418	73,987	44,963	580,368
Rates of depreciation	20%	10%	20%	30%	
TOTAL ASSETS	4,989,901	1,832,679	1,954,250	2,205,694	11,049,024
TOTAL DEP	(4,382,764)	(787,888)	(567,296)	(849,872)	(6,587,820)
TOTAL WDV	607,137	1,044,791	1,386,954	1,355,822	4,394,704

4.1 The Laptop theft during the month of June, 2020 has been write off. The cost value of the laptop was Rs. 66,500 accumulated depreciation was Rs. 50,415 and carry amount was Rs. 16,085



National Productivity Organization

Notes to the Financial Statements

For the year ended 30 June 2020

		2020 Rupees	2019 Rupees
5	ADVANCES TO EMPLOYEES		
	Advance against:		
	- Expenses	143,278	195,546
		143,278	195,546
6	DEPOSITS AND PREPAYMENTS		
	Prepayments	1,060,833	65,750
	Deposits	370,000	386,500
		1,430,833	452,250
6.1	NPO vacated the office Security deposit against rent amount Rs. 150,000 is still receivable. NPO received a claim from Tariq heights management amount Rs.187,532, However NPO is agree to adjust only Rs. 70,000 which has been recorded as liabilities.		
7	TRADE AND OTHER RECEIVABLES		
	Receivable against training courses fee - unsecure	133,080	137,080
	Mark-up receivable	-	24
	Other receivables	39,861	910,200
		172,941	1,047,304
8	The advance tax represents amounts deducted by Banks from payments by NPO to third parties and amounts withheld by Vendors while making payments to NPO against training courses and other income related activities executed by NPO. The Management considers that this amount will be claimed and refunded by the Tax Authorities as the NPO has a strong case to get approved it as Non Profit Organization by the Commissioner, Inland Revenue.		
9	CASH AND BANK BALANCES		
	Cash in hand	155,000	142,500
	Cash at banks -on local currency current account	1,353	20,814,828
	-on local currency saving account	2,424,271	17,575,812
		2,425,624	38,390,640
		2,580,624	38,533,140
10	DEFERRED GRANT		
		<i>Note</i>	
	Opening balance	3,037,172	2,060,212
	Cost of items of property and equipment purchased	4, 12 1,514,528	1,444,341
	Amortization of property and equipment	4 (737,364)	(467,381)
	Closing balance	3,814,337	3,037,172

National Productivity Organization
Notes to the Financial Statements
For the year ended 30 June 2020

	Note	2020 Rupees	2019 Rupees
11 TRADE AND OTHER PAYABLES			
Accrued expenses		2,292,579	1,077,901
Office rent payables		2,218,677	2,946,692
Other payables		958,664	926,945
		<u>5,469,920</u>	<u>4,951,538</u>
12 PAYABLE TO GOVERNMENT TREASURY			
Principle amount		4,377,890	38,028,161
Interest earned on TDRs		1,486,787	1,371,663
Interest earned on other than TDRs		-	1,058,673
Closing balance		<u>5,864,677</u>	<u>40,458,497</u>
13 GRANT			
Grant received from Ministry of Industries, Production		58,745,671	54,816,788
Less: Grant used for capital expenditures transferred to deferred grant		<u>(1,514,528)</u>	<u>(1,444,341)</u>
		<u>57,231,143</u>	<u>53,372,447</u>
14 INCOME FROM TRAINING AND CONSULTANCY			
Income from training & training consultancy		415,705	1,427,259
Income from energy audit and energy consultancy		84,370	495,000
APO seminar Income		<u>1,696,240</u>	<u>931,197</u>
		<u>2,196,315</u>	<u>5,088,771</u>
15 OTHER INCOME			
Rent payable reverse		-	30,375
Training Processing fee		20,000	20,000
Profit on bank deposits		172	13,714
Misc Income		<u>41,000</u>	<u>87,000</u>
		<u>61,172</u>	<u>151,089</u>
16 OPERATING COST			
Salaries and other benefits		43,658,951	42,254,261
Utility expenses		973,628	644,906
Rent		1,882,785	2,965,500
Repairs and maintenance		639,385	193,066
Printing and stationery		786,237	871,014
Communication		690,353	768,033
Staff travelling and conveyance		482,569	593,410
Vehicle running and maintenance		1,343,108	1,216,819
News paper and periodicals		28,715	31,406
Office expenses		433,725	486,650
Bank charges		14,396	5,428
Insurance		4,498,275	4,007,151
Auditors' remuneration		470,534	400,000
Advertisement Expenses		90,742	571,331
Board Meeting		667,943	663,586
Corporatization Expenses		86,400	39,261
Loss on dispose of Assets		16,085	62,805
Others		<u>483,362</u>	<u>233,435</u>
		<u>57,247,193</u>	<u>56,008,062</u>

National Productivity Organization
Notes to the Financial Statements
For the year ended 30 June 2020

		2020 Rupees	2019 Rupees
17	TRAINING AND CONSULTANCY EXPENSES		
	Training course expenses	209,961	1,145,358
	Energy audit expenses	6,210	12,608
	APO Conference and Demo project.	476,097	-
		692,268	1,157,966

18 FINANCIAL RISK MANAGEMENT

Financial instruments give exposure to following risks.

- (a) Credit risk;
- (b) Liquidity risk;
- (c) Market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversee how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2020 Rupees	2019 Rupees
Deposits	370,000	386,500
Trade and other receivables	172,941	1,047,304
Advance Tax	1,452,117	1,188,363
Bank balances	2,425,624	38,390,640
	4,420,682	41,012,807

Geographically there is no concentration of credit risk. Credit risk is minimum as the bank accounts are maintained with reputable banks with good credit worthiness.

Based on historical experience, the management believes that except as already provided for, so no further impairment is necessary against its financial assets.



National Productivity Organization
Notes to the Financial Statements

For the year ended 30 June 2020

(b) **Liquidity risk**

Liquidity risk is the risk that the Company may encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The management believes that at the moment there is insignificant risk that it will have difficulty in meeting its financial obligations as sufficient funds are available with the Company. Carrying amount of the Company's financial liabilities approximate the estimated contractual cash outflows which are due within one year of the balance sheet date.

	Carrying amount Rupees
2020	
Financial liabilities	
Accrued and other payables - maturity up to one year	<u>(5,469,920)</u>
2019	
Financial liabilities	
Accrued and other payables - maturity up to one year	<u>(4,951,538)</u>

(c) **Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The company is not significantly exposed to market risk.

(d) **Fair values**

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2020 Rupees	2020 Rupees	2019 Rupees	2019 Rupees
	Carrying value	Fair value	Carrying value	Fair value
Assets carried at amortized cost				
Deposits	1,430,833	1,430,833	452,250	452,250
Other receivables	172,941	172,941	1,047,304	1,047,304
Advance Tax Paid	1,452,117	1,452,117	1,188,363	1,188,363
Cash and bank balances	2,580,624	2,580,624	38,533,140	38,533,140
	<u>5,636,515</u>	<u>5,636,515</u>	<u>41,221,057</u>	<u>41,221,057</u>
Liabilities carried at amortized cost				
Trade and other payables	5,469,920	5,469,920	(4,951,538)	(4,951,538)
	<u>5,469,920</u>	<u>5,469,920</u>	<u>(4,951,538)</u>	<u>(4,951,538)</u>

Fund management

The Board of Directors of the company monitors the performance along with the related funds requirements. The Company is not subject to externally imposed fund requirements.

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National Productivity Organization
Notes to the Financial Statements

For the year ended 30 June 2020

19 REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2020		2019	
	Chief Executive Rupees	Executive Rupees	Chief Executive Rupees	Executive Rupees
Managerial remuneration	9,359,497	18,381,725	9,849,112	17,701,394
Benefits	-	-	-	-
	<u>9,359,497</u>	<u>18,381,725</u>	<u>9,849,112</u>	<u>17,701,394</u>
Number of persons	<u>1</u>	<u>21</u>	<u>1</u>	<u>22</u>

Executives of the company are provided car for official use only.

20 RELATED PARTY TRANSACTIONS

The Company is established by the Ministry of Industries and Production, Government of Pakistan "GOP". Therefore all department and agencies controlled by the GOP ("State-controlled entities") are related parties of the Company. Other related parties include directors, members and key management personnel and their family members. Significant transactions with related parties are as follows:

	2020 Rupees	2019 Rupees
Grant received from GOP	58,745,671	54,816,788
Remuneration to Key Management Personnel	18,381,725	17,701,394

21 TAXATION

The management believes that owing to the nature of the Company's operations it is entitled to tax credit equal to hundred percent of tax payable under Section 100C of Income Tax Ordinance 2001 subject to the conditions that it is approved as Non-profit organization by the Commissioner, IR and has filed annual tax return, tax required to be deducted or withheld has been deducted and withheld and statutory withholding statements have been filed.

22 NUMBER OF EMPLOYEES

	Average	Year end
As at 30 June 2020	<u>61</u>	<u>61</u>
As at 30 June 2019	<u>63</u>	<u>63</u>

23 DATE OF APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors in their meeting held on _____.


CHIEF EXECUTIVE



DIRECTOR

16 October 2020

Review Report to the Members on

Statement of Compliance with Best

Practice of Public Sector Companies

(Corporate Governance) Rules, 2013

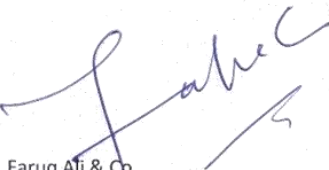
We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 prepared by the Board of Directors of the National Productivity Organization for the year ending June 30, 2020.

The responsibility for compliance with the Rules is that of the Board of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report that if it does not and to highlight any non-compliance with the requirement of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an audit approach. We are not required to consider whether the Board of Directors' statement on internal controls covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arms' length transactions and transactions which are not executed at arms' length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arms' length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended June 30, 2020



Faruq Ali & Co

Chartered Accountants

Islamabad

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