



# Annual Report

2018-2019



National Productivity Organization

ISLAMABAD- PAKISTAN

# Annual Report 2018-2019

National Productivity Organization  
ISLAMABAD- PAKISTAN

**Statutory Auditors:**

Faruq Ali & Co. - Chartered Accountants



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: 92-51-9267238

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**The Board of Directors is pleased to present the Annual Report to the Members for the year 2018-19 as follows:**

## **FOREWORD**

The new digital economy has become fundamental to inclusive and sustainable growth, which is an apprehension for all economies. Cyber and nano technologies are at forefront of developed countries and more technological innovations are rapidly emerging. Emergence of industry 4.0 and the implications of technological transformation in view of globalization have necessitated the emerging economies to develop and implement cutting-edge, future-oriented initiatives to stay relevant to the next-generation needs. Pakistan also needs to put its efforts for enhancing productivity embedded in human & capital deepening.



The National Productivity Organization (NPO) evolved further to the last year to review and revise programs to meet the new challenges as well as to create processes and reorganize internal work flows to shape the NPO of the future. The establishment of National Cleantech Platform (NCTP) for encouraging innovations, Membership of the APO Accreditation Body Council to devise new certification programs, and Developing of model enterprises on Material Flow Cost Accounting (MFCA) in order to address scarcity of resources and encourage replication of best practices, are some of the recent initiatives of NPO.

Ministry of Industries and Production is providing its continuous support to NPO to play its pivotal role for promoting productivity although resource availability is limited. Today we need to synergies our resources for improving productivity, quality and innovation levels and identify skilled resources that could be engaged in various productivity related projects.

The NPO Board of Directors, through its professional governance and collective wisdom, is making vigorous efforts to promote capacity development programs by national and international trainings. The Board assures that the NPO will continue working for promoting productivity to make Pakistan competitive.

Date: 25.10.19

  
Dr. Muhammad Azeem Khan  
Chairman  
Board of Directors

## PREFACE

Technological advancements and artificial intelligence are reshaping the landscape of industrialization worldwide. Innovative industrial revolution for transforming economies is the only solution to catchup with the agile industrial development in this digital age. Wealth creating section of the economic pie in Pakistan requires fundamental realignment for value addition.



The mission of National Productivity Organization (NPO) is to strengthen the national capacity in productivity, quality and competitiveness for sustainable socio economic development of Pakistan. NPO Pakistan is playing a pivotal role in institutional capacity building on productivity within limited resources.

Major challenges faced by Pakistan are lack of knowledge of the links between productivity tools & techniques and real-world problems at the firm level, and minimum exposure to the latest information on organizational management techniques to boost productivity. Efforts to address these challenges must be carried out systematically, continuous in nature, and employ an integrated approach to embrace all sectors. Concerted efforts are, therefore, needed to equip our human resource with sufficient productivity knowledge to transform Pakistan into a productivity-driven economy.

NPO head office was completely burnt due to fire incident at STP Building, Islamabad in September 2017. The management of NPO successfully handled the crisis and continued its operations and also succeeded to overcome the aftermath challenges in terms of record building and equipment for continued routine operations.

NPO has worked for enhancing organizational capabilities and exploiting human potential to contribute towards creating knowledge based economy. In this regard, NPO trained 363 participants in Pakistan while sent 45 participants for international APO trainings on various topics from different organizations to improve institutional capacity.

NPO has also contributed in transforming APO business model from productivity trainings to future national needs. Thus, APO transformational model is now based on Train-the-Trainer approach, Specific National Programs, New Innovative Services, build strong NPOs & National Institutions and Advisory & Consultancy services. APO is playing a pivotal role in transforming member economies and has introduced a number of programs on smart transformation for industry, agriculture and service sectors. APO programs on strategic foresight and development of productivity master plans are major breakthrough for APO member countries in the recent years.

CEO, NPO, Pakistan is appointed as a member of the APO Accreditation Body council for two years, effective 1<sup>st</sup> January 2019. APO Accreditation Body council is constituted with five members from five APO member countries and seven other experts (technical, professional bodies/ association, academia and government) led by the APO Secretary-General himself. NPO, Pakistan endeavors to become a Certification Body under the umbrella of APO Accreditation Body.

Committed to its mission, NPO is actively working on internal capacity building and improving NPO services for benefiting various economic sectors. To help country overcome the challenge of productivity and quality, NPO shall continue strengthening working relations with multiple stakeholders in public sector, academia, and private sector for specific programs on improving industrial productivity and development of foresight units to meet the challenge of digital transformation.

Dated: 25-10- 2019.



Mr. Abdul Ghaffar Khattak  
Chief Executive Officer

## **1. EXECUTIVE SUMMARY**

### **1.1. Revival of NPO and Productivity Promotion**

Year 2018-19 remained another challenging year for National Productivity Organization (NPO), after the fire incident of September 2017 in the Software Technology Park-I Building, sector F-5/1, where NPO Head Office was located on the 2<sup>nd</sup> Floor and all of its assets were burnt due to the fire incident.

NPO management, under the Board of Directors' guidance, continued its efforts to take NPO out of the crisis and streamline its activities within limited resources. At national and international level, NPO was able to achieve many milestones. NPO team focused to revitalize and strengthen NPO to deliver at national level by making it fully compliant and develop its systems and human resource. In parallel, being member of various ministerial committees, the CEO continued giving effective policy inputs to help making Pakistan globally competitive.

As an effort to restructure the NPO, a Core Committee has been constituted to achieve the organizational objectives within available resources and develop an effective media strategy to build the NPO image. As a result, CEO, NPO was invited for his expert views on different TV shows, national and international conferences, and other forums. His participation in these forums not only raised awareness about importance of productivity among masses but also gave recognition to National Productivity Organization.

NPO, Pakistan was also able to contribute in the image building of Pakistan internationally, especially on the APO platform. CEO, NPO, Pakistan was appointed as a member of the APO Accreditation Body Council for two years. The Council has been constituted with five members from among the 20 APO member countries and seven other experts (technical, professional bodies/ association, academia and government) led by the APO Secretary-General himself. The council is formulating and establishing the entire accreditation and certification program under which APO member countries will be able to establish their certification bodies.

Due to effective contributions on APO platform, Secretary-General APO commended CEO, NPO as “A role model for NPO Heads” and “Champion” during the development of national productivity.

Other achievements of NPO, Pakistan at APO platform include selection of APO Liaison Officer for Pakistan, as one of five members from 20 APO member countries, to test APO new ERP System and conduct a pilot study as part of the APO digital transformation initiatives. Similarly, three participants from NPO Pakistan become first APO-certified Practitioners for a period of three years from 2019 to 2022 i.e. Deputy General Manager, Manager (GPTDC) and Assistant Manager/ In-Charge Regional Office, Peshawar.



## 1.2. International Trainings / 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 (2018-19) is as follows:

### *APO/ NPO Joint Programs:*

Description	2018- 2019	
	Programs	Participants
TES/DON/NFP/Multi-country (National Follow Up Project (NFP) Training of Trainers and Consultants in Green Productivity)	01	30

### *International Trainings/Workshops/Meetings:*

Description	2018- 2019	
	Programs	Participants
E- learning	4	162
International Courses abroad in multiple countries	40	45*
61 <sup>st</sup> Session of the APO Governing Body	01	02**
59 <sup>th</sup> Workshop Meeting (WSM) of Heads of NPOs	01	01
APO Sustainable Productivity Summit and Strategic Planning Workshop for Senior Planning Officers of NPOs	02	02
APO Liaison Officer's Meeting	01	01
APO Productivity Databook and Database (research project)	01	01
<b>Total</b>	<b>50</b>	<b>214</b>

\* Excluding 15 participants not able to attend the programs due to non-issuance of visa and/or NOC

\*\* Representation from Embassy of Pakistan in the Philippines

### 1.3. National Trainings

NPO offers wide range of specialized trainings, including but not limited to, replication of international trainings through various types of programs. To increase the value of NPO trainings and certificates recognition, NPO has acquired Pakistan Engineering Council (PEC) License of Professional Engineering Body to carry out Continuing Professional Development (CPD) activities to the Registered Engineers (RE) and Professional Engineers (PE).

A summary of national trainings (2018-19) is as follows:

Sr. #	Description	2018- 2019	
		Courses	No. of Participants
1.	Productivity and Quality Management	4	45
2.	Operations Management	8	87
3.	Personal Productivity Skills	3	39
		<b>15</b>	<b>171</b>

### 1.4. Services and Projects

**1.4.1. Green Productivity:** NPO has adopted this concept and launched Green Productivity (GP) campaign in 2006 keeping in view challenges related to resource utilization and its impact on environment. NPO is providing services on energy efficiency audits, development of Energy Management Practitioners, Green Productivity, Material Flow Cost Accounting (MFCA) and Energy Management System ISO 50001. In the year 2018-19:

**1.4.1.1.** NPO conducted 14 Energy Efficiency Audits in various sectors (13 textile and 01 residential building) and identified 15% to 20% potential energy savings in electrical/mechanical and processes at no or negligible investments.

**1.4.1.2.** Awareness / Hands on training: Trained 48 technical staff members

**1.4.2. Consultancy and Benchmarking:** NPO is providing consultancy services to renowned 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 established National Register for Trainers & Consultants. NPO can also assist companies in Standards Implementation such as ISO 9001:2015, ISO 14000, OHSAS 18001, SA 8000, ISO 17025.

NPO initiated Benchmarking in industrial sectors of Pakistan with the technical assistance of Asian Productivity Organization. NPO has worked on Benchmarking studies for Industrial sectors such as textiles, surgical, cutlery and fan. These studies helped 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. These services can be provided to the industry subject to provision of funds.

#### **1.4.3. Projects:** Brief activities during 2018-19 are as follows:

##### **1.4.3.1. Establishment of National Cleantech Platform (NCTP):**

National Cleantech Platform (NCTP) has been established on 15<sup>th</sup> February 2019 to promote Innovation & startups culture in Pakistan. National Cleantech Platform (NCTP) is an outcome of the UNIDO implemented “Global Cleantech Innovation Program (GCIP)” in Pakistan.

National Productivity Organization (NPO) is one of the founding members and member of Advisory Body. Islamabad Chamber of Commerce and Industries (ICCI) is the chair of NCTP. The Chair of National Cleantech Platform (NCTP) for the next term will be NPO.

##### **1.4.3.2. Development of Demonstration Companies Project:**

NPO has availed an APO project on Development of Demonstration Companies on Material Flow Cost Accounting (MFCA). The project started from 03 October 2017 and will be completed by September 2019. The participating companies include Serena Hotel Islamabad, Asian Food Industries Ltd. and Grand Engineering (Pvt.) Ltd. Awareness / Hands on training provided to 30 technical staff members.

#### **1.5. Corporate Compliance and Systems Development**

**1.5.1. Corporate Compliance:** As a part of inwards direction, NPO worked to become a corporate compliant institution within the public sector. With the support of Ministry of Industries & Production, NPO succeeded in becoming corporate compliant institution within public sector in 2016-17. NPO presently has a valid SECP 5 years license to promote its objectives as per Memorandum of Association

(MoA). NPO is regularly complying to all necessary corporate compliance requirements including Annual Reports, Board meetings, Annual General Meetings and obligations from Ministry of Industries & Production. After the fire incident NPO has not been provided with minimum required resources and is presently operating from two residential apartments to accomplish its encompassing productivity objectives.

**1.5.2. Systems and Human Resource Development:** NPO actively worked on improving its internal systems & documentations and human resource capacity building. Following activities took place in 2018-19:

- Settlement of several Government audit observations
- Implementation of NPO Annual Human Resource Book
- Re-assignment of tasks after evaluation of HR competitive capacity
- NPO explored capabilities within the existing team members and job rotation for matching competencies. Some team members have been found very successful in accomplishing assigned tasks under job rotation strategy
- Team work is promoted and Monthly meetings are organized
- Capacity building of 07 NPO employees through APO programs and 04 employees through National programs

## 1.6. NPO Future Strategy

**Inwards Direction:** NPO primarily worked to become a corporate compliant institution within the public sector. With the support of Ministry of Industries & Production, NPO succeeded in great strides towards corporate compliance. In the year 2018-19, NPO is actively working on improving its internal systems & documentations and human resource capacity building to meet the challenging requirements on productivity improvement.

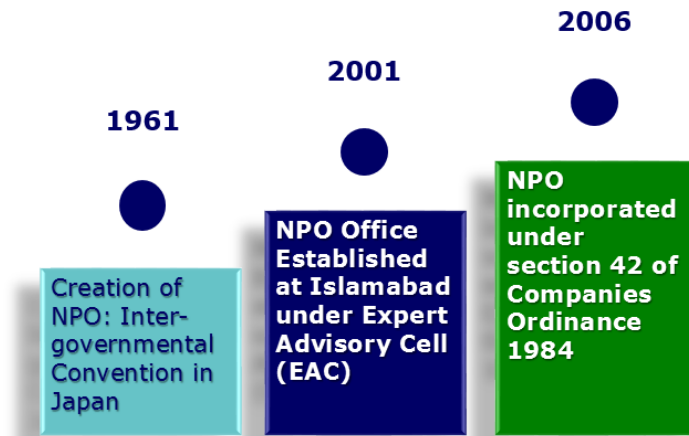
**Outwards Direction:** Figure 1 shows thrust areas that have been identified and transformed into action plans while the medium and long term plans for promotion of productivity, quality and innovation are included in the framework.



Figure 1

## 2. NPO INTRODUCTION

National Productivity Organization (NPO), a subordinate organization under the Ministry of Industries & Production (MoI&P), 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 20 member countries. Secretary MoI&P 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 (now Companies Act 2017) 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 2015-16, the Board adopted the following vision statement, mission statement and corporate values:

### 2.1. Vision

**“Productive and Competitive Pakistan”**

### 2.2. Mission

**“To strengthen the national capacity in productivity, quality and Competitiveness for sustainable socio economic development.”**

### 2.3. Corporate Values

1. God fearing
2. Positive work ethics
3. Honesty, dignity and mutual respect
4. Team work
5. Continuous learning
6. Transparency and impartiality
7. Safe and environment friendly

## 2.4. Objectives

Objectives of NPO include

- i). To inculcate productivity consciousness through promotion of productivity concept at macro and micro levels of economy.
- ii). To measure, evaluate and improve productivity of various sectors of the economy.
- iii). To set up information collection databases and dissemination systems on all facets of economy.
- iv). To propagate productivity as an evolving concept, including attention to special issues and concerns relating to quality, environment, energy, integrated rural and community development.
- v). 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.
- vi). 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.
- vii). 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.
- viii). To act as the integrated focal point of all national as well as international organizations engaged in productivity drive specially Asian Productivity Organization (APO).
- ix). To formulate strategic plans to sustain the growth of the productivity movement and to monitor it movement thereafter.
- x). To undertake research into problems of management and productivity improvements as they occur and to disseminate the results of such research.
- xi). 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.
- xii). To disseminate P & Q literature, organize conventions, surveys, seminars and workshops as well as administer quality management awards.
- xiii). To undertake, support and subsidies measures, programmers plans and schemes, for environment development and planning, prevention of pollution and industrial wastage.
- xiv). To advance money or give credit, either with or without security, to such persons or companies and on such terms as may seems 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).

- xv). To amalgamate with any other association or company having objects all together or in parts similar to those of the company.
- xvi). Initiatives for Endowment Fund

The NPO has its Head Office at Islamabad, Regional Offices at Karachi, Lahore and Peshawar. Lahore region have further two sub-offices at Faisalabad and Multan.

### 3. REVIVAL OF NPO AND PRODUCTIVITY PROMOTION

National Productivity Organization (NPO) has been facing resource deficiency since many years. The position of NPO had become very uncertain even for its survival after the fire incident of September 2017 in the Software Technology Park-I Building, sector F-5/1, where NPO Head Office was located on the 2<sup>nd</sup> Floor and all of its assets were burnt due to the fire incident.

Since the fire incident, NPO is striving to resume operations to normal routine as they were before the incident. However, it has been confronting certain hindrances for smooth operations as under:

- Non availability of funds with the government to finance NPO infrastructure requirements
- NPO Head Office is operating from two rented residential apartments due to financial constraints
- Mismatch between assigned objectives (16) and available resources
- Gaps in Hierarchical Structure
- Limited operational budget of Pak Rs. 5.42 million in view of only rental expense exceeding operational budget
- Lack of seed money in endowment fund since inception for self-sustainability

NPO management continued its efforts to take NPO out of the crisis, performed effective disaster management after the fire incident, and took some drastic steps to improve operational efficiency of NPO within available resources. Some of the initiatives are as under:

- Restructuring of NPO
- Focused on national and international image building of NPO and Pakistan
- Keeping in view the austerity drive of the present government, NPO also rationalized its budget
- Cleared liabilities of previous periods and outstanding issues with counterparts, suppliers and employees.
- Human Resource capability building and succession planning

CEO, NPO, being part of the following committees continued giving effective policy advice to help making Pakistan globally competitive:

- Accreditation Body Council of the Asian Productivity Organization (APO), Japan
- Committee to formulate recommendations for restructuring to promote efficiency, effectiveness & economy in the Ministry of Industries & Production
- Committee to formulate Key Performance Indicators (KPI's) of CEOs/ MDs of Public Sector Entities of Ministry of Industries & Production
- Working group on Innovative Financing in the Ministry of Planning, Development & Reform (MoPD&R)
- Core Committee on Productivity, Quality & Innovation (PQI), MoPD&R
- Industry Advisory Board, City University of Science & Technology



### 3.1. Constitution of NPO Core Committee

To cater with the challenge of limited resources and an effort to restructure the NPO, a Core Committee has been developed with the following 05 members from the existing executive team of NPO, to achieve the organizational objectives within available resources. This committee includes executives for Mechanical and Energy Efficiency in industries; Research, Academic, MIS & Training proficiency; and Corporate Governance and Financial affairs of NPO.

The NPO Core Committee members are as follows:

- |   |                               |
|---|-------------------------------|
| 1. a. Dr. Jamshed Khan, General Manager | Research and Academia         |
| b. Mr. Muhammad Zafar Ullah, Manager    | MIS & APO Liaison Officer     |
| 2. a. Syed Salman Masood, Deputy GM     | Mechanical Efficiency         |
| b. Mr. Aftab Khan Masood, Manager       | Energy Efficiency             |
| 3. Mr. Waheed Ahmed, C.S/ Head Finance  | Corporate Governance/ Finance |

Dr. Jamshed Khan, is a Ph.D. Doctor and he was on deputation in NPO for one year, to build HR and research capacity. He was repatriated by his organization on 1<sup>st</sup> October 2018, for initiating Post Graduate program. The committee is presently led by Mr. Salman Masood, Deputy General Manager, NPO.

### 3.2. Development of NPO Media Strategy

After restructuring of NPO media activities, a two prong media strategy was developed to reach to national and international stakeholders to build NPO image and raise productivity awareness among general public. The specific objectives of media strategy are as under:

- To build image of NPO within national and international stakeholders in order to enhance NPO visibility
- Promotion of Productivity in economic sectors of Pakistan
- To engage key stakeholders
- Support initiatives for thought leadership
- To respond responsibly to media influencers

As a result of progressive media strategy, CEO, NPO was invited for his expert views on different TV shows, national and international conferences, and other forums. Whereas, NPO news were published in different print media and it received due recognition. All these efforts had positive impact and NPO was able to spread its productivity improvement message to masses.

### 3.3. NPO Performance at APO Platform

#### 3.3.1. Secretary-General, APO Commendation to CEO, NPO

Secretary-General APO commended CEO, NPO as “A role model for NPO Heads” and “Champion” during the development of national productivity.

The commendation letter by the APO Secretary-General is a token of recognition of contributions by CEO, NPO for development of new initiative of APO. Especially during the Workshop Meetings of Head of NPOs, Sustainable Productivity Summit and Strategic Planning Workshops of Senior Planning Officers.

### **3.3.2. Establishment of APO Accreditation Body Council and Appointment of CEO NPO as member of the Council**

The Chief Executive Officer (CEO), NPO, Pakistan is appointed as a member of the APO Accreditation Body council for two years, effective from 1st January 2019. APO Accreditation Body council is constituted with five members from five APO member countries and seven other experts (technical, professional bodies/ association, academia and government) led by the APO Secretary-General himself.

The establishment of an Accreditation Body is one of the APO's key business transformations to support member governments in developing new productivity knowledge and enhancing the APO's standing as a leading productivity organization worldwide. It is also in line with APO Roadmap to Achieve the APO Vision 2020.

An accreditation and certification program was identified as one activity that could raise the APO's visibility and authority as a leading productivity organization. The Governing Body, in its review of the APO Strategic Plans, approved the establishment of an accreditation body during the 59<sup>th</sup> Workshop Meeting of Heads of NPOs held from 2<sup>nd</sup> to 4<sup>th</sup> October 2018 in Indonesia. This separate, impartial entity known as the APO Accreditation Body (APO-AB) is responsible for assessing and accrediting Certification Bodies (CBs) that conduct APO certification courses against the standards set by the APO, following the APO General Requirements for Certification Bodies: Certification of Persons Scheme, which is aligned with ISO/IEC 17024.

### **3.3.3. Digital Transformation Initiatives of APO and selection of APO Liaison Officer, Pakistan to conduct a Pilot Test**

APO Secretariat is in the process of the digital transformation and introduce new operational procedures to streamline processes. The APO is deploying technology-driven tools such as ERP to integrate processes across different functions within the Secretariat and with stakeholders. These technology tools will substantially improve operational efficiency through reengineering, digitization, and outsourcing of noncore functions and are aimed at addressing the requests of the Governing Body to increase productivity and reduce costs.

APO selected Mr. Muhammad Zafar Ullah, APO Liaison Officer for Pakistan, as one of five members from 20 APO member countries, to test APO new ERP System and conduct a pilot study. A detailed ERP pilot test report was submitted to APO after evaluating new ERP System and its functionality, the report and findings were

discussed during the APO Liaison Officers' Meeting held from 21<sup>st</sup> to 23<sup>rd</sup> May 2019 at Tokyo, Japan.

### **3.3.4. APO Productivity Practitioners Certification Qualified by 3 NPO Officials**

Over the years, the APO has organized numerous training courses to enhance the capability and expertise of productivity professionals either from NPOs or relevant organizations in member countries. To validate competency and skills of these professionals, APO has developed a certification / accreditation system. The APO first launched a pilot certification program in 2015, where participants need to undergo three stages, consisting of self-learning e-courses, face-to-face DPP courses, and their own project implementation. Each participant is given six months to implement a project and submit a project report.

Based on the assessment and evaluation by an Evaluation Committee at APO, following participants from Pakistan became first APO-certified Practitioners for a period of three years i.e. from 2019 to 2022:

- |                                       |  |
|---------------------------------------|--|
| 1. Syed Salman Masood, DGM            | Certified Productivity Practitioners     |
| 2. Mr. Aftab Khan Masood, Manager     | Certified Green Productivity Specialists |
| 3. Mr. Faisal Shahzad, Asstt. Manager | Certified Productivity Practitioners     |

#### 4. INTERNATIONAL TRAININGS/ PROGRAMS

NPO acts as a Liaison Office of APO Japan and working together on different international programs related to productivity and quality promotion.

- **61<sup>st</sup> Governing Body Meeting (GBM) of APO**

The 61<sup>st</sup> Governing Body Meeting (GBM) of the Asian Productivity Organization (APO) was held from 10<sup>th</sup> to 12<sup>th</sup> April 2019 in Manila, Philippine. The Secretariat has revamped the budget format to better reflect the new business model. In the revised budget for 2019-2020 presented to the GBM, existing and transformational programs were reclassified into the three broad categories of the Smart Transformation, Capability Development, and Individual-country Programs.

His Excellency Dr. Aman Rashid, Ambassador of Pakistan in the Philippines represented Pakistan as Head of the delegate in the GBM. He was accompanied by Mr. Muhammad Yunas Khan Raja, Consular Attache, Embassy of Pakistan, Manila, Philippines.



Dr. Aman Rashid, Ambassador of Pakistan in the Philippines represented Pakistan in the 61st Session of the APO Governing Body Meeting held on 10<sup>th</sup> to 12<sup>th</sup> April 2019 in Manila, Philippine

- **59<sup>th</sup> Workshop Meeting of Heads of NPOs**

The Asian Productivity Organization (APO) concluded its 59<sup>th</sup> Workshop Meeting (WSM) of Heads of National Productivity Organizations (NPOs) from 2<sup>nd</sup> to 4<sup>th</sup> October 2018 at Yogyakarta, Indonesia. The 59<sup>th</sup> WSM was attended by NPO representatives, agriculture delegates, and advisers from 19 APO members, along with observers from international partner organizations.



During the plenary session, presentations were given by representatives from Japan,

Malaysia, and Mongolia on different productivity initiatives taken in their countries. The country presentation session was facilitated by CEO, NPO-Pakistan.

- ***APO Sustainable Productivity Summit and Strategic Planning Workshop***

Capt. (R) Ajaz Ahmad, Additional Secretary MoI&P/Alternate Director APO and Mr. Abdul Ghaffar Khattak, CEO NPO represented Pakistan in the APO Sustainable Productivity Summit held on 10<sup>th</sup> July 2018 and Strategic Planning Workshop for Senior Planning Officers of NPOs held from 11<sup>th</sup> to 12<sup>th</sup> July 2018, Tokyo, Japan. The Summit was attended by over 270 senior-level policymakers, researchers, and industry experts from 22 countries, including the APO member economies and the workshop was attended by 44 participants from 20 different countries.

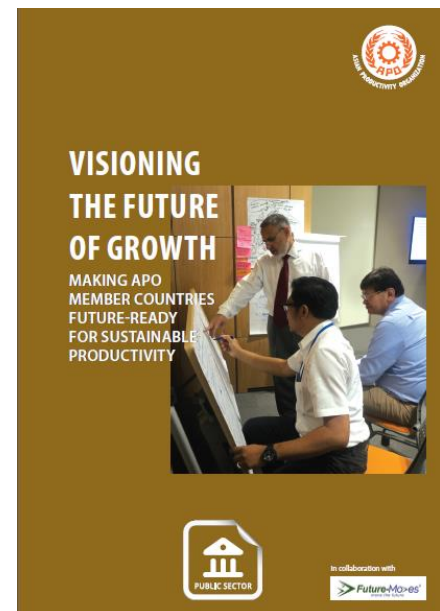


- ***Visioning the Future of Growth***

CEO, NPO participated in the APO Sustainable Productivity Summit and Strategic Planning Workshop on Strategic Foresight Capability Building in Public Sector, 5 - 8 June 2018, Tokyo, Japan.

APO published a report on “Visioning the Future of Growth”. Due to valuable inputs by NPO Pakistan, APO included picture of CEO, NPO on title page.

The report identifies three central imperatives to sustain economic growth: the need for strong institutions; the need to contain consumption; and urgency of comprehending the behavior of productivity under changing economic conditions. It argues that good governance is required to address all three imperatives and asserts that governance should be understood as a broad constituency extending beyond governments to include leadership contributions from academia, the corporate sector, and the community.



#### **4.1. National Follow Up Project (NFP) on Training of Trainers and Consultants in Green Productivity**

Green Productivity (GP) involves simultaneously enhancing productivity and environmental performance for overall socioeconomic development, which leads to sustained improvement in the quality of human life. It is the combined application of appropriate



productivity and environmental management tools, techniques, and technologies to reduce the environmental impact of an organization's activities, products, and services while enhancing profitability and competitive advantage.

The National Productivity Organization (NPO) in collaboration with Asian Productivity Organization (APO) organized a five day national follow up program on “Training of Trainers and Consultants in Green Productivity” from 9<sup>th</sup> to 13<sup>th</sup> July 2018 at Islamabad. This program has provided a unique opportunity to the participants to become APO certified Green Productivity (GP) specialist after fulfilling certain APO requirements within six months. Mr. Alex Yap Fung from Malaysia was the resource speaker. Participants from 30 different organizations attended the program.



The objective of this Training was to enrich senior trainers with modern concepts and methodology of Green Productivity. The program addressed challenges that arise in consulting problems. Contents of the session highlighted the ways businesses steer towards achieving a competitive advantage by doing better with less resources without effecting environment.

Program coverage: Uses of management tools, techniques and technologies to encourage innovation for a continuous cycle for productivity gains, lean approach, Muda identification cycle, Green Process management system, Eco-Mapping & benchmarking.



## 4.2. e-Learning Courses FY 2018-2019

### *e-learning program on Waste Management in Agribusiness*

Agricultural waste is generated in different processes and operations along the agrifood supply chain. That waste is estimated to account for 30% of worldwide agricultural production. Farm waste includes materials from crop growing such as unusable biomass, harvest residues, and harvest waste (herbs, grains, roots, tubers, stubble), which may affect the environmental performance of operations. Beyond the farm level, food-processing operations in the postharvest stage are another area that produces huge amounts of agricultural waste. Turning the waste into profitable products is critical in improving the productivity of agribusiness.



The National Productivity Organization (NPO) in collaboration with Asian Productivity Organization (APO) organized a 4-day e-learning program on Waste Management in Agribusiness from 27<sup>th</sup> to 30<sup>th</sup> November 2018 (session 1) at Virtual University, Lahore. The objective of the program was to enhance participants' understanding of recent trends and innovative approaches in agricultural waste management (AWM) as well as build knowledge of value-added product development from agrifood waste. Four APO resource persons from Japan, the ROK, and Sri Lanka shared their expertise and professional experience in conducting the course. A site visit was hosted in each participating country to an organization and/or company to observe the current status of AWM and to provide suggestions during country presentation sessions on the last day of the course. Forty six participants from different organizations attended the program.

Program coverage: Understanding AWM; current status and trends in AWM at the farm and postharvest stages; Integrated solid waste management for organic waste; waste reuse and recycling through technological methods; incorporating AWM as a plausible business model; exploring methodologies, tools, and techniques for transforming agricultural and food waste into useful resources; government initiatives and legal schemes to promote implementation of AWM; and establishing AWM as a common practice in the public and private sectors.

### ***e-learning program on Management Innovation in SMEs***

As an advanced level course, the objectives of the e-learning course on Management Innovation in SMEs were to offer knowledge of management innovation in SMEs for higher productivity, increase the capacity of SMEs to achieve long-term sustainability through the development of innovative strategies, assess innovative strategies/tools, and learn about emerging trends in management innovation in SMEs.



The National Productivity Organization (NPO) in collaboration with Asian Productivity Organization (APO) organized a 4-day e-learning program on Customer Satisfaction Management for Services Sector on 15<sup>th</sup> to 18<sup>th</sup> October 2018 at Islamabad. Forty four participants from different organizations attended the training.

Program coverage: Emerging trends in management of innovation in SMEs; Innovation creation through design thinking; Practical systems to make innovation sustainable in SMEs; Government support for innovation creation in SMEs; Innovative strategies for SMEs; and Assessment of innovative tools/strategies.

### ***e-learning program on Customer Satisfaction Management for Health Sector***

The service sector is one of the major contributors to the GDP of all APO member countries. The promotion of productivity and innovative service-sector management is therefore crucial to drive national economies. Customer satisfaction (CS) management innovation, especially in the health sector, can result in quantum leaps in productivity and involves harnessing the creativity of employees to increase efficiency and enhance overall performance.





The National Productivity Organization (NPO) in collaboration with Asian Productivity Organization (APO) organized a 4-day e-learning program on Customer Satisfaction Management for Health Sector from 3<sup>rd</sup> to 6<sup>th</sup> December 2018 at Peshawar. The objective of the program was to help participants increase their customer service aptitude, problem solving skills, ability to deal effectively with co-workers, manage stress, and increase patient satisfaction. Twenty four participants from different organizations attended the training.



Program coverage: Benefits of excellent customer service in a healthcare setting, increase patient satisfaction and compliance, understand the importance of attitude, establish a positive first impression with patient and family, listening skills, manage emotions and stress professionally, calm upset customers, resolve complaints positively, deal professionally with seniors and patients with disabilities.

### ***e-learning program on Global Food Safety Trends: Application of Advanced Technologies***

The food supply chain has expanded around the globe, and food safety is a matter of global concern. Food product recalls as a result of microbial but also chemical food contamination, have raised public health concerns globally. Increasing reports of outbreaks of foodborne illnesses worldwide in recent years have heightened consumers' food safety awareness and caused public distrust of increasingly complex cross-border food value chains. Food safety management (FSM), therefore, has become a crucial part of any modern food business. It protects businesses' competitive market share, customers, and the community. Applications of advanced technologies can help the food industry reduce risks associated with increasingly complex modern food supply chains.



The National Productivity Organization (NPO) in collaboration with Asian Productivity Organization (APO) organized a 4-day e-learning program on Global Food Safety Trends: Application of Advanced Technologies from 17<sup>th</sup> to 20<sup>th</sup> December 2018 at Rawalpindi. Objective of this course was to enhance participants' understanding of global trends in Food Safety Management (FSM), to provide updated knowledge of advanced



technologies for efficient, effective FSM and to discuss key success factors in implementing and receiving certification in modern food safety standards. Five countries participated in the program i.e. India, IR Iran, Nepal, Pakistan and Philippines. Resource persons from Japan and Thailand delivered online interactive lectures through video conference. The training was attended by 48 participants from different organizations/universities and site visit was conducted in United Biscuits, Islamabad.



Program coverage: understanding of basic concepts, tools, and techniques of food safety good agricultural practices (GAP), such as good hygiene practices (GHP), good manufacturing practices (GMP), and hazard analysis and critical control point (HACCP).



### 4.3. International Trainings:

Sr. No.	Course Name	Venue	Date	Pakistani Participants
1	International Forum on Public-sector Productivity	Colombo, Sri Lanka	2-4 July 2018	3
2	Training of Trainers in Lean Manufacturing Systems	Selangor, Malaysia	9-13 July 2018	2
3	Top Management Forum on Knowledge Management and Innovation for SMEs	Nadi, Fiji	18-20 July 2018	1
4	Multicountry Observational Study Mission on Labor-Management Relations	Jakarta, Indonesia	23-26 July 2018	2
5	Workshop on APO Public-sector Leadership	Manila, Philippines	6-10 August 2018	2
6	Forum on the Impact of Education Policies on National Productivity Growth	Manila, the Philippines	14-17 August 2018	2
7	Certified Productivity Practitioners Course	Tagaytay City, Philippines	20-31 August 2018	2
8	Workshop on Productivity Measurement in SMEs	Nadi, Fiji	3-7 September 2018	1
9	Multicountry Observational Study Mission on SME Development	Seoul, Republic of Korea	10-14 September 2018	1
10	Workshop on Innovative and Strategic Leadership for Enhancing Public-sector Productivity	Colombo, Sri Lanka	17-21 September 2018	2
11	Workshop on Smart Agriculture Extension Models	Colombo, Sri Lanka	17-21 September 2018	2
12	Training of Trainers on Scenario Planning Development	Colombo, Sri Lanka	15-19 October 2018	2
13	Workshop on Innovative Rural Community Development Models	Yogyakarta, Indonesia	22-26 October 2018	1
14	Training of Trainers on Ecotourism and Agrotourism	Nadi, Fiji	22-26 October 2018	2
15	Workshop on International Marketing of Agrifood Products	Manila, Philippines	6-9 November 2018	2
16	Training of Trainers on Performance Management for Public-sector Organizations	Manila, Philippines	12-16 November 2018	1

17	Training of Trainers on Customer Satisfaction Index Development for the Service Sector	Seoul, Republic of Korea	12-16 November 2018	1
18	Multicountry Observational Study Mission on Regulatory Review Enhancing Public-sector Productivity	Manila, the Philippines	19-23 November 2018	1
19	Workshop on Innovations in Food Value Chains	Phnom Penh, Cambodia	26-30 November 2018	2
20	Workshop on Science, Technology, and Innovation Policies and Productivity Enhancement	Hanoi, Vietnam	27-30 November 2018	1
21	Training of Trainers on Quality Standards for Agricultural Products to Enhance Market Access	Vientiane, Lao PDR	10-14 December 2018	1
22	Workshop on Accelerating Agribusiness Startups	Yogyakarta, Indonesia	11-15 March 2019	1
23	Workshop and Practitioners' Group Meeting on Standardization of Industrial Automation	New Delhi, India	14-15 March 2019	0
24	Forum on Disruptive Technologies and Technology-driven Productivity	Jakarta, Indonesia	26-28 March 2019	1
25	Training of Trainers on Smart Service and Technology for the Health Sector	Jakarta, Indonesia	22-26 April 2019	2
26	Multicountry Observational Study Mission on Sustainable Food Value Chains	Tokyo, Japan	22-25 April 2019	1
27	Workshop on Advanced Performance Management for Modern Public-sector Organizations	Dhaka, Bangladesh	19-23 May 2019	0
28	Workshop on the Internet of Things for Productivity Enhancement	Taipei, Republic of China	27-31 May 2019	2
29	Multicountry Observational Study Mission on Good Agricultural Practices (GAP) and Advanced Postharvest Handling Technologies	Tokyo, Japan	10–14 June 2019	1
30	Training of Trainers and Consultants in Green Productivity	Taipei, Republic of China	10-21 June 2019	1

31	Asian Food and Agribusiness Conference: Smart Food Value Chains	Bangkok, Thailand	11-13 June 2019	2
<b>Total</b>				<b>45</b>

Following APO Programs were not attended by selected Pakistani participants due to non-issuance of No Objection Certificate (NOC) & Visa and due to other commitments:

<b>Sr. No.</b>	<b>Course Name</b>	<b>Venue</b>	<b>Date</b>	<b>Pakistani Participants</b>
1	Workshop on Productivity Measurement in SMEs	Nadi, Fiji	3-7 September 2018	1 (course name repeat from Sr. No. 8)
2	International Conference on Public-sector Productivity	Tagatay, Philippines	22-24 November 2018	2
3	Workshop on Organic Agriculture 3.0	Chennai, India	3-7 December 2018	1
4	Training of Trainers on Benchmarking to Enhance Organizational Excellence in the Service Sector	Suva, Fiji	10-14 December 2018	1
5	APO Development Workshop for Practitioners of Business Excellence	Singapore	11-14 March 2019	1
6	Workshop on Developing Standards for Smart Cities	Seoul, Republic of Korea	25-29 March 2019	1
7	Forum on Disruptive Technologies and Technology-driven Productivity	Jakarta, Indonesia	26-28 March 2019	2 (course name repeat from Sr. No. 24)
8	Workshop on Accountable Governance for Productivity Growth and Competitiveness	Dhaka, Bangladesh	21-25 April 2019	2
9	Workshop on Building Climate Resilience in Agriculture	Dhaka, Bangladesh	5-9 May 2019	2
10	Asian Food and Agribusiness Conference: Smart Food Value Chains	Bangkok, Thailand	11-13 June 2019	1
11	Training of Trainers on Productivity Measurement for Public-sector Organizations	Manila, Philippines	24-28 June 2019	1
<b>Total</b>				<b>15</b>



#### 4.4. Multicountry Training Programs

Two APO projects were planned for hosting in Pakistan in 2018. These programs were postponed due to security reasons emerged after increased regional tension:

**4.4.1.** Training of Trainers in Material Flow Cost Accounting for SMEs, originally scheduled from 18-22 March 2019 in Islamabad, Pakistan (postponed to 2-6 September 2019).

**4.4.2.** Workshop on Value-added Agriculture, originally scheduled from 22-26 April 2019 in Islamabad, Pakistan (postponed to 18-22 November 2019).

### 5. NATIONAL TRAININGS

NPO offers wide range of specialized trainings, including but not limited to, replication of international trainings 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 and Diploma programs in the management and technical disciplines; such as Productivity and Quality Management, Green Productivity, International standards/compliance, Agricultural Productivity, Soft Skills, Development of Productivity Practitioners, IFC Business Edge® Trainings 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.

In January 2019, NPO Pakistan acquired Pakistan Engineering Council (PEC) License of Professional Engineering Body to carry out Continuing Professional Development (CPD) activities to the Registered Engineers (RE) and Professional Engineers (PE). The membership has increased value of NPO trainings and certificate recognition as participant of trainings are entitled to receive 1 CPD point for each training, which is mandatory for their registration as Professional Engineer with PEC after receiving 17 points.



#### 5.1. Productivity & Quality Management

##### *Training Course on Productivity Tools & Techniques*

Productivity Tools & Techniques includes the basic know-how on an in-house productivity drive, engagement of workers and how to sustain the efforts in productivity with the goal to improve operation productivity.

The National Productivity Organization (NPO) has organized a training program on Productivity Tools & Techniques on 23<sup>rd</sup> July 2018 at Karachi. The program was designed to

impart the knowledge of implementing, managing, measuring and sustaining a productivity improvement drive to the middle and top management. Objective of the program was to equip managers with tools and techniques to drive productivity. Nine participants from different organizations attended the training.

Program coverage: Introduction to Productivity, Quality, and Competitiveness; basic Productivity and Quality Tools and Techniques; fundamental productivity techniques such as 5S, Suggestion Scheme and quality circles; basics of Productivity concepts & Measurement; and introduction to Total Quality Management.

### ***Training program on Project Management***

Project management is the practice of initiating, planning, executing, controlling, and closing the work of a team to achieve specific goals and meet specific success criteria at the specified time. The primary challenge of project management is to achieve all of the project goals within the given constraints.

The National Productivity Organization (NPO) has organized a one day training program on Project Management on 13<sup>th</sup> December 2018 at Islamabad. The program imparted people skills rather than methodologies. It was planned for participants to look at the way they handle and manage the people on their projects. Program was attended by 21 participants.

Program coverage: Overview of Project Management, Project Initiation, Project Planning, Estimating and Scheduling, Project Planning, Project Execution, Monitoring and Controlling.

### ***Training Program on Total Quality Management (Advanced)***

Total Quality Management (TQM) is an approach that organizations use to improve the internal processes and customer satisfaction. Seven principles of Total quality Management are used in all activities to improve internal processes. TQM ensures changes in the system and results in superior quality and services. TQM is a framework adopted by the organizations to achieve long term benefits.

The National Productivity Organization organized a 2-day training program on Total Quality Management (advanced) from 20<sup>th</sup> to 21<sup>st</sup> December 2018 at Lahore. The training course was designed to help participants in understanding total quality concept and techniques for managing, controlling, and improving quality. The main objective of the program was to help participants to develop a quality conscious mind-set and understand various techniques. Seven participants from different organizations attended the program.

Program coverage: Introduction to TQM; Basic concepts, definitions; Basic principles of total quality management; Historical background of TQM; Application process and techniques of TQM in organization; QMS standards, process measurement and improvement tools Advantages/Disadvantages and Opportunities for the organizations from the application of

TQM; and Quality management standards.

### ***Training program on Train the Trainers***

Train the Trainer is a face-to-face course for experienced teachers. Participants develop the knowledge and skills they need to train English language teachers working in primary and secondary schools. They learn how to run training sessions, observe teaching and give feedback.

The National Productivity Organization (NPO) organized a 3-day training program on Train the Trainer from 18<sup>th</sup> to 20<sup>th</sup> December 2018 at Islamabad. This is a dynamic career development program designed to provide a range of skills needed to become a Professional Trainer. Objective of the workshop was to make participants able to develop training planning, mechanism & functions of facilitator, design & develop, exercises, modules, evaluation instrument and conduct TNA. The program was attended by 8 professionals.



Program coverage: Psychology of Learning Principles, Adult Learning principals, Howard Gardner's, Multiple Intelligence Theory, The ADDI Model, Training Need Analysis (TNA) & Instructional design, Bloom's Taxonomy, Kirkpatrick's Foul level of Evaluation, Training development Implementation and Evaluation, Presentation & Communication skills, Time Management, Performance Assessment/Evaluation.

## **5.2. Operations Management**

### ***Training Program on Cost Reduction Techniques***

Cost reduction is the process used by companies to reduce their cost and increase their profits. Depending on a company's services and products, the strategies can vary. Every decision in the product development process affects cost. The non-value added activities are removed or minimized via Kaizen (continuous improvement). Companies that are losing money can use cost reduction techniques to improve their profits. Cost becomes more important when competition increases and price become differentiator in the market.

The National Productivity Organization (NPO) organized a training program on Cost Reduction Techniques on 10<sup>th</sup> August 2018 at Lahore. The main objective of the program was to help participants learn the key concept and significance of cost reduction and to understand the difference between cost reduction and cost control in any organization. The program enabled participants to develop a cost conscious mindset and





understand various techniques to reduce the cost of product or service to enhance profitability and productivity. Six participants from different organizations attended the program.

Program Coverage: Concept of Cost, Simulation Exercise on cost, Kaizen – Process improvement teams, 5S (Sort, Set in order, Shine, Standardize, Sustain), 5 Whys – Root cause analysis and seven wastes.

### ***Training program on 5S Japanese System of Good House Keeping & its implementation***

5S Japanese management practices is a time tested and proven approach from Japan, focused on fostering and sustaining high quality housekeeping. Implementing 5S results in clean, orderly and safe environment at home and at work. It refers to the five structured programs using the Japanese principles of seiri, seiton, seison, seiketsu, and shitsuke or commonly referred as sort, set, shine, standardize and sustain, respectively.

The National Productivity Organization (NPO) organized a one day training program on 5S Japanese System of Good House Keeping and its implementation 25<sup>th</sup> September 2018 at Karachi. The basic purpose for the training was The objective was to understand the reasons to implement 5S, its tools and techniques, identify the types of waste & how to eliminate them, increase productivity, safety and workers commitment by implementing 5S at work place. Eleven participants from different organizations attended the program.

Program coverage: Basics of 5 S House Keeping, Seiri, or Sort, Seiton, or Systematize, Seiso, or Sweep, Seiketsu, or Standardize, Shitsuke, or Self-Discipline, Plan-Do-Check-Act approach to 5S.

### ***Training program on Total Productivity Maintenance***

TPM is a management system for optimizing the productivity of manufacturing equipment through systematic equipment maintenance involving employees at all levels. In TPM, everyone is involved in keeping the equipment in good working order to minimize production losses from equipment repairs, set-ups, and the like. This program is designed so that trainees can apply maintenance strategies, philosophies, procedures and techniques to their own work positions, and complete assignments, projects and other tasks by focusing on actual circumstances that exist within their individual workplaces.

The National Productivity Organization (NPO) has organized a training program on Total Productive Maintenance on 28<sup>th</sup> September 2018 at Lahore. Objective of the program was to understand the concept of TPM and learn the 8 pillars of TPM, activities, maintenance, planned maintenance, and focused improvement. Nine participants from different organizations attended the program.

Program coverage: Basic Concepts of TPM, Pre-Requisite of TPM, 8 Pillars of TPM, TPM tools,

equipment effectiveness & loss, practical approaches, tools, and steps to adopt TPM, importance and benefits of TPM, studies on TPM implementation, how to overcome challenges to implement TPM.

### ***Training program on Quality Management System***

A quality management system is a collection of business processes focused on consistently meeting customer requirements and enhancing their satisfaction. It is aligned with an organization's purpose and strategic direction.

The National Productivity Organization (NPO) organized a one day training program on Quality Management System on 27<sup>th</sup> February 2019 at Islamabad. The objectives of the training program include increased job satisfaction & morale, increased employee motivation, increased efficiencies in processes, resulting in financial gain, increased capacity to adopt new technologies & methods, and increased innovation in strategies & product. Program was attended by 10 participants from different organizations.

Program coverage: Fundamentals of QMS, ISO Evolution, ISO standards Interpretation, ISO standards Implementation, Documentation & Control Mechanism, QMS Principles, Quality Planning, control & Assurance, Execution and Feedback Mechanism.

### ***Training program on Safety at Workplace***

Workplace safety 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.

The National Productivity Organization (NPO) organized a one day training program on Safety at Workplace on 5<sup>th</sup> March 2019 at Islamabad. 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. Thirteen participants from different organizations attended the program.

Program coverage: Common Safety. Definition & issues, Types of fires & hazards and use of extinguisher, Safety management system, Hazard and risk mitigation, Development of Safety Culture, Safety regulations, standards, Developing safety policies ,procedures and processes

### ***Training program on Food Safety Measures***

Food safety is a scientific discipline describing handling, preparation, and storage of food in ways that prevent foodborne illness. The occurrence of two or more cases of a similar illnesses resulting from the ingestion of a common food is known as a food-borne disease outbreak. This includes a number of routines that should be followed to avoid potential health hazards. In this way food safety often overlaps with food defense to prevent harm to consumers.

The National Productivity Organization (NPO) organized a one day training program on Food Safety Measures 26<sup>th</sup> March 2019 at Islamabad. Objectives of training program include effective capacity building, benefits of local stakeholders and generate the processes that strengthen trust and build commitment & good relationships. The program was attended by 24 participants from different organizations.



Program coverage: contents Preamble, Pre-Assessment, Introduction , Important Food Issues, Elements of quality food control mechanism Strengthening quality food control mechanism, Quality control & Quality Assurance in food Safety, Specific Issues of developing countries, Food safety standards and checklists, Post-Assessment.

### ***Training program on Quality Management System***

Implementing a QMS can help to: Achieve better stability in the activities involved in providing products or services. Reduce expensive mistakes. Increase efficiency by improving use of time and resources.

The National Productivity Organization (NPO) organized one day training program on Quality Management System on 24<sup>th</sup> June 2019 at Islamabad. The objectives of the training program include increased job satisfaction & morale, increased employee motivation, increased efficiencies in processes, resulting in financial gain, increased capacity to adopt new technologies & methods, and increased innovation in strategies & product. The program was attended by 08 participants from different sectors.

Program coverage: The fundamentals of QMS, ISO Evolution, ISO standards Interpretation, ISO standards Implementation, Documentation & Control Mechanism, QMS Principles, Quality Planning, Control & Assurance, Execution and Feedback Mechanism.

### ***Training program on Labor Productivity through Labor Law***

Labor law is the area of law most commonly relating to the relationship between trade unions, employers and the government.

The National Productivity Organization (NPO) organized a one day training program on Labor Productivity through Labor Law on 30<sup>th</sup> July 2019 at Islamabad. Objective of training is to protect equal opportunity by requiring employers to give equal consideration to underrepresented groups, to pay equal pay for equal work and to institute policies that limit or prevent structural discrimination. The program was attended by 6 participants from different organizations.

Program coverage: Introduction of Labor wellbeing/law, Equal Employment Opportunities, Recruitment and retention of productive workforce, Productive workplace & policies Motivation (working conditions, rewards, incentives, sanctions, remuneration) Workplace risk factors (health & conflict).

### **5.3. Personal Productivity Skills**

#### ***Training program on Effective Leadership Skills***

Effective Leadership describes how to enrich management competencies, strategic and operational decision making, together with developing skills and techniques for problem solving, leading change and organizational development. It focuses on advancing leadership proficiencies and leveraging them for measurable, sustained impact in a range of business environments.

The National Productivity Organization (NPO) organized a one day training program on Effective Leadership Skills on 31<sup>st</sup> January 2019 at Islamabad. The main objectives of the training include to gain self-awareness of leadership characteristics & professional development needs, strengthen preparedness & skills to lead others and deploy appropriate leadership tools for specific situations and desired outcomes. The training was attended by 18 participants from different organizations.

Program coverage: The fundamentals of leadership skills including Concept of Leadership, Difference between Manager & a Leader, Transform in to a Leader, Situational Leadership Matrix, Leadership Styles, Leadership Challenges.

### ***Training program on Time & Stress Management***

Improving time management and controlling stress is a core skill for anyone wishing to work efficiently and establish good habits. Implementing their action plan will help them to reduce stress and enhance their productivity.

The National Productivity Organization (NPO) organized a one day training program on Time & Stress Management on 2<sup>nd</sup> May 2019 at Islamabad. The program on time and stress management looks at the causes of time and stress management difficulties and offers concrete and practical solutions. By managing their time more effectively, participants will be able to make a greater contribution to your organization's goals – they will be more effective at work but will still be able to achieve work / lifework / life balance. The program was attended by 08 participants from different organizations.

Program coverage: Concept of Time Management, difference between Clock, Body & Real time, Time Management Planner, Time Management tips, Stress Management techniques, Lucky to be stressed.

### ***Training program on Effective Communication Skills***

Effective communication skills are fundamental to success in many aspects of life. Many jobs require strong communication skills. People with good communication skills also usually enjoy better interpersonal relationships with friends and family.

The National Productivity Organization (NPO) organized a one day training program on Effective Communication Skills on 19<sup>th</sup> March 2019 at Islamabad. Objective of the training was to make participants able to: identify their positives and opportunities to grow as managers, effectively delegate work to other employees, make use of their style in ensuring effective communication and identify different behavioral styles and coach each team member in a better way. The program was attended by 13 participants from different organizations.

Program coverage: What is communication, Communication and Interpersonal Skills, Process & types of communication, Business communication, Professional Communication for Leaders, Next Level Of Communication, Communication Barriers, Secrets of Effective communication Skills.

## 6. SERVICES AND PROJECTS

### 6.1. Green Productivity Services

During the year 2018-19, NPO provided Green Productivity services to 14 clients (13 textile and 01 residential building). NPO team collected data; identified gaps and suggested best practices related to process, energy, material improvement and water conservation. The team also provided informal shop floor training to at least 4 technical staff members per client. NPO team identified 10% to 15% potential energy savings in electrical/mechanical and processes of the above mentioned units at no or negligible investments.



Details of the services rendered are as follows:

Sr. No.	Description	No. of Assessments conducted	No. of staff trained
1	US Apparel Unit 2	2	6
2	US Apparel Unit 5	2	6
3	Bannu Woolen Mills	1	3
4	Crescent Bahuman (8 Units)	8	16
5	Building (public sector)	1	1
	Total	14	32

### 6.2. Establishment of National Cleantech Platform (NCTP)

NPO is supporting the project technically in marketing, linkages development, mentoring, judging and establishment of Venture Capital Fund (VCF). The CEO NPO was selected as one of the three judges for Global Cleantech Innovation Programme. This Programme was initially funded by Global Environmental Facility (GEF) and globally managed by United Nations Industrial Development Organization (UNIDO) under the name Global Cleantech Innovation Programme. NPO along with other stakeholders is taking this programme under the new name National Cleantech Innovation Programme to benefit innovators from Pakistan. Brief highlights of the Programme are as follows:

1. A start-up fund for consistency is being developed by UNIDO in collaboration with private sector.
2. GCIP includes a global competition aimed at encouraging innovation for clean technologies. Out of 585 applicants, judges selected 82 innovators / Start-ups.

3. 5 Winners of the competition visited Silicon Valley, USA for global competition and won the global award.
4. NPO received appreciation from UNIDO for its contribution to make the program successful and introducing innovation to entrepreneurs.

National Cleantech Platform (NCTP) has been established on 15<sup>th</sup> February 2019 to promote innovation & startups culture in Pakistan. National Cleantech Platform (NCTP) is an outcome of the UNIDO implemented “Global Cleantech Innovation Program (GCIP)” in Pakistan.

National Productivity Organization (NPO) is one of the founding members and member of Advisory Body. Islamabad Chamber of Commerce and Industries (ICCI) is the chair of NCTP. The Chair of National Cleantech Platform (NCTP) for the next term will be NPO.

### **6.3. Development of Demonstration Companies Project for Pakistan**

Project on Material Flow Cost Accounting (MFCA) was started from 03 October, 2017 and will be completed by September 2019. Following three companies were developed as demonstration companies:

- Serena Hotel Islamabad (hospitality sector),
- Asian Food Industries Limited, Lahore (food & beverages sector) and
- Grand Engineering (Pvt.) Ltd., Lahore (engineering sector).

As a result of the intervention, up to 10% saving potential was identified and around 35 technical staff has been trained through class room and/or shop floor trainings.





## 7. NPO COLLABORATION WITH PARTNER ORGANIZATIONS

- **59<sup>th</sup> Workshop Meeting of Heads of NPOs**

The Asian Productivity Organization (APO) concluded its 59<sup>th</sup> Workshop Meeting (WSM) of Heads of National Productivity Organizations (NPOs) from 2<sup>nd</sup> to 4<sup>th</sup> October 2018 at Yogyakarta, Indonesia. The 59<sup>th</sup> WSM was attended by NPO representatives, agriculture delegates, and advisers from 19 APO members, along with observers from international partner organizations. Mr. Abdul Ghaffar Khattak, CEO, NPO participated in the workshop from Pakistan.



Abdul Ghaffar Khattak, CEO NPO, attending 59<sup>th</sup> Workshop Meeting of Heads of NPOs held on 2<sup>nd</sup> to 4<sup>th</sup> October 2018 at Yogyakarta, Indonesia

- **APO Sustainable Productivity Summit and Strategic Planning Workshop**

Capt. (R) Ajaz Ahmad, Additional Secretary MoI&P/Alternate Director APO and Mr. Abdul Ghaffar Khattak, CEO NPO represented Pakistan in the APO Sustainable Productivity Summit held on 10<sup>th</sup> July 2018 and Strategic Planning Workshop for Senior Planning Officers of NPOs held from 11<sup>th</sup> to 12<sup>th</sup> July 2018, Tokyo, Japan. The Summit was attended by over 270 senior-level policymakers, researchers, and industry experts from 22 countries, including the APO member economies and the workshop was attended by 44 participants from 20 different countries.



Participants during APO Strategic Planning Workshop



- ***Development of Demonstration Companies on MFCA***

Mr. Abdul Ghaffar Khattak, CEO NPO with Mr. Michel A. Galopin, General Manager, Serena Hotel, Islamabad, Mr. Alex Yap, MFCA expert form Malaysia, and team during their visit to Serena Hotel, Islamabad



- ***Agriculture Sector Productivity Improvement***

Mr. Abdul Ghaffar Khattak, CEO NPO participated in the Agriculture Development Program in northern Punjab for productivity promotion in the agriculture sector. The concept of plants flood irrigation has transformed into drip irrigation. The primary objective of being a Chief Guest to Punjab Agriculture Productivity Improvement Program was to familiarize farmers to drip irrigation and off grid solar solutions.



## 8. FINANCIAL REPORT

### Directors Report on the Financial Status for the Year Ended June 30, 2019

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, 2019.

#### Principal Activities

##### *1. International Trainings / Programs*

##### *APO/ NPO Joint Programs:*

Description	2018- 2019	
	Programs	Participants
TES/DON/NFP/Multi-country (National Follow Up Project (NFP) Training of Trainers and Consultants in Green Productivity)	01	30

##### *International Trainings/Workshops/Meetings:*

Description	2018- 2019	
	Programs	Participants
E- learning	4	162
International Courses abroad in multiple countries	40	45*
61 <sup>st</sup> Session of the APO Governing Body	01	02**
59 <sup>th</sup> Workshop Meeting (WSM) of Heads of NPOs	01	01
APO Sustainable Productivity Summit and Strategic Planning Workshop for Senior Planning Officers of NPOs	02	02
APO Liaison Officer's Meeting	01	01
APO Productivity Databook and Database (research project)	01	01
<b>Total</b>	<b>50</b>	<b>214</b>

\* Excluding 15 participants not able to attend the programs due to non-issuance of visa and/or NOC

\*\* Representation from Embassy of Pakistan in the Philippines

##### *2. National Trainings*

Sr. #	Description	2018- 2019	
		Courses	No. of Participants
1.	Productivity and Quality Management	4	45
2.	Operations Management	8	87
3.	Personal Productivity Skills	3	39
		<b>15</b>	<b>171</b>

### 3. *Services and Projects*

#### a. Green Productivity Services

- NPO conducted 14 Energy Efficiency Audits in various sectors (13 textile and 01 residential building) and identified 15% to 20% potential energy savings in electrical/mechanical and processes at no or negligible investments.
- Awareness / Hands on training: Trained 48 technical staff members

#### b. Development of National Cleantech Platform (NCTP)

- National Cleantech Platform (NCTP), an outcome of the UNIDO implemented “Global Cleantech Innovation Program (GCIP)” in Pakistan, established on 15<sup>th</sup> February 2019 to promote innovation & startups culture in Pakistan.
- National Productivity Organization (NPO) is one of the founding members and member of Advisory Body. The Chair of National Cleantech Platform (NCTP) for the next term will be NPO.

#### c. APO Development of Demonstration Companies Project for Pakistan

- The project on Material Flow Cost Accounting (MFCA) was started from 03 October 2017 and will be completed by September 2019. The participating companies include Serena Hotel Islamabad, Asian Food Industries Ltd. and Grand Engineering (Pvt.) Ltd.
- Awareness / Hands on training: Trained 35 technical staff members

### 4. *Corporate Compliance and Systems Development*

#### a. Corporate Compliance

As a part of inwards direction, NPO worked to become a corporate compliant institution within the public sector. With the support of Ministry of Industries & Production, NPO succeeded in becoming corporate compliant institution within public sector in 2016-17 by completing audit of accounts for the years 2012-2016, holding pending Annual General Meetings, preparing first Annual Report 2015-16 and achieving five years renewal of NPO License from SECP. Despite the fire incident on 10 September 2017 at NPO head office, 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 sustainably completed all necessary corporate compliance requirements including Annual Reports for 2016-17 and 2017-18, Board meetings, Annual General Meetings and obligations from Ministry of Industries & Production.

**b. Systems and Human Resource Development**

NPO actively worked on improving its internal systems & documentations and human resource capacity building. Following activities took place in 2018-19:

- Settlement of several Government audit observations
- Implementation of NPO Annual Human Resource Book
- Re-assignment of tasks after evaluation of HR competitive capacity
- After repatriation of General Manager, NPO explored capabilities within the existing team members and job rotation for matching competencies. Some team members have been found very successful in accomplishing assigned tasks under job rotation strategy
- Team work is promoted and Monthly meetings are organized
- Capacity building of 07 NPO employees through APO programs and 04 employees through National programs

**Operating Result**

Significant changes in the company's state of financial affairs occurred during the year under review. The Company has a net surplus of Rs. 1.404 million (on 30 June 2019) as compared to net deficit of Rs. 3.019 million for the financial year ended 30 June 2018. It was possible due to austerity measures adopted by management to cut down the operating expenditure. The key financial figures are tabulated as follows:

	<b>2019</b> <b>(Rupees)</b>	<b>2018</b> <b>(Rupees)</b>
<b>INCOME</b>		
Grant	<b>53,372,447</b>	50,163,541
Income from training and consultancy	<b>5,088,771</b>	8,401,997
Amortization of deferred grant	<b>467,381</b>	2,005,321
Other income	<b>151,089</b>	102,179
	<b>59,079,688</b>	60,673,038
<b>EXPENDITURE</b>		
Training and consultancy expenses	<b>1,157,966</b>	<b>2,105,660</b>
Operating costs	<b>56,008,062</b>	<b>59,409,272</b>
Seminar expenses	<b>-</b>	<b>1,631,263</b>
Depreciation	<b>509,233</b>	<b>546,272</b>
	<b>57,675,261</b>	<b>63,692,467</b>
<b>(DEFICIT) / SURPLUS FOR THE YEAR</b>	<b>1,404,427</b>	<b>(3,019,429)</b>

### **Environmental Issues**

The company's operations is not effecting 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.

### **Auditors**

The retiring auditors M/s Faruq Ali & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment for the year 2019-20.

### **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: 25-10- 2019.

## **Board of Directors**

The composition of Board of Directors as of June 30, 2019 is as under:

Independent Director (Vacant)

### **Public Sector (Ex-Officio) Directors**

Dr. Muhammad Azeem Khan Chairman, PARC	Director/ Chairman
Mr. Abdul Jabbar Shaheen Additional Secretary-I, MoI&P	Director
Dr. Nawaz Ahmed Financial Advisor, Finance Division	Director
Mr. Abdul Ghaffar Khattak Chief Executive Officer, NPO	Director

### **Auditors**

Faruq Ali & Co. - Chartered Accountants

# **NATIONAL PRODUCTIVITY ORGANIZATION**

**FOR THE YEAR ENDED JUNE 30, 2019**

## **Contents**

- 1 Auditors' report**
- 2 Financial statements**



**NATIONAL PRODUCTIVITY ORGANIZATION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**1 Auditors' report**

## 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, 2019** 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, 2019 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.

#### 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.
- 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.





**FARUQ ALI & CO.**  
CHARTERED ACCOUNTANTS

**Islamabad Office:**

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I-8 Markaz,  
Islamabad  
Email: [umerfarooq@fac.com.pk](mailto:umerfarooq@fac.com.pk)

Tel. (051) 2210014

Fax. (051)2210014

**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: \_\_\_\_\_

**Islamabad**

**NATIONAL PRODUCTIVITY ORGANIZATION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**2 Financial statements**



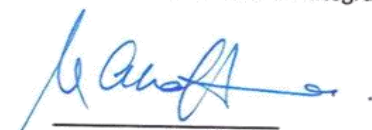
# National Productivity Organization

## Balance Sheet

As at 30 June 2019

	Note	2019 Rupees	2018 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	4	3,689,121	2,710,818
<b>CURRENT ASSETS</b>			
Advances to Employees	5	195,546	812,129
Deposits and Prepayments	6	452,250	691,050
Trade and Other Receivables	7	1,047,304	1,761,491
Advance Tax	8	1,188,363	621,037
Cash and Bank Balances	9	38,533,140	1,722,415
		41,416,603	5,608,122
<b>TOTAL ASSETS</b>		<b>45,105,724</b>	<b>8,318,939</b>
<b>FUND BALANCE AND LIABILITIES</b>			
<b>FUND BALANCE</b>		<b>(3,341,483)</b>	<b>(4,745,910)</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred Grant	10	3,037,172	2,060,212
<b>CURRENT LIABILITIES</b>			
Accrued and Other Liabilities	11	4,951,538	11,004,637
Payable to Govt. Treasury Recovered from NAB	12	40,458,497	-
		45,410,035	11,004,637
<b>TOTAL FUND BALANCE AND LIABILITIES</b>		<b>45,105,724</b>	<b>8,318,939</b>

The annexed notes from 1 to 23 form an integral part of these financial statements.

  
Chief Executive

  
Director



**National Productivity Organization**  
**Income and Expenditure Account**  
*For the year ended 30 June 2019*

	Note	2019 Rupees	2018 Rupees
<b>INCOME</b>			
Grant	13	53,372,447	50,163,541
Income from training and consultancy	14	5,088,771	8,401,997
Amortization of deferred grant		467,381	2,005,321
Other income	15	151,089	102,179
		<b>59,079,688</b>	<b>60,673,038</b>
<b>EXPENDITURE</b>			
Training and consultancy expenses	16	1,157,966	2,105,660
Operating costs	17	56,008,062	59,409,272
Seminar expenses		-	1,631,263
Depreciation		509,233	546,272
		<b>57,675,261</b>	<b>63,692,467</b>
(Deficit) / surplus for the year		<b>1,404,427</b>	<b>(3,019,429)</b>

The annexed notes from 1 to 23 form an integral part of these financial statements.

  
 Chief Executive

  
 Director

**National Productivity Organization**  
**Statement of Comprehensive Income**  
*For the year ended 30 June 2019*

	<b>2019</b> <b>Rupees</b>	<b>2018</b> <b>Rupees</b>
(Deficit) / surplus for the year	<b>1,404,427</b>	<b>(3,019,429)</b>
Other comprehensive income	-	-
Total comprehensive income for the year	<b><u>1,404,427</u></b>	<b><u>(3,019,429)</u></b>

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The annexed notes from 1 to 23 form an integral part of these financial statements.

  
 Chief Executive

  
 Director

**National Productivity Organization**  
**Statement of Changes in Fund Balance**  
*For the year ended 30 June 2019*

	Accumulated Surplus Rupees
Balance at 01 July 2017	(1,726,481)
Total comprehensive income for the year	
Deficit for the year	(3,019,429)
	<u>(4,745,910)</u>
Balance at 01 July 2018	(4,745,910)
Total comprehensive income for the year	
Surplus for the year	1,404,427
Balance at 30 June 2019	<u><u>(3,341,483)</u></u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

  
 Chief Executive

  
 Director

**National Productivity Organization**  
**Cash flow Statement**

*For the year ended 30 June 2019*

	2019 Rupees	2018 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Deficit) / surplus for the year	1,404,427	(3,019,429)
<b>Adjustment for:</b>		
Depreciation	509,233	546,272
Grant income recognized	(53,372,447)	(50,163,541)
Deferred grant recognized	(467,381)	(2,005,321)
Loss on Disposal of fixed assets	62,805	2,613,001
Profit on deposit accounts	(13,714)	(60,619)
Income Deferred		
	(51,877,077)	(52,089,637)
<b>Increase/ (decrease) in current assets</b>		
Advances to employees	616,583	(478,122)
Deposits and prepayments	238,800	(301,800)
Other receivables	714,187	(191,326)
<b>(Decrease)/ increase in current liabilities</b>		
Accrued and other liabilities	34,405,398	4,010,105
	35,974,968	3,038,857
Grant received from GOP - MOIP	54,816,788	50,601,355
Utilization of restricted grant	-	-
	38,914,679	(954,852)
Taxes paid	(567,326)	(189,497)
Net cash used in operating activities	38,347,353	1,361,078
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,550,341)	(835,280)
Profit on bank deposits- received	13,713	60,619
Net cash (used in)/ generated from investing activities	(1,536,628)	(774,661)
<b>Net decrease in cash and cash equivalents</b>	36,810,725	586,417
Cash and cash equivalents at beginning of the year	1,722,415	1,135,998
Cash and cash equivalents at end of the year	38,533,140	1,722,415

The annexed notes from 1 to 23 form an integral part of these financial statements.



Chief Executive

  
Director

**National Productivity Organization**  
**Notes to the Financial Statements**  
*For the year ended 30 June 2019*

**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 2005 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 Act, 2017, provisions of or the directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017, shall prevail.

**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.

**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 recognized 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 Organization's operations or are not expected to have significant impact on the Organization's financial statements other than certain additional disclosures.



**National Productivity Organization**  
**Notes to the Financial Statements**  
*For the year ended 30 June 2019*

- 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.
- 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 Instruments
 The 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.
- 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.



## National Productivity Organization

### Notes to the Financial Statements

For the year ended 30 June 2019

- 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.
- 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 recognized within "other operating income" in the income and expenditure account.

##### 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 amortization, if no impairment loss had been recognized.

###### 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.

**National Productivity Organization**  
**Notes to the Financial Statements**  
*For the year ended 30 June 2019*

**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.
- 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.



National Productivity Organization  
Notes to the Financial Statements  
For the year ended 30 June 2019

4 Property, Plant and Equipment  
(Acquired from Grant)

Motor vehicles	Furniture and fixture	Office and equipment	Computer and ancillary equipment	Total
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Cost

As at 30 June 2017	5,892,548	2,826,052	2,883,810	2,080,848	13,683,258
(Deletion) during the year	-	(2,122,603)	(2,387,933)	(1,829,648)	(6,340,184)
Additions during the year	-	437,814	-	-	437,814
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

Depreciation

As at 30 June 2017	4,619,504	1,437,532	1,915,622	2,082,881	10,055,539
Charge for the year	254,608	72,070	95,626	25,238	447,542
(Deletion) during the year	-	(1,004,077)	(1,832,801)	(1,945,528)	(4,782,406)
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	(839,842)	-	-	-	(839,842)
As at 30 June 2019	4,230,979	569,099	254,901	230,431	5,285,410

Carrying amount

- 30 June 2018	1,018,436	750,966	317,430	88,609	2,175,441
- 30 June 2019	758,922	572,164	408,336	1,297,750	3,037,172
Rates of depreciation	20%	10%	20%	30%	

4.a Property, Plant and Equipment  
(Acquired from Owned Assets)

Motor vehicles	Furniture and fixture	Office and equipment	Computer and ancillary equipment	Total
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Cost

As at 30 June 2017	-	1,079,728	663,240	539,310	2,282,278
(Deletion) during the year	-	(522,812)	(411,923)	(393,310)	(1,328,045)
Additions during the year	-	-	29,343	105,500	134,843
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

Depreciation

As at 30 June 2017	-	275,214	277,771	322,201	875,186
Charge for the year	-	36,929	25,391	47,606	109,926
(Deletion) during the year	-	(257,639)	(128,933)	(160,069)	(546,641)
As at 30 June 2018	-	54,504	174,229	209,738	438,471
Charge for the year	-	55,841	21,285	27,529	104,655
(Deletion) during the year	-	-	-	-	-
As at 30 June 2019	-	110,345	195,514	237,267	543,126

Carrying amount

- 30 June 2018	-	387,184	106,431	41,762	535,377
- 30 June 2019	-	502,571	85,146	64,233	651,949
Rates of depreciation	20%	10%	20%	30%	

TOTAL ASSETS	4,989,901	1,754,179	943,897	1,829,681	9,517,658
TOTAL DEPRECIATION	(4,230,979)	(679,444)	(450,415)	(467,698)	(5,828,536)
TOTAL WRITTEN DOWN VALUE	758,922	1,074,735	493,481	1,361,983	3,689,121

4.b NPO official vehicle GJ-945 (black corolla, 1299cc, model 2007) was stolen on January 16, 2019, of which First Information Report (FIR) No. 18 dated January 17, 2019 was duly lodged and been written off from assets.

**National Productivity Organization**  
**Notes to the Financial Statements**  
*For the year ended 30 June 2019*

	2019 Rupees	2018 Rupees
<b>5 ADVANCES TO EMPLOYEES</b>		
Advance against:		
- Expenses	195,546	812,129
	<u>195,546</u>	<u>812,129</u>
<b>6 DEPOSITS AND PREPAYMENTS</b>		
Prepayments	65,750	64,550
Deposits	386,500	626,500
	<u>452,250</u>	<u>691,050</u>
<b>7 TRADE AND OTHER RECEIVABLES</b>		
Receivable against training courses fee - unsecure	137,080	236,280
Mark-up receivable	24	11
Other receivables	910,200	1,525,200
	<u>1,047,304</u>	<u>1,761,491</u>
<b>8</b>	<p>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.</p> <p>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.</p>	
<b>9 CASH AND BANK BALANCES</b>		
Cash in hand	142,500	142,500
Cash at banks -on local currency current account	20,814,828	96,347
-on local currency saving account	17,575,812	1,483,568
	<u>38,390,640</u>	<u>1,579,915</u>
	<u>38,533,140</u>	<u>1,722,415</u>
<b>10 DEFERRED GRANT</b>		
Opening balance	2,060,212	3,627,719
Cost of items of property and equipment purchased - note 4	1,444,341	437,814
Amortization representing depreciation of items of property and equiprr	(467,381)	(2,005,321)
Closing balance	<u>3,037,172</u>	<u>2,060,212</u>

**National Productivity Organization**  
**Notes to the Financial Statements**  
*For the year ended 30 June 2019*

	Note	2019 Rupees	2018 Rupees
<b>11 TRADE AND OTHER PAYABLES</b>			
Accrued expenses		1,077,901	2,744,119
Payables to related parties - unsecured		-	609,600
Office rent payables		2,946,692	5,549,842
Other payables		926,945	2,101,076
		<u>4,951,538</u>	<u>11,004,637</u>
<b>12 PAYABLE TO GOVT. TREASURY RECOVERED FROM NAB</b>			
Principal Amount	12.1	38,028,161	-
Interest earned from CDRs	12.2	1,371,663	-
Interest earned other than CDRs	12.2	1,058,673	-
		<u>40,458,497</u>	<u>-</u>
<b>12.1</b>	The amount of Rs. 38,028,161 was disbursed to NPO from National Accountability Bureau (NAB) which was recovered after an inquiry conducted by the bureau.		
<b>12.2</b>	Interest was earned on the recovered amount through Call Deposit Receipts (CDRs) and through running balance of faysal bank		
<b>12.3 Background and Current Status</b>	<p>In audit and inspection report on the accounts of NPO for the year 2014-15 prepared by Directorate General Audit Federal Government Islamabad, following three irregularities were highlighted in paragraph No. 19.4.2, 19.4.3 and 19.4.4;</p> <ul style="list-style-type: none"> <li>♦ 19.4.2: Irregular expenditure on conducting energy audits - Rs. 31.185 m</li> <li>♦ 19.4.3: Loss due to purchase of tools by ignoring the lowest bids - Rs. 1.917 m</li> <li>♦ 19.4.4: Non-delivery of deliverables by consultant - Rs. 3.094 m</li> </ul> <p>NPO management through its inquiry committee initiated an inquiry into alleged acts of corruption. The committee fixed the responsibility on the then (ex) GM and then (ex) CEO.</p> <p>Chairman National Accountability Bureau (NAB) took a Suo Moto action on the findings of the committee and has conducted its own inquiry and later recovered an amount of Rs. 38.028 m which were disbursed to NPO.</p> <p>Departmental Accounts Committee (DAC) has referred the issue to the Public Accounts Committee (PAC) and PAC has directed the Principal Accounting Officer (PAO) that recovered amount should be deposited in federal treasury along with its interest as early as possible under intimation to PAC Secretariat.</p> <p>NPO in its letter No.5(55)/NPO/Finance-19 dated September 25, 2019 have requested the Treasury Officer of Federal Treasury Office to provide/inform the company the relevant/concerned head of account to deposit the payable amount in government treasury.</p> <p>Federal Treasury Officer in his letter No.FTI/FRS/RECON/2019-20 dated September 27, 2019 replied to the NPO's letter that the amount pertaining to the previous financial year may be deposited in the head of account "C03870 - Others" with the consultation of Controller General of Accounts (CGA) office and NAB accordingly. In light of the letter from the treasure officer, NPO has sent letter No.5(55)/NPO/Finance-20 dated October 01, 2019 to CGA office for consultation.</p>		
<b>13 GRANT</b>			
Grant received from Ministry of Industries, Production		54,816,788	50,601,355
Less: Grant used for capital expenditures transferred to deferred grant		(1,444,341)	(437,814)
		<u>53,372,447</u>	<u>50,163,541</u>



# National Productivity Organization

## Notes to the Financial Statements

For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
<b>14 INCOME FROM TRAINING AND CONSULTANCY</b>			
Income from training & training consultancy		1,427,259	2,609,267
Income from energy audit and energy consultancy		495,000	483,500
Income from video conferencing ( APO)		2,235,315	2,104,695
APO seminar Income		931,197	3,204,535
		<u>5,088,771</u>	<u>8,401,997</u>
<b>15 OTHER INCOME</b>			
Training Processing fee		20,000	40,000
Rent payable reversal		30,375	-
Profit on bank deposits		13,714	60,619
Misc. Income		87,000	1,560
		<u>151,089</u>	<u>102,179</u>
<b>16 OPERATING COST</b>			
Salaries and other benefits		42,254,261	44,160,083
Utility expenses		644,906	844,793
Rent		2,965,500	3,161,262
Repairs and maintenance		193,066	109,581
Printing and stationery		871,014	546,215
Communication		768,033	526,740
Staff travelling and conveyance		593,410	476,715
Vehicle running and maintenance		1,216,819	1,140,063
News paper and periodicals		31,406	27,512
Office expenses		486,650	456,291
Bank charges		5,428	66,668
Insurance		4,007,151	3,470,496
Auditors' remuneration		400,000	400,000
Advertisement Expenses		571,331	279,080
Board Meeting		663,586	877,453
Corporatization Expenses		39,261	2,575
Lose on dispose of Assets		62,805	2,613,001
Others		233,435	250,744
		<u>56,008,062</u>	<u>59,409,272</u>
<b>16.1</b>	Review the status of NAB recovery as per Note 14.1 in audited Financial statements of 30 June , 2016, No further Information with regards to the payment of amount recovered by NAB paid to Ministry of Industries and Production, if any, Favoring NPO was given to us.		
<b>17 TRAINING AND CONSULTANCY EXPENSES</b>			
Training course expenses		1,145,358	1,691,121
Consultancy Expenses		-	119,764
Energy audit expenses		12,608	112,350
APO Conference and Demo project.		-	182,425
		<u>1,157,966</u>	<u>2,105,660</u>



# National Productivity Organization

## Notes to the Financial Statements

For the year ended 30 June 2019

### 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:

	2019 Rupees	2018 Rupees
Advances	-	-
Deposits	386,500	356,500
Trade and other receivables	1,047,304	1,570,165
Advance Tax	1,188,363	431,540
Bank balances	38,390,640	980,998
	<u>41,012,807</u>	<u>3,339,203</u>

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.

#### (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
<b>2019</b>	
Financial liabilities	
Accrued and other payables - maturity up to one year	<u>(4,951,538)</u>
<b>2018</b>	
Financial liabilities	
Accrued and other payables - maturity up to one year	<u>(11,004,637)</u>

# National Productivity Organization

## Notes to the Financial Statements

For the year ended 30 June 2019

### (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:

	2019 Rupees	2019 Rupees	2018 Rupees	2018 Rupees
	Carrying value	Fair value	Carrying value	Fair value
<b>Assets carried at amortized cost</b>				
Deposits	452,250	452,250	691,050	691,050
Other receivables	1,047,304	1,047,304	1,761,491	1,761,491
Advance Tax Paid	1,188,363	1,188,363	621,037	621,037
Cash and bank balances	38,533,140	38,533,140	1,722,415	1,722,415
	<u>41,221,057</u>	<u>41,221,057</u>	<u>4,795,993</u>	<u>4,795,993</u>
<b>Liabilities carried at amortized cost</b>				
Trade and other payables	4,951,538	4,951,538	(11,004,637)	(11,004,637)
	<u>4,951,538</u>	<u>4,951,538</u>	<u>(11,004,637)</u>	<u>(11,004,637)</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.

### 19 REMUNERATION OF KEY MANAGEMENT PERSONNEL

	Chief Executive	Executive	Chief Executive	Executive
	2019 Rupees	2019 Rupees	2018 Rupees	2018 Rupees
Managerial remuneration	9,849,112	17,701,394	9,664,959	19,072,887
Benefits	-	-	-	-
	<u>9,849,112</u>	<u>17,701,394</u>	<u>9,664,959</u>	<u>19,072,887</u>
Number of persons	<u>1</u>	<u>20</u>	<u>1</u>	<u>22</u>

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

### 19.1 BONUS TO EMPLOYEES

	2019 Rupees	2018 Rupees
Bonus paid to employees	1,282,666	1,345,043
	<u>1,282,666</u>	<u>1,345,043</u>

## National Productivity Organization

### Notes to the Financial Statements

*For the year ended 30 June 2019*

#### 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:

	2019 Rupees	2018 Rupees
Grant received from GOP	54,816,788	50,601,355
Remuneration to Key Management Personnel	17,701,394	19,072,887

#### 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 2019	63	63
As at 30 June 2018	66	66

#### 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