



IMAC Child Labour Elimination Programme

Performance Report 2017-2018



Independent Monitoring Association for Child Labour (IMAC)

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Executive Summary

IMAC (Independent Monitoring Association of Child Labour) is a not-for-profit organization registered in May 2002 under section 42 of the Companies Ordinance, 1984. IMAC was set up as a successor organization of the ILO-IPEC's Project to Eliminate Child Labour in the Soccer Ball Industry in Sialkot to sustain and carry forward the achievements of the ILO-IPEC's project. ILO (International Labour Organization) played a catalytic role to create IMAC. IMAC became operational on 01 March 2003 when ILO-IPEC handed over, its work place monitoring functions along with all the logistics and trained manpower to IMAC. IMAC took over the monitoring functions from ILO-IPEC and carry it out in such a way that the umbrella of ILO was removed and replaced by an independent Board of Governors comprising all the constituent members of the ILO Board of Governors that is government, employers and workers. ILO and UNICEF are represented on IMAC's Board in their technical advisory capacity.

In order to make IMAC operational ILO-IPEC provided the initial funds of US \$ 200,000. This funding was for a period of about one and a half year. In October 2004, on the request of the Sialkot Chamber of Commerce & Industry (SCCI), the Trade Development Authority of Pakistan (TDAP) pledged an amount of Pk Rs. 30 million for this programme, from its Export Development Funds, for a period of 5 years. After the completion of this programme, the TDAP agreed to provide another Pk Rs. 35.00 million for next 5 years. These funds expired in 2014. The SCCI has put in another funding request to the TDAP for another amount of Pk Rs:75 million from the EDF for next five years. However, in response to this request the EDF paid an amount of 19.6 Million for the years 2015and 2016 whereas for 2017-19, the EDF approved a funding of Pk Rs: 37.5 Million.

Since its operationalization, the IMAC management tried to develop an environment and culture of its own – an environment where IMAC is seen as a trustworthy monitoring organization by its clients on the one hand, and on the other hand, among the NGOs of similar nature and stature it attains a respectable and distinguished position. IMAC continued its endeavors to achieve its stipulated goals and had been quite successful in attaining a position of respect and credibility especially in the eyes of international community that matters.

The primary task of IMAC had been to monitor the work places of soccer ball manufacturers who join the child labour elimination programme on voluntary basis. During the reporting period, IMAC continued its regular monitoring visits to the work places of soccer ball manufacturers who were members of IMAC programme.

Since the beginning of the monitoring programme including the activities undertaken under the auspices of ILO, so far, 277,541 monitoring visits have been undertaken. However, during the reporting period i.e January 2017 till 15th December 2018, IMAC has carried out 22,577 monitoring visits at an average of 940 monitoring visits per month.

In addition to provide work place monitoring services to the soccer ball industry, IMAC has provided its services to some of the surgical units, leather garment and gloves units etc on their requests. In some cases, some of the international buyers directly approached IMAC to specifically monitor their production with their suppliers in Sialkot which has helped the international buyers to have confidence that the products they are buying from Sialkot are child labour free. Some of the soccer ball buyers also desired IMAC to provide additional monitoring services of their suppliers in regard to child labour as well as other social compliances which IMAC had done successfully. Such activities are still going on.

IMAC also enjoys the trust of the World Federation of Sporting Goods Industry (WFSGI) and FIFA. For any soccer ball manufacturer in Pakistan to become a member of WFSGI, it is a pre-requisite for them to be a member of IMAC. Similarly, to qualify for producing FIFA quality balls, it is mandatory for a soccer ball manufacturer to be in the “A” category of IMAC.

1. Introduction

In its endeavors of addressing the child labour issues in the soccer ball industry in Sialkot, Pakistan, IMAC's mandate has been to provide work place monitoring services against child labour as well as the basic working conditions at work places. The manufacturers of hand stitched balls, machine stitched balls, mechanized balls, hybrid balls etc. voluntarily join Child Labour Elimination Programme of IMAC through the Sialkot Chamber of Commerce & Industry (SCCI). They pay the joining fee as well as the monitoring fee, on pro rata basis, to the SCCI. IMAC signs agreement with SCCI wherein SCCI commits to provide necessary funding to the IMAC. The present agreement between the SCCI and IMAC is for a period of two years which will expire in December 2019.

SCCI uses two sources to arrange the necessary funds for IMAC: 1) contribution of the participating manufacturers in shape of joining fee and pro-rata payments as per the number of balls produced every year, and 2) contributions from the Government of Pakistan through TDAP (EDF).

Prior to the IMAC, the work place monitoring in the soccer ball industry was undertaken by the ILO-IPEC. In March 2003, ILO decided to phase out of the programme and handed over its monitoring functions to IMAC. Since then, IMAC is carrying out the work place monitoring with the same fervor and zeal as it was done under the auspices of ILO.

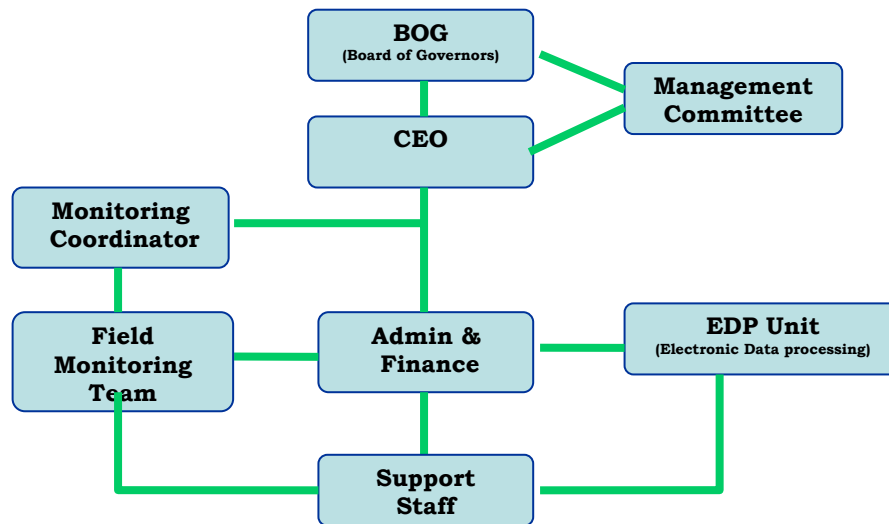
IMAC's Objectives:

IMAC's main objective was set as to ensure the *“Complete and Effective Elimination of Child Labour through Work Place Monitoring & Promotion of Ethical Business that fulfils all Social Responsibilities.”*

Mission Statement:

As an organization IMAC aimed at becoming *“an Apex Body on Work Place Monitoring for Child Labour and Social Monitoring”*.

IMAC's Structure



IMAC's Monitoring Procedures

- Soccer Balls Manufacturers' Voluntary Joining of the Programme
- Signing of an Undertaking by the joining manufacturers
- Establishment of Database
- Random Selection of Workplaces through a computer programme to be visited every morning

ID CODE

- Each participating manufacturers has been issued with an Identification code consisting of three digits which is printed inside of every ball on a specified panel
- This is done to check the possibility of any leakage or pilferage from registered stitching centres to homes and also the counterfeiting of any branded balls

Area-Based Monitoring

- While monitoring a stitching centre, complete locality is visited to identify any un-registered stitching activity
- IMAC monitors also visit those areas/ villages where no manufacturer participating in the programme has their stitching activities. This is done to identify any un-registered stitching activities in the area.

IMAC's Monitoring System

IMAC's monitoring system consists of Internal Monitoring and External Monitoring. Internal Monitoring is the responsibility of each participating manufacturer whereas the External Monitoring is carried out by the IMAC monitors.

External Monitoring

- Carried out by the IMAC monitors
- Verifies the internal monitoring information provided by the manufacturers
- IMAC has a team of 10 monitors consisting of 4 male and 6 female monitors
- Each stitching centre/ work place, available in the data base, is visited roughly once in 6 weeks
- Each visit is completely a surprise visit for the respective manufacturer and his sub-contractor
- Every morning centres to be monitored are randomly selected through a specially designed computer programme



Zones and Clusters

- For the purpose of better planning the external monitoring, the Sialkot district and its environs have been divided into nine zones
- These zones are sub divided into 39 clusters
- Clusters further divided into proximities for facilitation of monitoring teams

Criteria of a Stitching Centres

In Soccer ball industry the manufacturers participating in the CLEP are allowed to establish following kinds of centers, which are monitored by IMAC:

- **MALE CENTRE:** More than five male stitchers working together while being in a home/ building premises, at a rented shop, under a tree, on the roof top etc. There is compulsion of any formal work place.
- **FEMALE CENTRE:** Five or more female stitchers working together in the same conditions as explained above.
- **COMBINED CENTRE:** Five Male + Female stitchers working at a premises either in the same room or separate rooms



Management of IMAC's Monitoring System

Monitoring Criteria

Work places/stitching centres to be visited every morning are selected randomly through a specially designed computer programme. As such each visit is a complete surprise not only for the manufacturers and their sub-contractors but also for the monitors themselves;

In each monitoring visit work places are monitored for any possibility of child labour involvement for which the available un-stitched/ stitched stock is also checked w.r.t the number of stitchers. This helps to monitor any leakage/pilferage of material from registered centre to homes;

In addition to monitoring for child labour, physical working conditions at work places are also monitored. These include: adequacy of working space, cleanliness and hygiene, ventilation, light, availability of drinking water and washrooms/ toilets, fire extinguishers and first aid boxes.

Management of Monitoring Results

Monitoring data obtained through the field monitoring activities is processed through a computer programme and based on a performance criteria, the manufacturers are placed in ABC categories defined in the preceding section.

ABC Performance Criteria

CATEGORY "A"

It shall contain the names of those participating manufacturers who religiously adhere to all the provisions of the programme, as enunciated in the undertaking they sign at the time of joining the programme. These provisions include undertaking 100% stitching of all hand-stitched balls (without any distinction of size, kind, value of the ball) at monitor able stitching places;

prompt response to any query from IMAC; keeping the IMAC updated at all times about their stitching activities; closing, opening of stitching centers; not involving in any kind of counterfeiting/fake

Production of branded balls; instituting a strong and effective internal monitoring system etc. An important yardstick for making sure that all the stitching activities take

place at the monitorable stitching places is the variation between the internal monitoring information and the external monitoring information with reference to the actual production output and the number of stitchers at each stitching center. If the variation (difference between the number of balls produced with reference to the number of stitchers present at respective centre) is less than 30%, the manufacturer shall be placed in Category "A". If the variation exceeds 30%, the respective manufacturer shall be shifted to category "B". (Stitching capacity of a stitcher is calculated at 3.5 balls per 8 hours day. 30% variation is acceptable in case of promotional/ cheap balls where more than 3.5 balls could be easily stitched in an 8 hours day)

CATEGORY "B"

It shall contain the names of those manufacturers who are sluggish or sloppy in adhering to the provisions of the programme at times; whose names, as punishment for violation of the programme provisions, are shifted from Category "A", who are evasive or hide information or do not provide complete information; who do not employ an effective internal monitoring. The name of a manufacturer shall remain in the "B" Category maximum for a period of three months. If within three months that manufacturer does not improve his/her performance, his name shall be further downgraded to Category "C"

CATEGORY "C"

Category "C" is for those manufacturers who are not serious about the programme and habitual violators of its provisions. Any manufacturer who would deliberately or knowingly violate provisions of the programme continuously on more than three occasions shall be removed from a higher category to Category "C". Similarly, if at any stitching facility of a manufacturer, any child, under the age of 14 years, is found working, and the respective manufacturer do not take any action against those responsible for engaging the child in work, the manufacturer shall immediately be transferred to the Category "C". A manufacturer, once placed in Category "C" will remain in this category for not more than three months. If the manufacturer once placed in Category "C" does not improve his performance within three months period, recommendation shall be made to remove him from the programme.

Compendium of Punitive Actions for the Violations of the Provisions of the Child Labour Elimination Programme

ACUTE VIOLATIONS

The violations, the committing of which can make a manufacturer relegated from category “A” to “C”

Sr.	VIOLATIONS	PUNITIVE ACTIONS
1	Some child labour found at work place of a manufacturer.	The manufacturer should be asked to clarify his position & if the response is unsatisfactory, he should immediately be relegated to category “C”.
2	A child is found working for a member manufacturer at an unregistered place.	The matter should be investigated thoroughly & the m/f should be asked to take action against those responsible for this act within specified time. If he fails to do so, his category should be lowered.
3	A manufacturer deliberately tries to evade monitoring by sending material outside of district Sialkot to far off areas, which are not covered under the monitoring net.	The manufacturer should be given a chance to explain his position & in case of unsatisfactory response he should be relegated to lower category.
4	A manufacturer is continuously found violating the provisions of the programme deliberately & knowingly.	The manufacturer should be given a time not exceeding two months during which he should be kept under close observation. If he is still found violating the provisions of the programme deliberately, his category should be lowered immediately.
5	No stitching centre of a manufacturer is registered with the Independent Monitoring Association for Child Labour (IMAC), but we come to know that the manufacturer has an order & he is getting the work done at unregistered places.	Fifteen days notice to revise complete information & if situation doesn't improve, he should be relegated to lowest category.

MAJOR VIOLATIONS

The violations, the committing of which can cause the relegation of a manufacturer from category “A” to a lower category “B” or “C” depending on the gravity of the offence.

Sr.	VIOLATIONS	PUNITIVE ACTIONS
1	Excessive un-registered stitching activities of a manufacturer are often found during monitoring.	The m/f's involvement in the matter should be investigated & if it is found that these activities are being carried out with his consent, his category should be lowered.
2	A participating manufacturer not printing the IMAC ID-Code allotted to their company on any brand or quality they are producing.	The m/f should be asked to print it on every ball with a warning that if he continues with the same practice after a given time his category should be lowered.
3	A manufacturer does not respond to the queries of IMAC promptly & sometimes does not respond even after a reminder.	The m/f should be kept under observation for a period of three months during which continuous reminders at an interval of 15 days should be sent. If the situation remains the same, his category should be lowered.
4	If a proof is found that a participating manufacturer has instructed his sub-contractor's/ maker's to get the balls stitched from anywhere outside the stitching centre.	After thorough investigation of the matter, if the m/f proves to be guilty his category should be lowered.
5	The internal monitoring system of a manufacturer is weak & he does not make efforts to improve it.	An effort should be made to guide him to do so & if he fails to improve it or doesn't show any interest, his category should be lowered.
6	There is more than 30% upward variation between the internal & external information of a manufacturer especially with reference to his stitching capacity.	The m/f should be asked to clarify his position & if the answer is found unsatisfactory he should be penalized in the form of lowering of his category.

Uploading of Monitoring results on IMAC website

<http://www.imacpak.org>

INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOR

IMAC

DAWN OF A NEW HORIZON
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Who's IMAC

Independent Monitoring Association for Child Labor (IMAC) is a non-profit organization that provides the workplace monitoring services, to any industry/ industrial establishments, against child labor as well as monitoring for other social and working conditions. It has the capacity and capabilities to provide consultancy services to any industry/ industrial agglomerations to devise and setup a workplace monitoring system, execute the setting up of a monitoring system and training the required manpower, awareness raising about the menace of child labor and better working conditions and develop and execute programmes for social protection and rehabilitation of affected and afflicted groups of society.

IMAC was established on 2002 to sustain the workplace monitoring system against child labor setup by the ILO-IPEC in the soccer ball industry in Sialkot, Pakistan. In March 2003, it took over from the ILO-IPEC the child labor monitoring system along with all the technical know-how, facilities and trained technical


Members
Members in Monitoring Programmes

Monthly Reports
Monthly Progress Reports

Publications
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Services Offered
IMAC Procedure
Memorandum
Undertaking
Punitive Actions
Criteria ABC List
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ABC Performance List of members at IMAC’s website:



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Members in IMAC's Monitoring Programmes for Soccer Ball Industry

- 1. Members in Category 'A'** (45)
- 2. Members in Category 'B'** (0)
- 3. Members in Category 'C'** (0)
- 4. Provisional Members**
 - 4(a). Provisional Members Under Probation** (1)
 - 4(b). Provisional Members Performing Badly** (0)
- 5. Members Stricken Out Due to Serious Violations** (3)
- 6. Members Stricken Out Due to Non-Payment or Left the Program on Their Own Accord** (115)

[Members list in alphabetic order \(View List\)](#)

Snapshot of List of members in Category “A”.








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List of Members in Category 'A'

S/N	Name of Company	Monitoring Options		Category
		Hand Stitched Balls Only	Additional Stitching Techniques	
1	ALBERTA SPORTS (PVT) LTD. 	Hand Stitched Balls		'A'
2	ALI TRADING COMPANY (PVT) LTD.  Ali Trading Co. (Pvt.) Ltd	Hand Stitched Balls		'A'
3	ANWAR KHAWAJA INDUSTRIES (PVT) LTD.  ANWAR KHAWAJA INDUSTRIES (PVT) LTD.	Hand Stitched Balls	1. Machine Stitched Balls 2. Thermo Bonded Balls	'A'
4	ASSAC SPORTS INDUSTRIES (PVT) LTD. ASSAC SPORTS INDUSTRIES (PVT) LTD.	Hand Stitched Balls		'A'
5	AWAN SPORTS INDUSTRIES (PVT) LTD.  AWAN SPORTS INDUSTRIES (PVT) LTD.	Hand Stitched Balls		'A'
6	B.J SPORTS 	Hand Stitched Balls		'A'
7	BOLA GEMA	Hand Stitched		'A'

2. Progress Achieved by IMAC

2.1 Monitoring Progress

During the period under reporting, IMAC continued its regular monitoring visits to the work places of soccer ball manufacturers who had joined the Child Labour Elimination Programme, voluntarily.

Year 2018 was the World Cup year, therefore, the soccer ball stitching activities were quite intensified. Accordingly, IMAC also intensified its monitoring visits by increasing the working hours per week and also sometimes carrying out monitoring visits on weekends. Table No.1 gives an account of the year wise monitoring activities of IMAC.

During the year 2018, IMAC has carried out 928 monitoring visits per month, on the average while monitoring about 2,280 stitching centres registered with IMAC. As such IMAC maintained a lap time of 9.83 weeks.

Table:2 gives details of the incremental progress of the interest/ needs of the soccer ball manufacturers in the Child Labour Elimination Programme, whereas Table: 3 and Table:4 respectively give the year wise details of the registered stitching centres and the monitoring visits to these centres.

Table No. 1 : Registered Centres Versus Centre Visits

Year	2017	2018
Average Registered Centres	2,114	2,280
Average Monitoring Visits	996	928
Average Laptime Covered (Weeks)	8.49	9.83
Average No. of Registered Centres Outside District Sialkot	565	602

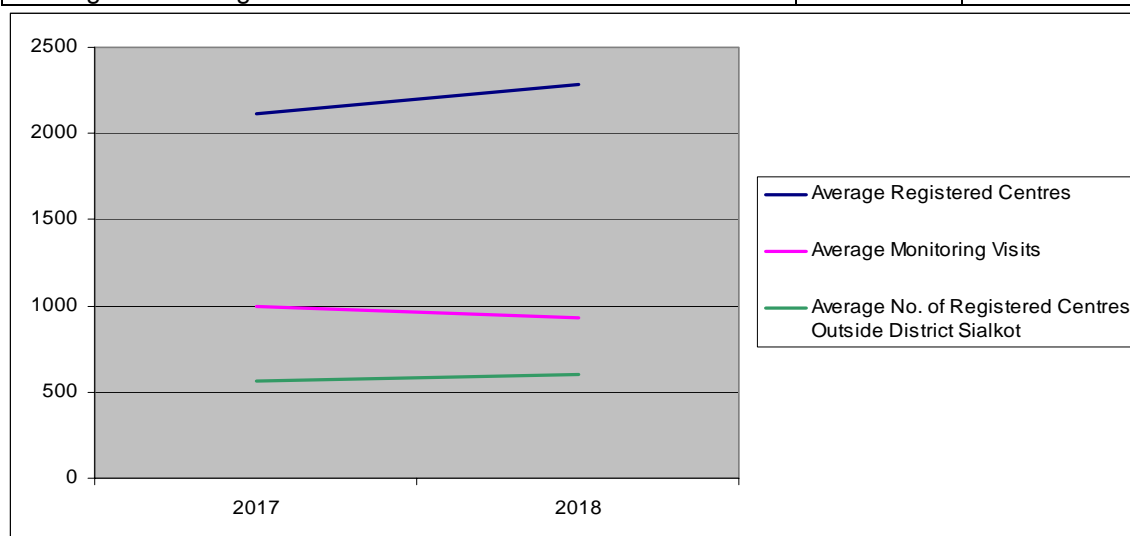


Table No. 2 : Members in Soccer Ball Project Month Wise

	2017	2018
January	57	49
February	56	49
March	49	49
April	49	49
May	49	49
June	50	49
July	50	49
August	50	49
September	51	49
October	51	49
November	51	49
December	49	49
AVG Active Members	51	49
Total Manufacturers	164	164

Table No. 3 : Registered Stitching Centres

	2017							2018						
	M	S	F	C	V	Total	Out of Dist	M	S	F	C	V	Total	Out of Dist
Jan	571	44	1219	349	3	2186	599	575	35	1251	323	3	2187	547
Feb	590	44	1221	343	3	2201	610	598	37	1271	327	3	2236	894
Mar	572	37	1171	322	3	2105	606	608	38	1279	330	3	2258	559
Apr	550	36	1173	321	3	2083	591	611	34	1285	329	3	2262	566
May	581	35	1201	321	3	2141	588	627	35	1313	332	3	2310	579
Jun	586	34	1159	314	3	2096	547	620	32	1239	333	3	2227	572
Jul	575	34	1139	302	2	2052	547	628	33	1253	341	3	2258	574
Aug	574	33	1134	303	2	2046	539	1258	33	641	344	3	2279	581
Sep	579	33	1131	305	2	2050	540	641	34	1271	348	3	2297	581
Oct	568	33	1169	302	2	2074	526	635	36	1306	348	3	2328	586
Nov	574	34	1231	315	2	2156	542	637	34	1326	350	3	2350	589
Dec	576	34	1245	317	2	2174	548	638	34	1346	350	2	2370	600
AVERAGE	575	36	1183	318	3	2114	565	673	35	1232	338	3	2280	602

Legend:

M = Male Stitching Centre

F = Female Stitching Centre

C = Combined Stitching Centre

V = House based / Village based Stitching Centre

Out of Dist = Stitching Centres located outside District Sialkot

Table No. 4 : Monitoring Visits Month Wise

	2017	2018	
January	1125	1265	
February	1073	894	
March	1249	1193	
April	1085	1060	
May	1111	1111	
June	893	918	
July	900	725	
August	959	763	
September	762	900	
October	864	850	
November	959	762	
December	966	692	
Total	11,946	11,133	23,079

2.2 Working Conditions in the Stitching Centres Monitored by IMAC

In addition to monitoring the work places for child labour, IMAC also looked at the conditions prevailed at the work places visited during the period under reporting. During these visits the shortcomings identified were communicated to the respective manufacturers and were followed up for rectifications. All the shortcomings identified by the IMAC monitors so far have been rectified by the respective manufacturers. Generally IMAC monitoring teams try to assess the physical conditions at the stitching centers such as sufficient sitting space for stitchers, light, sitting arrangements, ventilation/ air circulation, drinking water availability and toilets. However, while collecting the information cultural norms and social aspects are kept in view. Generally three categories are used for these assessment: 1: Excellent/ More than sufficient, 2: Good/ sufficient; 3: Poor/ insufficient/not available. The stitching centres are classified into two types i.e. *Purposely Built Centres* and *others*. The Purposely Built Centres are monitored for two additional conditions i.e. Fire Extinguisher and First Aid facilities.

IMAC regularly updates its database and the respective monthly progress reports covering each and every aspect of its monitoring are regularly published on its website for public viewing/ information.

2.3 Management of IMAC

As per its Memorandum & Articles of Association, IMAC is managed by a Board of Governors and a Management Committee. The Board of Governors has representation of almost all the stakeholders i.e Government, Workers, Employers & Business Community, international community, civil society organizations i.e NGOs and academic institution. Following is list of the members of the IMAC Board of Governors

IMAC Board of Governors

S/No	Name	Organization	Status
1	Dr. Khurram Anwer Khawaja	Representative of Child & Social Development Organization (NGO)	Chairman
2	Mr. Ali Takmin Butt	Representative of Trade Development Authority of Pakistan , Govt. of Pakistan	Member
3	Mr. M. Rehan Nabi	Representative of Labor & Human Resource Department, Govt. of Punjab	Member
4	Mr. Arfan Elahi	Representative of Pakistan Sports Goods Manufacturers and Exporters Association	Member
5	Mr. Majid Raza Bhutta	Representative of Sialkot Chamber of Commerce & Industry (SCCI)	Member
6	Mr. Zahoor Awan	Representative of Pakistan Workers Federation	Member
7	Ch. Muhammad Ashraf	Representative of Pakistan Workers Federation	Member
8	Dr. Nouman Idrees Butt	Representative of World Federation of Sporting Goods Industry (WFSGI)	Member
9	Sheikh Abdul Waheed Sandal	Representative of Employer's Federation of Pakistan	Member
10	Dr. Muddesar Iqbal	Representative of University of Gujrat	Member
11	Dr. Amena Hasan	Representative of Business for Social Progress (NGO)	Member
12	Mr. Mian Naeem Javed	Ex-Zila Nazim / Individual Capacity	Member
13	Mr. Nasir Mehmood Dogar	Chief Executive, IMAC	Member / Secretary
14	---	Representative of United Nations Children Fund (UNICEF)	Technical Advisory Capacity
15	---	Representative of ILO-IPEC Islamabad	Technical Advisory Capacity

The Memorandum & Articles of Association of IMAC requires its BOG to meet at least once in 15 months. During the reporting period, the BOG of IMAC held 3 meetings and dealt with the usual management as well as the policy issues.

Following is the present composition of the IMAC’s Management Committee.

IMAC Management Committee

<i>S/N</i>	<i>Name</i>	<i>Organization</i>	<i>Status</i>
1	<i>Dr. Khurram Anwer Khawaja</i>	<i>Representative of Child & Social Development Organization (NGO)</i>	<i>Chairman</i>
2	<i>Ch. Muhammad Ashraf</i>	<i>Representative of Pakistan Workers Federation</i>	<i>Member</i>
3	<i>Sheikh Abdul Waheed Sandal</i>	<i>Representative of Employer's Federation of Pakistan</i>	<i>Member</i>
4	<i>Mr. Nasir Mehmood Dogar</i>	<i>Chief Executive, IMAC</i>	<i>Member / Secretary</i>

2.4 Successes of IMAC

Before the inception of IMAC, ILO-IPEC’s Child Labour Elimination Programme only concentrated on the issue of child labour. After taking over from ILO-IPEC, IMAC not only continued this programme with the same zeal and fervor, rather made it more authentic by adding the working conditions in its monitoring list. This gave a lot of assurance to the international buyers about the status of the working conditions in the soccer ball industry. This could be evident from the fact that, despite the big odds of price competition with China and the technological changes in the soccer ball production in terms of mechanization, soccer balls export of Pakistan increased from 36 million balls in 1998 to around 100 million balls in 2006-2007. The world cup year of 2010 did not prove to be a productive year for Pakistan as there has been a slump due to various factors major being the prices as compared to the products of china. However, the World Cup i.e 2018 had been a promising year. The world cup was played with the ball manufactured in Pakistan. In view of this some buyers engaged IMAC to provide additional monitoring of their production from Sialkot which was a testimony of their confidence and trust on IMAC.

2.5 Importance of IMAC for Export Industry

In the present day export business scenario, importance of the CSR has become very critical. The consumer in the developed world has become so conscious about it that any hint of the violation of CSR or exploitation of workers can have serious consequences for producers/ suppliers. Therefore, the international buyers always look for assurances before buying any product especially from developing countries. In this regard, a continued role of IMAC has become very important. FIFA does not issue licenses to soccer ball manufacturers in Pakistan unless they become members of IMAC. Similarly international buyers, most of the time, confirm the membership of a manufacturer with IMAC before making any deal. International media has also become very conscious of the presence and role of IMAC. An event that took place in Switzerland in April 2008 is a testimony to this fact. Bank Credit Suisse – the second largest bank of Switzerland, through a sourcing company in Switzerland, made a deal with a supplier in Sialkot for the supply of 200,000 balls. This supplier was not a member of IMAC. A Swiss TV investigated the matter and found out that since the respective supplier was not a member of IMAC, therefore, its production could not be ensured as child labour free. The further investigation of the Swiss TV which was done by their journalist in Sialkot confirmed their stance. As a result, the Bank Credit Suisse had to donate one million Swiss Francs to UNICEF as a kind of compensation.

All the above stated facts show that the importance of IMAC, especially for the soccer ball industry is increasing day by day. As such its continued operations in Sialkot have become a necessity in order to continue and promote the soccer ball exports from Pakistan.

2.6 Other Endeavors of IMAC

Under the provisions of IMAC's Memorandum and Articles of Association, IMAC's mandate goes beyond soccer ball industry. As such, in addition to providing the work place monitoring services to the soccer ball industry, sometimes some manufacturers of other products such as leather jackets, gloves, bags etc approach IMAC with the request to provide them monitoring services for their products. Such manufacturers usually approach on the desire of their buyers who want their suppliers to be child labour free. IMAC, from time to time, provide its monitoring services to such manufacturers as well. At present IMAC is providing its work place monitoring services to a gloves making unit, a leather bag making unit and a surgical company. Recently IMAC has signed an agreement with an international buyer of surgical goods from Hong Kong to monitor the production of his supplier in Sialkot. This is a pilot programme which will be extended after the completion of its present term.

2.7 Future Endeavors of IMAC

IMAC would continue to providing its work place monitoring services to the soccer ball industry in Sialkot. It also intends to extend its monitoring services to other industries in Sialkot so that Sialkot becomes a symbol of child labour free production for the whole world. IMAC aims to go beyond child labour and provide monitoring services against all social compliances to ensure socially benign entrepreneurship in

Sialkot which would definitely help Pakistan to retain its GSP plus status of the export industry especially for European Union countries.

3. Accounts and Audits

3.1 Accounts

In order to maintain its operations, IMAC is currently dependent on the funding from the Sialkot Chambers of Commerce & Industry (SCCI). SCCI is providing these funds signed between IMAC and SCCI in January 2006 for a period of five years. SCCI is generating these funds from contributions of the soccer ball manufacturers who are members of the Child Labour Elimination Programme (CLEP), and a contribution from the Government of Pakistan through TDAP from the EDF.

3.2 Audits

As per its procedures, IMAC is getting its accounts audited on annual basis from certified chartered accountant companies. The accounts for the years 2016-2017 and 2017-2018 were audited by M/S F.R.A.N.T.S & Co.

Copies of these audit reports are available at Annexure A and B.

Annexure “A”

PKF

INDEPENDENT MONITORING ASSOCIATION
FOR CHILD LABOUR
FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION
FOR THE YEAR ENDED 30 JUNE, 2017

PKF F.R.A.N.T.S.
Chartered Accountants

2nd Floor, Riaz Plaza, Paris Road, Sialkot - Pakistan.
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Independent Monitoring Association for Child Labour**, as on **June 30, 2017** and related income and expenditure account, statement of changes in net assets, cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Association's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we state that-

- (a) in our opinion, proper books of accounts have been kept by the Association as required by the Companies Ordinance, 1984;
- (b) in our opinion-
- i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Association's business; and
 - iii) the business conducted, investments made and expenditure incurred during the year were in accordance with the objects of the Association;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, statement of changes in net assets, cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Association's affairs as on June 30, 2017 and of the surplus and its cash flows for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Sialkot

Date: 10.9 OCT 2017



PKF Franks

PKF F.R.A.N.T.S.
Chartered Accountants

Engagement Partner: **Z.A. Nasir (FCA)**

Second Floor, Riaz Plaza, Paris Road, Sialkot - Pakistan

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OTHER OFFICES: KARACHI | LAHORE | MULTAN | ISLAMABAD | PESHAWAR | KABUL

INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOUR
BALANCE SHEET
AS ON JUNE 30, 2017

ASSETS	Note	2017 -----Rupees-----	2016
NON-CURRENT ASSETS			
Property, plant and equipment	5	-	-
CURRENT ASSETS			
Advances and other receivables	6	483,856	417,370
Cash and bank balances	7	7,598,470	7,181,360
		8,082,326	7,598,730
TOTAL ASSETS		8,082,326	7,598,730
FUNDS AND LIABILITIES			
FUNDS AND RESERVES			
Unrestricted funds	8	2,798,904	2,676,599
LONG TERM LIABILITIES			
Net liability for defined benefit obligations	9	3,835,511	3,720,342
CURRENT LIABILITIES			
Sundry creditors	10	53,282	81,995
Other accrued expenses	11	1,394,629	1,119,794
TOTAL CURRENT LIABILITIES		1,447,911	1,201,789
CONTINGENCIES AND COMMITMENTS	12	-	-
TOTAL FUNDS AND LIABILITIES		8,082,326	7,598,730

The annexed notes from 1 to 17 form an integral part of these financial statements.


CHAIRMAN


Chief Executive

INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOUR
 INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2017

INCOME	Note	2017	2016
		-----Rupees-----	
-----Un Restricted Funds-----			
Grant received from SCCI		9,500,000	11,600,000
Monitoring income		735,386	207,000
Other income	13	50,106	103,687
		10,285,492	11,910,687
EXPENDITURE			
Staff salaries and benefits		6,646,161	6,400,927
Utilities		282,579	189,420
Gratuity		346,631	481,674
Travelling and conveyance		17,147	11,505
Printing and stationery		50,795	48,755
Communication		62,821	63,230
Vehicle running expense		820,290	938,123
Repair and maintenance		356,265	286,590
Insurance		379,653	374,957
Building rent	14	480,672	432,336
Legal and professional charges		-	70,880
Auditor's remuneration		42,000	52,200
Bank charges		24,054	42,192
Miscellaneous		654,120	520,702
		10,163,187	9,913,491
SURPLUS FOR THE YEAR		<u>122,305</u>	<u>1,997,196</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.


 CHAIRMAN


 Chief Executive

INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOUR
 STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted Fund	Total Fund
	-----Rupees-----	
Balance as at June 30, 2015	679,403	679,403
Surplus for the year	1,997,196	1,997,196
Balance as at June 30, 2016	2,676,599	2,676,599
Surplus for the year	122,305	122,305
Balance as at June 30, 2016	2,798,904	2,798,904

The annexed notes from 1 to 17 form an integral part of these financial statements.



CHAIRMAN



Chief Executive

INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOUR
 CASH FLOW STATEMENT
 FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 -----Rupees-----	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		122,305	1,997,196
Adjustments for non cash and non operating items:			
Depreciation	5	-	-
Provision for gratuity		346,631	481,674
Surplus / deficit before working capital changes		468,936	2,478,870
Working capital changes:			
(Increase)/Decrease in advances and other receivables		(66,486)	11,144
(Decrease)/Increase in sundry creditors		(28,713)	10,100
Increase/(Decrease) in accrued and other liabilities		43,373	(424,640)
		(51,826)	(403,396)
Net cash generated from operations		417,110	2,075,474
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash (used in)/from investing activities		-	-
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash (used in)/from financing activities		-	-
Net increase in cash and cash equivalents		417,110	2,075,474
Cash and cash equivalents at the beginning of the year		7,181,360	5,105,886
Cash and cash equivalents at the end of the year	7	7,598,470	7,181,360

The annexed notes from 1 to 17 form an integral part of these financial statements.



CHAIRMAN



Chief Executive

INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOUR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan as a company limited by guarantee under the provisions of the Companies Ordinance, 1984. The Independent Monitoring Association for Child Labour was established in 2002 with an aim of elimination and prevention of child labour from soccer ball industry in Sialkot and its immediate vicinity within the context of atlanta agreement signed amongst International Labour Origination (ILO), its partners and Sialkot Chamber Of Commerce and Industry. The registered office of the company is situated in Sialkot.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standard applicable in Pakistan. Approved accounting standard comprises of Accounting Standard for Not for Profit Organization (NPOs) as notified by the Institute of Chartered Accountants of Pakistan (ICAP) and International Financial Reporting Standards for small and medium sized entities (IFRS for SMEs) as applicable in Pakistan.

3. BASIS OF MEASUREMENT

3.1 Basis of preparation

These financial statements have been prepared under the historical cost convention. Further these financial statements have been prepared under the accrual basis of accounting.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are consistent to all the years presented, unless otherwise stated and are as follows:

4.1 Property, plant and equipment

Operating fixed assets are stated at cost less accumulated depreciation and impairment if any except land held for business use is stated at cost.

Depreciation is provided on straight line method to write off the cost of operating fixed assets over their estimated useful lives.

Depreciation on additions is charged from the date in which the assets are available for use and on deletion up to the date on which assets are deleted. Maintenance and normal repair are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss, if any, on disposal of operating fixed assets is included in current year's income

4.2 Revenue recognition

Unrestricted / General fund

Revenue from monitoring activities is recognized on accrual basis of accounting.

Grants from SCCI are recognized on receipt basis.

Profit on deposit with banks is recognized on time proportion basis taking in to account the amounts outstanding and rate applicable there on.

Restricted Funds

The organization follows the restricted fund method for recognition of its funds, as prescribed by ICAP in " Accounting Standards for Non for Profit Organizations (NPOs). Under this method grants are recognized as revenue when received, irrespective of the expenses incurred.

INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOUR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

4.3 Gratuity

All staff members who have served the association for a period of three years or more are entitled to gratuity at the rate of 30 days gross pay per completed year of service with association at the time of leaving.

4.4 Figures

Figures have been rounded off to the nearest rupee; whereas figures relating to previous years have been rearranged wherever necessary for the purpose of comparison.

INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOUR
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

5. PROPERTY, PLANT AND EQUIPMENT

	2017	2016
	-----Rupees-----	
	-	-
	-	-

Operating fixed assets

5.1	-	-
	-	-

5.1 Operating fixed assets

Particulars	2017				2017		Net book value as at June 30, 2017
	Cost		Depreciation rates	Accumulated depreciation		As at 30 June 2017	
	As at 1 July 2016	As at 30 June 2017		As at 1 July 2016	Charge for the year		
	-----Rupees-----		%	-----Rupees-----			
Furniture & Fixtures	334,208	-	10	334,208	-	334,208	-
Computer & Electric Equipment	1,197,537	-	30	1,197,537	-	1,197,537	-
Vehicles	1,487,312	-	20	1,487,312	-	1,487,312	-
	3,019,057	-		3,019,057	-	3,019,057	-

Owned:

Furniture & Fixtures	334,208	-	10	334,208	-	334,208	-
Computer & Electric Equipment	1,197,537	-	30	1,197,537	-	1,197,537	-
Vehicles	1,487,312	-	20	1,487,312	-	1,487,312	-
	3,019,057	-		3,019,057	-	3,019,057	-

INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOUR
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

5.1 Operating fixed assets (continued)

Particulars	2016										Net book value as at June 30, 2016		
	Cost			Depreciation rates	Accumulated depreciation			As at 30 June 2016	As at 1 July 2015	Charge for the year		Adjustments	
	As at 1 July 2015	Additions	Deletions		As at 30 June 2016	As at 30 June 2016							
	-----Rupees-----											%	-----Rupees-----
Furniture & Fixtures	334,208	-	-	10	334,208	-	-	334,208	334,208	-	-	334,208	-
Computer & Electric Equipment	1,197,537	-	-	30	1,197,537	-	-	1,197,537	1,197,537	-	-	1,197,537	-
Vehicles	1,487,312	-	-	20	1,487,312	-	-	1,487,312	1,487,312	-	-	1,487,312	-
	3,019,057	-	-		3,019,057	-	-	3,019,057	3,019,057	-	-	3,019,057	-

Owned:


INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOUR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

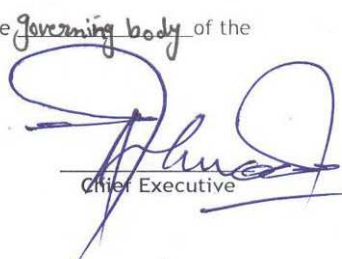
	2017	2016
	-----Rupees-----	
6. ADVANCES AND OTHER RECEIVABLE		
Prepaid Insurance	225,520	159,034
Prepaid Rent	258,336	258,336
	<u>483,856</u>	<u>417,370</u>
7. CASH AND BANK BALANCES		
Cash in hand:		
Local currency	2,202	4,280
Foreign currency	65,029	63,844
	<u>67,231</u>	<u>68,124</u>
Cash at banks:		
Saving account -SCB	1,999,564	2,352,947
Current account -MCB	5,531,675	4,760,289
	<u>7,531,239</u>	<u>7,113,236</u>
	<u>7,598,470</u>	<u>7,181,360</u>
8. FUNDS AND RESERVES		
Un-Restricted Fund (Represents IMAC general fund)	8.1 2,798,904	2,676,599
	<u>2,798,904</u>	<u>2,676,599</u>
8.1 Un-Restricted Fund (Represents IMAC general fund)	2,676,599	679,403
Surplus for the year	122,305	1,997,196
	<u>2,798,904</u>	<u>2,676,599</u>
9. NET LIABILITY FOR DEFINED BENEFIT OBLIGATIONS		
Balance as on July 1	3,720,342	3,532,183
Provision for the year	346,631	481,674
	<u>4,066,973</u>	<u>4,013,857</u>
Payments to employees	-	-
Payable during the year transferred to current liabilities	(231,462)	(293,515)
Balance as on June 30	<u>3,835,511</u>	<u>3,720,342</u>
10. Sundry Creditors		
Sundry Creditors	<u>53,282</u>	<u>81,995</u>

INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOUR
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	-----Rupees-----	
11. ACCURED AND OTHER LIABILITIES		
Salaries and other benefits payable	51,733	34,380
EOBI	11,700	10,400
Auditors' remuneration	42,000	52,200
Utility bills	41,870	7,020
Gratuity payable to employees	1,213,823	982,361
Other Payable	33,503	33,433
	<u>1,394,629</u>	<u>1,119,794</u>
12. CONTINGENCIES AND COMMITMENTS		
There were no contingencies and commitments as at year end.		
13. OTHER INCOME		
Foreign exchange gain/(Loss)	1,185	1,450
Profit on saving account	48,921	102,237
	<u>50,106</u>	<u>103,687</u>
14. BUILDING RENT		
Rent Expense	516,672	468,336
Less: Recovered	(36,000)	(36,000)
	<u>480,672</u>	<u>432,336</u>
15. EVENTS AFTER THE REPORTING DATE		
No adjusting or significant non-adjusting event in accordance with IAS-10 'Events after the Reporting Period' have occurred between balance sheet date and date of authorization.		
16. NUMBER OF EMPLOYEES AT THE YEAR END		
Number of employees at the year end	<u>16</u>	<u>18</u>
Average number of employees during the year	<u>17</u>	<u>17.5</u>
17. DATE OF AUTHORIZATION		

These financial statements were authorized for issue on 09 OCT 2017 by the Governing body of the Association


 CHAIRMAN


 Chief Executive

Annexure “B”

PKF

INDEPENDENT MONITORING ASSOCIATION
FOR CHILD LABOUR
FINANCIAL STATEMENTS FOR THE
YEAR ENDED JUNE 2018

PKF F.R.A.N.T.S.
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the members of Independent Monitoring Association for Child Labour

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Independent Monitoring Association for Child Labour**, which comprise the statement of financial position as at June 30, 2018 and the statement of income and expenditure, the statement of changes in funds, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of income and expenditure, the statement of changes in funds and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the surplus 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 *Auditors' 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 (the Code) 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 Executive Committee 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

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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.

Executive Committee is responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 executive committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditors' report is Mr. Zulfiqar Ahmed Nasir (FCA).

PKF Arach

PKF F.R.A.N.T.S.
Chartered Accountants

Sialkot

Date: 26 SEP 2010

INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOUR
STATEMENT OF FINANCIAL POSITION
AS ON JUNE 30, 2018

ASSETS	Note	2018 -----Rupees-----	2017
NON-CURRENT ASSETS			
Property, plant and equipment	5	-	-
CURRENT ASSETS			
Advances and sundry receivables	6	491,644	483,856
Cash and bank balances	7	9,032,851	7,598,470
		9,524,495	8,082,326
TOTAL ASSETS		<u>9,524,495</u>	<u>8,082,326</u>
FUNDS AND LIABILITIES			
FUNDS AND RESERVES			
Unrestricted funds	8	3,714,240	2,798,904
LONG TERM LIABILITIES			
Net liability for defined benefit obligations	9	4,313,286	3,835,511
CURRENT LIABILITIES			
Sundry creditors		83,607	53,282
Accrued and other liabilities	10	1,413,362	1,394,629
TOTAL CURRENT LIABILITIES		1,496,969	1,447,911
CONTINGENCIES AND COMMITMENTS	11	-	-
TOTAL FUNDS AND LIABILITIES		<u>9,524,495</u>	<u>8,082,326</u>

The annexed notes from 1 to 16 form an integral part of these financial statements.


DIRECTOR


Chief Executive

INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOUR
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2018

INCOME	Note	2018	2017
		-----Rupees----- -----Un Restricted Funds-----	
Grant received from SCCI		10,000,000	9,500,000
Monitoring income		549,464	735,386
Other income	12	87,971	50,106
		10,637,435	10,285,492
EXPENDITURE			
Staff salaries and benefits		6,012,918	6,646,161
Utilities		293,625	282,579
Gratuity		544,802	346,631
Travelling and conveyance		990	17,147
Printing and stationery		38,697	50,795
Communication		69,060	62,821
Vehicle running expense		916,006	820,290
Repair and maintenance		329,010	356,265
Insurance		395,107	379,653
Building rent	13	494,970	480,672
Auditor's remuneration		45,000	42,000
Bank charges		28,468	24,054
Miscellaneous		553,446	654,120
		9,722,099	10,163,187
Taxation	4.4	-	-
SURPLUS FOR THE YEAR		<u>915,336</u>	<u>122,305</u>

The annexed notes from 1 to 16 form an integral part of these financial statements.


DIRECTOR


Chief Executive

INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOUR
 STATEMENT OF CHANGES IN FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Unrestricted Fund	Total Fund
	-----Rupees-----	
Balance as at June 30, 2016	2,676,599	2,676,599
Surplus for the year	122,305	122,305
Balance as at June 30, 2017	2,798,904	2,798,904
Surplus for the year	915,336	915,336
Balance as at June 30, 2018	3,714,240	3,714,240

The annexed notes from 1 to 16 form an integral part of these financial statements.


 DIRECTOR


 Chief Executive

INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOUR
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 -----Rupees-----	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		915,336	122,305
Adjustments for non cash and non operating items:			
Depreciation	5	-	-
Provision for gratuity		544,802	346,631
Surplus before working capital changes		1,460,138	468,936
Working capital changes:			
(Increase) in advances and sundry receivables		(7,788)	(66,486)
Increase/(Decrease) in sundry creditors		30,325	(28,713)
(Decrease)/Increase in accrued and other liabilities		(48,294)	43,373
Net cash generated from operations		1,434,381	417,110
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash (used in)/from investing activities		-	-
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash (used in)/from financing activities		-	-
Net increase in cash and cash equivalents		1,434,381	417,110
Cash and cash equivalents at the beginning of the year		7,598,470	7,181,360
Cash and cash equivalents at the end of the year	7	9,032,851	7,598,470

The annexed notes from 1 to 16 form an integral part of these financial statements.


DIRECTOR


Chief Executive

INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOUR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan as a company limited by guarantee under the provisions of the Repealed Companies Ordinance, 1984. The Independent Monitoring Association for Child Labour, was established in 2002 with an aim of elimination and prevention of child labour from soccer ball industry in Sialkot and its immediate vicinity within the context of Atlanta agreement signed amongst International Labour Organization (ILO), its partners and Sialkot Chamber Of Commerce and Industry. The registered office of the company is situated in Sialkot.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard for Small and Medium-sized entities issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not-for-Profit Organizations issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS for SMEs or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. BASIS OF MEASUREMENT

3.1 Basis of preparation

These financial statements have been prepared under the historical cost convention. Further these financial statements have been prepared under the accrual basis of accounting.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are consistent to all the years presented, unless otherwise stated and are as follows:

4.1 Property, plant and equipment

Operating fixed assets are stated at cost less accumulated depreciation and impairment if any except land held for business use is stated at cost.

Depreciation is provided on straight line method to write off the cost of operating fixed assets over their estimated useful lives.

Depreciation on additions is charged from the date in which the assets are available for use and on deletion up to the date on which assets are deleted. Maintenance and normal repair are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss, if any, on disposal of operating fixed assets is included in current year's income.

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4.2 Revenue recognition

Unrestricted / General fund

Revenue from monitoring activities is recognized on accrual basis of accounting.

Grants from SCCI are recognized on receipt basis.

Profit on deposit with banks is recognized on time proportion basis taking in to account the amounts outstanding and rate applicable there on.

Restricted Funds

The organization follows the restricted fund method for recognition of its funds, as prescribed by ICAP in Accounting Standards for Non-for-Profit Organizations (NPOs). Under this method grants are recognized as revenue when received, irrespective of the expenses incurred.

4.3 Gratuity

All staff members who have served the association for a period of three years or more are entitled to gratuity at the rate of 30 days gross pay per completed year of service with association at the time of leaving.

4.4 Taxation

No incidence of tax accrues to the Company as it is entitled to tax credit equivalent to tax liability in terms of section 100C of the Income tax ordinance 2001.

4.5 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at the exchange rates prevailing on the balance sheet date. All exchange fluctuations are charged to profit and loss account.

4.6 Figures

Figures have been rounded off to the nearest rupee; whereas figures relating to previous years have been rearranged wherever necessary for the purpose of comparison.

4.7 Significant Transactions

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

INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOUR
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
 5.1 Operating fixed assets

Particulars	2018				2017				Net book value as at June 30, 2018
	Cost		Deletions	As at 30 June 2018	Depreciation rates	Accumulated depreciation		As at 30 June 2018	
	As at 1 July 2017	Additions				As at 1 July 2017	Charge for the year		
	-----Rupees-----				-----Rupees-----				
					%				
	-----Rupees-----				-----Rupees-----				
Owned:									
Furniture & Fixtures	334,208	-	-	334,208	10	-	-	334,208	-
Computer & Electric Equipment	1,197,537	-	-	1,197,537	30	-	-	1,197,537	-
Vehicles	1,487,312	-	-	1,487,312	20	-	-	1,487,312	-
	<u>3,019,057</u>	<u>-</u>	<u>-</u>	<u>3,019,057</u>		<u>-</u>	<u>-</u>	<u>3,019,057</u>	<u>-</u>

INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOUR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	-----Rupees-----	
6. ADVANCES AND SUNDRY RECEIVABLES		
Prepaid Insurance	173,355	225,520
Prepaid Rent	272,634	258,336
Monitoring fee receivable	45,655	-
	<u>491,644</u>	<u>483,856</u>
7. CASH AND BANK BALANCES		
Cash in hand:		
Local currency	860	2,202
Foreign currency	79,585	65,029
	<u>80,445</u>	<u>67,231</u>
Cash at banks:		
Saving account -SCB	2,878,830	1,999,564
Current account -MCB	6,073,576	5,531,675
	<u>8,952,406</u>	<u>7,531,239</u>
	<u>9,032,851</u>	<u>7,598,470</u>
8. FUNDS AND RESERVES		
Un-Restricted Fund (Represents IMAC general fund)	8.1	<u>3,714,240</u>
		<u>2,798,904</u>
8.1 Un-Restricted Fund (Represents IMAC general fund)		
Surplus for the year		2,798,904
		915,336
		<u>3,714,240</u>
		<u>2,798,904</u>
9. NET LIABILITY FOR DEFINED BENEFIT OBLIGATIONS		
Balance as on July 1		3,835,511
Provision for the year		544,802
		<u>4,380,313</u>
Payments to employees		-
Payable during the year transferred to current liabilities		(67,027)
Balance as on June 30		<u>4,313,286</u>
		<u>3,835,511</u>

INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOUR
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	-----Rupees-----	
10. ACCURED AND OTHER LIABILITIES		
Salaries and other benefits payable	44,953	51,733
EOBI payable	9,828	11,700
Auditors' remuneration	45,000	42,000
Utility bills	6,480	41,870
Gratuity payable to employees	1,280,850	1,213,823
Other Payable	26,251	33,503
	<u>1,413,362</u>	<u>1,394,629</u>
11. CONTIGENCIES AND COMMITMENTS		
There are no contingencies and commitments as on June 30, 2018 (2017:Nil).		
12. OTHER INCOME		
Foreign exchange gain	16,648	1,185
Profit on saving account	71,323	48,921
	<u>87,971</u>	<u>50,106</u>
13. BUILDING RENT		
Rent Expense	530,970	516,672
Less: Recovered	(36,000)	(36,000)
	<u>494,970</u>	<u>480,672</u>
14. EVENTS AFTER THE REPORTING DATE		
No adjusting or significant non-adjusting event in accordance with IAS-10 'Events after the Reporting Period' have occurred between balance sheet date and date of authorization.		
15. NUMBER OF EMPLOYEES AT THE YEAR END		
Number of employees at the year end	<u>13</u>	<u>16</u>
Average number of employees during the year	<u>15</u>	<u>17</u>
16. DATE OF AUTHORIZATION		

These financial statements were authorized for issue on 26 SEP 2018 by the Governing Body of the Association.


 DIRECTOR


 Chief Executive