

**AUDITORS' REPORT**

**PUNJAB POPULATION  
INNOVATION FUND**

**FOR THE PERIOD ENDED JUNE 30, 2021**

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF PUNJAB POPULATION INNOVATION FUND

(A Company set up under Section 42 of the repealed Companies Ordinance, 1984)

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

We have audited the annexed financial statements of **PUNJAB POPULATION INNOVATION FUND** (the Company), which comprise the statement of financial position as at June 30, 2021, and the income and expenditure statement, the statement of comprehensive income, the statement of changes in accumulated fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the income and expenditure statement, the statement of comprehensive income, the statement of changes in accumulated fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the surplus, the other comprehensive income, the changes in accumulated fund 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 (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.

##### Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Board of directors 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.
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- 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.

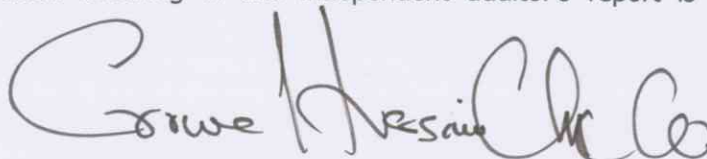
We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on Other Legal and Regulatory Requirements**

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

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

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Nasir Muneer.



**CROWE HUSSAIN CHAUDHURY & CO.**

*Chartered Accountants*

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Lahore

Dated:

05 OCT 2021

# PUNJAB POPULATION INNOVATION FUND

(A Company set up under Section 42 of the repealed Companies Ordinance, 1984)

## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property and equipment	4	12,193,283	16,223,054
Intangible assets	5	1,708,593	1,708,593
Right of use assets	6	4,725,686	10,396,508
Long term security deposits	7	1,483,216	1,483,216
		20,110,778	29,811,371
<b>Current Assets</b>			
Advances, prepayments and other receivables	8	5,718,712	23,651,259
Short term investments	9	-	80,000,000
Income tax refundable		159,441	126,007
Bank balances	10	189,212,916	20,142,536
		195,091,069	123,919,802
		<u>215,201,847</u>	<u>153,731,173</u>
<b>FUNDS AND LIABILITIES</b>			
<b>General fund</b>			
		2,767,764	2,085,299
<b>Non Current Liabilities</b>			
Lease liabilities	11	-	6,335,516
Deferred grants - restricted funds	12	143,317,253	89,493,909
Deferred liabilities	13	14,183,296	10,916,362
		157,500,549	106,745,787
<b>Current Liabilities</b>			
Trade and other payables	14	46,141,896	32,887,147
Current portion of lease liabilities	11	8,791,638	12,012,940
		54,933,534	44,900,087
<b>Contingencies and Commitments</b>			
	15	-	-
		<u>215,201,847</u>	<u>153,731,173</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

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**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

# PUNJAB POPULATION INNOVATION FUND

(A Company set up under Section 42 of the repealed Companies Ordinance, 1984)

## INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>Income</b>			
Grants income	12	209,085,375	118,963,399
Other income		3,485,828	3,612,022
		212,571,203	122,575,421
<b>Expenditure</b>			
Program expenses	16	(201,671,698)	(112,049,013)
Administrative expenses	17	(9,204,433)	(8,237,597)
Bank charges		(11,983)	(7,685)
Finance cost		(1,683,089)	(2,281,126)
		(212,571,203)	(122,575,421)
<b>Surplus before Taxation</b>		-	-
Taxation	18	-	-
<b>Net Surplus for the Year</b>		-	-

The annexed notes from 1 to 24 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

DIRECTOR

# PUNJAB POPULATION INNOVATION FUND

(A Company set up under Section 42 of the repealed Companies Ordinance, 1984)

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
<b>Net Surplus for the Year</b>	-	-
<b>Other Comprehensive Income:</b>		
<i>Items that will not be reclassified to income and expenditure statement</i>		
Remeasurement of staff retirement benefits	682,465	759,501
<i>Items that may be reclassified to income and expenditure statement</i>	-	-
Other comprehensive income for the year	682,465	759,501
<b>Total Comprehensive Income for the Year</b>	<u>682,465</u>	<u>759,501</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

  
DIRECTOR



# PUNJAB POPULATION INNOVATION FUND

(A Company set up under Section 42 of the repealed Companies Ordinance, 1984)

## STATEMENT OF CHANGES IN ACCUMULATED FUND FOR THE YEAR ENDED JUNE 30, 2021

	General Fund
	Rupees
<b>Balance as at June 30, 2019</b>	1,325,798
Total comprehensive income for the year	759,501
<b>Balance as at June 30, 2020</b>	2,085,299
Total comprehensive income for the year	682,465
<b>Balance as at June 30, 2021</b>	<u>2,767,764</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

  
DIRECTOR



**PUNJAB POPULATION INNOVATION FUND**  
(A Company set up under Section 42 of the repealed Companies Ordinance, 1984)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>2021</b>	<b>2020</b>
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus before taxation	-	-
Adjustments for:		
- Depreciation on property and equipment	4,292,134	5,219,715
- Depreciation on right of use asset	5,670,822	5,670,822
- Finance cost	1,683,089	2,281,126
- Interest income	(3,485,828)	(3,612,022)
- Post employment benefits	4,987,501	5,729,795
	<u>13,147,718</u>	<u>15,289,436</u>
<b>Operating surplus before working capital changes</b>	13,147,718	15,289,436
(Increase) / Decrease in current assets		
- Advances, prepayments and other receivables	18,312,807	(20,904,012)
Increase in current liabilities:		
- Trade and other payables	16,699,668	14,545,974
	<u>35,012,475</u>	<u>(6,358,038)</u>
<b>Net Cash Generated from Operations</b>	48,160,193	8,931,398
Grants received	259,463,800	50,000,000
Grants utilized	(209,085,375)	(118,963,399)
Gratuity paid	(1,038,102)	(865,385)
Withholding tax paid	(33,434)	-
	<u>49,306,889</u>	<u>(69,828,784)</u>
<b>Net Cash Generated from / (Used in) Operating Activities</b>	97,467,082	(60,897,386)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(262,363)	(1,751,847)
Short term investments	80,000,000	(80,000,000)
Interest received	3,105,568	3,195,355
Long term security deposits	-	112,500
	<u>82,843,205</u>	<u>(78,443,992)</u>
<b>Net Cash Generated from / (Used in) Investing Activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease liability paid	(11,239,907)	-
<b>Net Cash Used in Financing Activities</b>	(11,239,907)	-
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	169,070,380	(139,341,378)
Cash and cash equivalents at the beginning of the year	20,142,536	159,483,914
<b>Cash and Cash Equivalents at the End of the Year</b>	<u>189,212,916</u>	<u>20,142,536</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

DIRECTOR

# PUNJAB POPULATION INNOVATION FUND

(A Company set up under Section 42 of the repealed Companies Ordinance, 1984)

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Note 1

### Corporate and General Information

Punjab Population Innovation Fund (the Company) is a company limited by guarantee and not having a share capital. The Company operates under license issued under section 42 of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company was incorporated on October 04, 2016. The objectives of the Company are to support the Government of the Punjab in improving the quality of life of the peoples of the Punjab, particularly the vulnerable and marginalized areas and sections of the population, by assisting service delivery organization in the public, non-governmental and private sectors to improve access, and the quality of family planning services in Punjab. The Company is domiciled in Pakistan and its registered office is situated at 125, Abu Bakar Block, Garden Town, Lahore.

In the year 2020, a committee was constituted by the Chief Minister of Punjab for reviewing the issues being faced by the public sector companies in Punjab. The committee has decided to continue operations of the Company along with other 30 public sector companies being managed by the Punjab Government.

Note 2

### Basis of Preparation

#### 2.1 Statement of compliance

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

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standards for NPOs issued by ICAP 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 2.2 Basis of measurement

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

#### 2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the functional currency of the Company. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

#### 2.4 Use of judgments and key estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:

- Provision for post employment benefits obligations [Note 13]
- Estimate of useful lives and residual values of property & equipment [Note 4.1]

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## Note 2, Basis of Preparation - Cont ...

**2.5 Changes in accounting standards, interpretations and pronouncements****2.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year**

There are certain standards, amendments and interpretations to the accounting and reporting standards which are mandatory for accounting periods beginning on or after July 1, 2020. These are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

**Standards, interpretation and amendments to approved accounting standards that are not yet effective**

There are certain standards, amendments and interpretations to the accounting and reporting standards which are mandatory for companies having accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

Standard or Interpretation	Effective Date (Period beginning on)
IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2022 & January 1, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2023
IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
IFRS 17 Insurance Contracts	January 1, 2021
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

Company will assess the impacts of these changes in the period of initial application once such changes become effective for the company.

## Note 3

**Summary of Significant Accounting Policies**

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless stated otherwise.

**3.1 Property and equipment**

All items of property and equipment are initially recorded at cost, subsequently all items of property and equipment are measured at cost less accumulated depreciation and identified impairment loss, if any.

Depreciation on property and equipment has been provided for using the straight line method at the rates specified in Note 4. Depreciation on additions is charged from the month in which the asset was available for use up to the month in which the asset was disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets replaced, if any, are retired. Gain or loss on disposal of property and equipment, if any, is shown in the Statement of income and expenditure.

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

*Judgment and estimates*

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

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*Note 3, Summary of Significant Accounting Policies - Continued...***3.2 Impairment of non-financial assets**

The assets that are subject to depreciation or amortization are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognized in the income and expenditure statement.

An impairment 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. The Company recognizes the reversal immediately in the income and expenditure statement.

**3.3 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of balances with banks only.

**3.4 Revenue**

Revenue is recognized over the period of time to match them with expenses incurred. Grants related to income are accounted for in accordance with the requirement of IAS-20 "Accounting for Government Grants and Disclosure of Government Assistance" i.e. Grants are recognized on a systematic basis as income over the periods necessary to match them with the related cost which they are intended to compensate,

Grants related to assets are recognized in income and expenditure statement over the life of the depreciable assets.

**3.5 Post employment benefits**

The Company operates an unfunded gratuity scheme (defined benefit plan) covering all eligible employees, payable at the cessation of employment. Provision is made on the basis of actuarial recommendations. The actuarial valuation is carried out using the projected unit credit method.

Eligible employees are entitled to gratuity under the scheme equal to one month gross salary after completing the prescribed period of service. All remeasurement gains and losses are recognized in other comprehensive income.

**3.6 Provisions**

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

**3.7 Grants**

Grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as revenue over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognized as deferred revenue and transferred to revenue in amounts equal to depreciation over the expected useful life of related asset.

**3.8 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid or given in future for goods and services received or to be delivered or for any other amount, whether or not billed to the Company.

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*Note 3, Summary of Significant Accounting Policies - Continued...***3.9 Taxation**

In accordance with section 100C of the Income Tax Ordinance, 2001 (the Ordinance), the Company is allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final tax payable under any of the provisions of the Ordinance, subject to conditions as outlined in section 100C. Accordingly, no provision for tax/ deferred tax has been recognized in the financial statements of the Company.

**3.10 Related party transactions**

Transactions in relation to purchases and services with related parties are made at arm's length prices determined in accordance with the Company's policy.

**3.11 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**3.11.1 Financial assets**

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

***a) Classification***

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Currently, the Company classifies its financial assets at amortized cost and fair value through profit or loss. This classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

***b) Initial recognition and measurement***

All financial assets are initially measured at fair value plus transaction costs that are directly attributable to its acquisition except for trade receivable. Trade receivables are initially measured at the transaction price.

***c) Subsequent measurement***

Financial assets measured at amortized cost are subsequently measured using the effective interest rate method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of income and expenditure.

Financial assets measured at fair value through profit or loss are subsequently measured at fair value prevailing at the reporting date. The difference arising is charged to the statement of income and expenditure.

***d) Derecognition***

Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired. The difference between the carrying amount and the consideration received is recognized in statement of income and expenditure.

***e) Impairment of financial assets***

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

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*Note 3, Summary of Significant Accounting Policies - Continued...**Note 3.11.1, Financial assets - Continued...*

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

**3.11.2 Financial liabilities****a) Initial recognition and measurement**

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the

**b) Subsequent measurement**

The Company measures its financial liabilities subsequently at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of income and expenditure. Difference between carrying amount and consideration paid is recognized in the statement of income and expenditure when the liabilities are derecognized.

**3.12 Offsetting of financial assets and liabilities**

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

**3.13 Leases**

The Company assesses whether a contract contains a lease or not at the inception of a contract and reassesses whether a contract is, or contains, a lease further when the terms and conditions of the contract are modified.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain to not to exercise that option.

The Company reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in the determination of the lease term.

The Company revises the lease term if there is a change in the non-cancellable period of a lease.

**Company as a lessee****Recognition**

The Company recognizes a right-of-use asset and a lease liability at the commencement date. A commencement date is the date on which the lessor makes an underlying asset available for use by the lessee (the Company).

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of all underlying assets that have a lease term of 12 months or less and leases for which the underlying asset, when new, is of low-value as per the threshold set by the Company. The Company recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

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*Note 3, Summary of Significant Accounting Policies - Continued...**Note 3.13, Leases - Continued...***Initial measurement***Lease liability*

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate if the implicit rate is not readily available. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments comprise fixed payments less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to be payable by the Company under residual value guarantees; the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

*Right-of-use asset*

The Company initially measures the right-of-use asset at cost. This cost comprises the amount of lease liability as initially measured, plus any lease payments made on or before the commencement date, less lease incentives received, initial direct costs and estimated terminal costs (i.e. dismantling or other site restoration costs required by the terms and conditions of the lease contract).

**Subsequent measurement***Lease liability*

After the commencement date, the Company re-measures the lease liability to reflect the affect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the statement of profit or loss account, unless these are included in the carrying amount of another asset.

Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

*Right-of-use asset*

After the commencement date, the Company measures the right-of-use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability. The Company depreciates the cost of right-of-use asset, net of residual value, from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

**3.14 Foreign currency transactions and translations**

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupees at the rate of exchange ruling on the reporting date and exchange differences, if any, are charged in the income and expenditure statement.

*etc*

## Note 4

## Property and equipment

	Note	2021 Rupees	2020 Rupees
Operating fixed assets	4.1	<u>12,193,283</u>	<u>16,223,054</u>

## 4.1 Operating fixed assets for the year ended June 30, 2021

	Furniture and fixtures	Computer equipment	Leasehold improvement	Office equipment	Vehicles	Generator equipment	Total
<b>Cost</b>							
Balance as at July 01, 2020	5,955,144	6,966,688	3,770,551	2,031,864	7,357,410	3,130,699	29,212,356
Additions during the year	136,940	125,423	-	-	-	-	262,363
<b>Balance as at June 30, 2021</b>	<b>6,092,084</b>	<b>7,092,111</b>	<b>3,770,551</b>	<b>2,031,864</b>	<b>7,357,410</b>	<b>3,130,699</b>	<b>29,474,719</b>
<b>Accumulated depreciation - 2021</b>							
Balance as at July 01, 2020	1,754,261	5,243,880	1,443,971	532,860	3,101,319	913,011	12,989,302
Depreciation for the year	604,220	946,067	754,110	203,185	1,471,482	313,070	4,292,134
<b>Balance as at June 30, 2021</b>	<b>2,358,481</b>	<b>6,189,947</b>	<b>2,198,081</b>	<b>736,045</b>	<b>4,572,801</b>	<b>1,226,081</b>	<b>17,281,436</b>
<b>Book value as at June 30, 2021</b>	<b>3,733,603</b>	<b>902,164</b>	<b>1,572,470</b>	<b>1,295,819</b>	<b>2,784,609</b>	<b>1,904,618</b>	<b>12,193,283</b>
Rate of depreciation per annum (%)	10	20-33.33	20	10	20	10	

## 4.1.1 Operating fixed assets for the year ended June 30, 2020

	Furniture and fixtures	Computer equipment	Leasehold improvement	Office equipment	Vehicles	Generator equipment	Total
<b>Cost</b>							
Balance as at July 01, 2019	5,955,144	6,966,688	2,064,494	1,986,074	7,357,410	3,130,699	27,460,509
Additions during the year	-	-	1,706,057	45,790	-	-	1,751,847
Disposals during the year	-	-	-	-	-	-	-
<b>Balance as at June 30, 2020</b>	<b>5,955,144</b>	<b>6,966,688</b>	<b>3,770,551</b>	<b>2,031,864</b>	<b>7,357,410</b>	<b>3,130,699</b>	<b>29,212,356</b>
<b>Accumulated depreciation - 2020</b>							
Balance as at July 01, 2019	1,157,521	3,240,116	812,641	333,205	1,626,808	599,296	7,769,587
Depreciation for the year	596,740	2,003,764	631,330	199,655	1,474,511	313,715	5,219,715
Depreciation on disposals	-	-	-	-	-	-	-
<b>Balance as at June 30, 2020</b>	<b>1,754,261</b>	<b>5,243,880</b>	<b>1,443,971</b>	<b>532,860</b>	<b>3,101,319</b>	<b>913,011</b>	<b>12,989,302</b>
<b>Net Book Value as at June 30, 2020</b>	<b>4,200,883</b>	<b>1,722,808</b>	<b>2,326,580</b>	<b>1,499,004</b>	<b>4,256,091</b>	<b>2,217,688</b>	<b>16,223,054</b>
Rate of depreciation per annum (%)	10	20-33.33	20	10	20	10	

## 4.1.2 Allocation of depreciation charge for the year is as under:

	Note	2021 Rupees	2020 Rupees
Program expenses	16	<u>4,292,134</u>	<u>5,219,715</u>

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## Note 5

**Intangible Assets**

	2021	2020
	Rupees	Rupees
Accounting software	1,708,593	1,708,593

- 5.1** This represents software development cost representing implementation of SAP Business One. The development / installation of the software has not concluded as on the reporting date.

## Note 6

**Right of Use Assets**

		2021	2020
	Note	Rupees	Rupees
Opening balance		10,396,508	-
Add: Additions during the year		-	16,067,330
Less: Depreciation charge for the year	6.1	(5,670,822)	(5,670,822)
Closing balance		4,725,686	10,396,508
Remaining lease term (Years)		1	2

- 6.1** Depreciation charge for the year is allocated on actual utilization basis as follows:

Program Expenses	16	5,670,822	5,670,822
------------------	----	-----------	-----------

- 6.2** Right of use assets are initially recorded on the basis of rent of the property and the corresponding lease liability is recorded as on that date. The balance of the lease liability is shown in note 11 of the financial statements.

There are no variable lease payments in the lease contracts. There were no leases with residual value guarantees or leases not yet commenced to which the Company is committed.

## Note 7

**Long Term Security Deposits**

		2021	2020
	Note	Rupees	Rupees
Security deposits	7.1	1,483,216	1,483,216
<b>7.1</b> This represents security deposits paid to the following parties:			
Office building		1,275,000	1,275,000
Fuel security - PSO		208,216	208,216
		1,483,216	1,483,216

## Note 8

**Advances and Other Receivables**

		2021	2020
	Note	Rupees	Rupees
Mobilization advances	8.1	2,295,294	21,198,468
Prepayments		866,742	757,381
Profit receivable from BOP		796,927	416,667
Loan against gratuity		1,724,749	1,109,046
Advances to employees	8.2	35,000	169,697
		5,718,712	23,651,259

- 8.1** Movement of mobilization advance is as follows:

Opening balance	21,198,468	-
Add: Advances extended during the year	-	23,485,471
Less: Adjusted against invoices	(18,587,726)	(2,287,003)
	2,295,294	21,198,468

- 8.2** During the year, advances to employees have been given under the approved Employment Service Role (ESR) of the Company.

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## Note 9

**Short Term Investments**

This represented the Term Deposits Receipts placed with the Bank of Punjab, carrying mark-up @ 7.3%. These TDRs were matured on March 2021.

## Note 10

**Bank Balances**

	Note	2021 Rupees	2020 Rupees
Balances with banks:			
- Current account		9,778,102	20,132,971
- Savings account	10.1	179,434,814	9,565
		<u>189,212,916</u>	<u>20,142,536</u>

**10.1** The savings accounts earn interest rate at the rate of 5.5% (2020: 5.5%) per annum.

## Note 11

**Lease Liabilities**

	2021 Rupees	2020 Rupees
Opening balance	18,348,456	-
Impact of adoption of IFRS 16	-	16,067,330
	<u>18,348,456</u>	<u>16,067,330</u>
Add: Interest expense	1,683,089	2,281,126
Less: Payments made during the year	(11,239,907)	-
Gross liability	<u>8,791,638</u>	<u>18,348,456</u>
Less: Current portion	(8,791,638)	(12,012,940)
Closing balance	<u>-</u>	<u>6,335,516.00</u>

**11.1** Summary of amounts relating to leases charged in different line items of the financial statements is as follows:

	Included in	2021 Rupees	2020 Rupees
Carrying amount of ROU assets	Statement of Financial Position	4,725,686	10,396,508
Depreciation charge	Income and Expenditure Statement	5,670,822	5,670,822
Interest expense	Finance cost	1,683,089	2,281,126

**11.2** Maturity analysis of contractual cash flows:

Within One Year	Between Two to Five Years	Later than Five Years
----- (Rupees) -----		
8,791,638	-	-

**11.3 Nature of leasing activities**

The Company's leases consists of the office building. Periodic rentals are fixed over the lease term. These neither contain any variable lease payments nor any lease incentives. The Company is not committed to any lease not yet commenced as at the reporting date.

Remaining lease term of existing lease contract as on the reporting date is one year for which lease liability is recorded.

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## Note 12

**Deferred Grants - Restricted Funds**

	Note	2021 Rupees	2020 Rupees
Grants related to income	12.1	137,492,334	86,773,909
Grants related to assets	12.2	2,380,000	2,720,000
		<u>143,317,253</u>	<u>89,493,909</u>
<b>12.1</b> Grants related to income:			
Opening balance		86,773,909	155,397,308
Grants received from Government of the Punjab	12.1.1	252,976,000	50,000,000
Grants received from UNFPA	12.1.2	6,487,800	-
Less: Grant income amortised during the year		(212,190,294)	(118,623,399)
Other adjustments	12.1.3	3,444,919	-
		<u>(208,745,375)</u>	<u>(118,623,399)</u>
Closing balance		<u>137,492,334</u>	<u>86,773,909</u>

**12.1.1** This represents grant received from Government of the Punjab under grant number PC-22036, for meeting revenue expenditure of the Company. These are recognized as grant income as per terms of agreement with Government.

**12.1.2** This represents the grant received from United Nations Fund for Population Activities (UNFPA). These are recognized as grant income as per terms of agreement with UNFPA.

**12.1.3** This represents the amount of liabilities written back as the contract is finalized and completion certificate is obtained from the contractor.

**12.2** Grants related to assets:

	2021 Rupees	2020 Rupees
Opening balance	2,720,000	3,060,000
Grants received during the year	-	-
Less: Grant income amortised during the year	(340,000)	(340,000)
Closing balance	<u>2,380,000</u>	<u>2,720,000</u>

**12.2.1** This represents grant received from Government of the Punjab for purchase of property and equipment for the Company. Grant related to assets is recognized as income in line with depreciation charged on respective asset over the useful life of the asset.

## Note 13

**Deferred Liabilities**

	2021 Rupees	2020 Rupees
Post employment benefit obligations	<u>14,183,296</u>	<u>10,916,362</u>

**13.1** As stated in note 3.5, the Company operates an approved funded gratuity scheme for its permanent employees. Actuarial valuation of the scheme is carried out annually by an independent actuary and the latest actuarial valuation was carried out as of June 30, 2021.

On the basis of the information included in the latest actuarial report, the actuarial valuation of the scheme has resulted in post employment benefits obligation in current year as presented in the following notes:

etc

## Note 13, Deferred Liabilities - Cont ...

**13.2 Post employment benefit obligations**

Latest actuarial valuation of the defined benefit plan was conducted as on June 30, 2021. Results of actuarial valuation are as under:

	2021	2020
	Rupees	Rupees
Present value of defined benefit obligations-net	14,183,296	10,916,362
<b>13.2.1 Reconciliation of net obligations under post employment benefit</b>		
Present value of defined benefit obligations	14,183,296	10,916,362
Fair value of plan asset	-	-
Net liability	14,183,296	10,916,362
<b>13.2.2 Movement in present value of defined benefit obligations</b>		
Opening balance	10,916,362	6,811,453
Expense charged to income and expenditure statement	4,987,501	5,729,795
Remeasurement charged in OCI	(682,465)	(759,501)
Benefits paid in the year	(1,038,102)	(865,385)
Closing balance	14,183,296	10,916,362
<b>13.2.3 Charge for the year</b>		
The amounts recognised in the income and expenditure statement against defined benefit scheme are as follows:		
Current service cost	4,103,730	4,340,927
Past service cost	-	479,895
Interest cost	883,771	908,973
	4,987,501	5,729,795
<b>13.2.4 The charge for the year has been allocated as follows:</b>		
Program expenses	4,987,501	5,729,795
<b>13.2.5 Actuarial assumptions</b>	2021	2020
Discount rate - per annum / Rate of return on plan assets	10.00%	8.50%
Expected rate of increase in salary level - per annum	9.00%	7.50%
Expected year of services	9.6 years	7 years
Actuarial valuation method	Projected Unit Credit Method	
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table	
<b>13.2.6 Estimated Charge for the year 2021-2022</b>		2022
		Rupees
Current service cost		4,037,004
Interest cost		1,358,821
		5,395,825



*Note 13, Deferred Liabilities - Cont ...*

**13.2.7 Year end sensitivity analysis on defined benefit obligation**

Reasonably possible changes at the reporting date date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

	<b>2021</b>
	Rupees
Discount rate + 1%	12,920,371
Discount rate - 1%	15,630,831
Salary increase + 1%	15,661,641
Salary increase - 1%	12,870,607

**Note 14**

**Trade and Other Payables**

	<b>2021</b>	<b>2020</b>
	Rupees	Rupees
Creditors	42,838,239	24,155,602
Accrued liabilities	3,303,657	8,731,545
	<u>46,141,896</u>	<u>32,887,147</u>

**Note 15**

**Contingencies and Commitments**

**15.1 Contingencies**

Certain petitioners representing civil society at large have filed a writ petition, challenging the creation / incorporation of Public Sector Companies by the Government of Punjab. PPIF is one of the respondent companies contesting the petition. The matter is pending for adjudication before the Honourable Lahore High Court, Lahore. The management of the Company is of the view that such petition would be dismissed and accordingly, there is no impact on going concern status of the Company.

**15.2 Commitments**

Commitments as at the reporting date are as follows:

	<b>2021</b>	<b>2020</b>
	Rupees	Rupees
SAP Implementation	146,250	146,250
Repayments of lease liability		
- Due not later than one year	8,791,638	12,012,940
- Due later than one year but not later than five years	-	6,335,516
	<u>8,791,638</u>	<u>18,348,456</u>

note,

Note 16

**Program Expenses**

		<b>2021</b>	<b>2020</b>
	Note	Rupees	Rupees
Salaries and benefits	16.1	44,324,578	43,831,267
Program support (Implementing Partners)		113,003,963	24,831,614
Surveys (Monitoring and Evaluation)		12,177,997	10,828,757
UNFPA expenses		2,454,120	-
Advertisement expense		5,629,869	5,260,570
Meetings and workshops		1,980,437	997,268
Printing and stationery		945,217	1,549,742
Travelling and conveyance		2,081,748	4,354,764
Printing charges		219,420	49,000
Utilities		491,811	399,316
Postage and telephone		419,344	933,953
Communication		253,126	120,690
Office supplies		410,137	396,157
Repairs and maintenance		660,532	637,174
Security		771,572	762,552
Insurance		1,093,816	1,972,657
Legal and professional		4,791,055	4,232,995
Depreciation on right of use asset		5,670,822	5,670,822
Depreciation on property and equipment		4,292,134	5,219,715
		<u>201,671,698</u>	<u>112,049,013</u>

**16.1** This includes Rs. 4,987,501 (2020: Rs. 5,729,795) in respect of employees benefits.

Note 17

**Administrative Expenses**

	<b>2021</b>	<b>2020</b>
	Rupees	Rupees
Salaries and benefits	4,807,243	4,092,000
Printing and stationery	136,210	218,763
Repair and maintenance	468,136	401,873
Travelling and conveyance	526,688	723,047
Utilities	869,957	770,909
Communication	601,344	619,941
Office supplies	537,865	396,156
Auditor's remuneration	199,500	199,500
Insurance	285,918	52,856
Security	771,572	762,552
	<u>9,204,433</u>	<u>8,237,597</u>

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## Note 18

**Taxation**

In accordance with section 100C of the Income Tax Ordinance, 2001 (the Ordinance), the Company is allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final tax payable under any of the provisions of the Ordinance, subject to conditions as outlined in section 100C. Accordingly, no provision for tax/ deferred tax has been recognized in the financial statements of the Company.

## Note 19

**Remuneration of Chief Executive Officer, Directors and Executives**

Aggregate amounts charged in the financial statements for the year as remuneration and benefits to the chief executive officer, directors and executives of the Company are as follows:

	Chief Executive Officer		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	Rupees		Rupees		Rupees	
Managerial remuneration	180,000	2,160,000	-	-	14,955,600	14,520,000
Gratuity	-	207,692	-	-	1,438,038	1,396,154
Medical expenses	-	125,000	-	-	400,000	200,000
Mobile bills	120,000	120,000	-	-	84,000	84,000
	300,000	2,612,692	-	-	16,877,638	16,200,154
	1	1	-	-	2	2

**19.1** The executives and CEO have also been provided with mobile bills expenses while The Chief Executive Officer is also provided with Company maintained car. Moreover, the CEO holds additional charge and has not been drawing emolument from the Company since August 03, 2020.

## Note 20

**Related Party Transactions**

Related parties comprise directors, associated undertakings in which directors have interest and key management personnel. Remuneration of key management personnel is disclosed in note 20 to these financial statements. Transactions with related parties are as follows:

Related party	Relationship	Nature of transactions	2021	2020
			Rupees	Rupees
The Bank of Punjab	Company owned by Government of the Punjab	Bank charges paid	11,983	7,685
		Short term investments matured / (made)	80,000,000	(80,000,000)
		Interest income	3,485,828	3,612,022
Government of the Punjab	Associated undertaking	Grant received	252,976,000	50,000,000
UNFPA through Population Welfare Department	Department of Government of the Punjab	Grant received	6,487,800	-
Directorate General Public Relations	Department of Government of the Punjab	Advertisement expenses	5,629,869	5,260,570
Key management personnel	Employment	Advances disbursed	3,550,370	3,606,721
	Employment	Advances recovered	3,550,370	4,460,876

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## Note 20, Related Party Transactions - Cont ...

- 20.1** Loans and advances are paid to employees from outstanding gratuity balance and from salary respectively. These loans / advances are paid to employees under the approved employment service rules (ESR) of the company. Further, gratuity advances are adjusted / deducted within year against salaries while advance against salary is being adjusted from monthly salary.

Balance outstanding as at June 30,	2021	2020
	Rupees	Rupees
Short term investments		
- The Bank of Punjab	-	80,000,000
Advances and Other Receivables		
- Profit receivable from the Bank of Punjab	796,927	416,667
Deferred Grants		
- Government of the Punjab	143,317,253	89,493,909

## Note 21

**Financial Risk Management****21.1 Financial risk factors**

The Company's activities may expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, price risk, interest rate risk, credit risk and liquidity risk.

**(a) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will effect the Company's income or the value of its holdings of financial instruments.

**(i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to any currency risk.

**(ii) Interest rate risk**

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any interest rate risk.

	2021	2020
	Rupees	Rupees
Bank balances	179,434,814	9,565

**Cash flow sensitivity analysis for variable rate instruments**

As at June 30, 2021, if interest rates had been 1% higher / lower with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 1.79 million (2020: Rs. 0.10 million), mainly as a result of interest exposure on saving accounts.

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## Note 21, Financial Risk Management - Contd...

## Note 21.1, Financial risk factors, Cont ...

## (iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity price risk.

## (b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2021	2020
	Rupees	Rupees
Long term deposits	1,483,216	1,483,216
Advances	2,521,676	1,525,713
Bank balances	189,212,916	20,142,536
	<u>193,217,808</u>	<u>23,151,465</u>

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

	Rating		Rating Agency	2021	2020
	Short term	Long term		Rupees	Rupees
The Bank of Punjab	A1+	AA+	PACRA	<u>189,212,916</u>	<u>20,142,536</u>

## (c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

The Company is not exposed to any significant liquidity risk.

**Contractual maturities of financial liabilities as at June 30, 2021:**

	Carrying Amount	Contractual cash flows	Within 1 year	2-5 Years	More than 5 years
	Rupees				
Trade and other payables	46,141,896	46,141,896	46,141,896	-	-

**Contractual maturities of financial liabilities as at June 30, 2020:**

	Carrying Amount	Contractual cash flows	Within 1 year	2-5 Years	More than 5 years
	Rupees				
Trade and other payables	32,887,147	32,887,147	32,887,147	-	-

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## Note 21, Financial Risk Management - Contd...

**Fair value of financial instruments**

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

The Company classifies the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value measurement hierarchy:

Level 1	Quoted market prices
Level 2	Valuation techniques using market observable inputs
Level 3	Valuation techniques using non market observable inputs

As at June 30, 2021 the net fair value of all financial assets and financial liabilities are estimated and their carrying values are compared against their fair values in order to ascertain whether carrying value approximate their fair values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The fair values of all other financial assets and liabilities are not considered to be significantly different from their carrying values.

**21.2 Financial instruments by categories****Financial assets as at June 30, 2021**

	Amortized Cost	Fair Value through other comprehensive income	Fair Value through income and expenditure	Total
	Rupees			
Long term deposits	1,483,216	-	-	1,483,216
Advances	2,521,676	-	-	2,521,676
Bank balances	189,212,916	-	-	189,212,916
	193,217,808	-	-	193,217,808

**Financial assets as at June 30, 2020**

	Amortized Cost	Fair Value through other comprehensive income	Fair Value through income and expenditure	Total
	Rupees			
Long term deposits	1,483,216	-	-	1,483,216
Short term investments	80,000,000	-	-	80,000,000
Advances	1,525,713	-	-	1,525,713
Bank balances	20,142,536	-	-	20,142,536
	103,151,465	-	-	103,151,465

Note 21, Financial Risk Management - Contd...

Note 21.2, Financial instruments by categories - Contd...

**Financial liabilities at amortized cost**

	<b>2020</b>	<b>2020</b>
	Rupees	Rupees
Trade and other payables	46,141,896	32,887,147

**21.3 Fair values of financial assets and liabilities**

Carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Note 22

**Number of Employees**

	<b>2021</b>	<b>2020</b>
	Number	Number
Number of employees as at June 30,	21	23
Average number of employees during the year	22	24

Note 23

**Authorization of Financial Statements**

These financial statements were approved and authorized for issue by the Board of Directors of the Company on

05 OCT 2021

Note 24

**General**

Corresponding figures have been re-arranged / re-classified, wherever necessary, for the purpose of better presentation of the financial statements. No significant re-arrangements / reclassifications have been made in these financial statements.

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CHIEF EXECUTIVE OFFICER

DIRECTOR