

**PUBLIC PRIVATE
PARTNERSHIP SUPPORT
FACILITY - PPPSF**

**FINANCIAL STATEMENTS WITH
ACCOMPANYING INFORMATION**

**FOR THE YEAR ENDED
30 JUNE 2022**

INDEPENDENT AUDITOR'S REPORT

To the members of Public Private Partnership Support Facility

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Public Private Partnership Support Facility ("the Company"), which comprise the statement of financial position as at 30 June 2022, and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the deficit, the other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

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

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company for 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 material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for

our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of income and expenditure, the statements of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

Riaz Ahmad & Company

Chartered Accountants

- 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 Junaid Ashraf.



RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

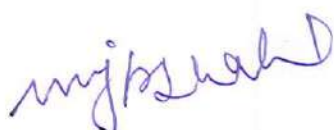
DATE: 24 October 2022

UDIN: AR202210045Z70s2LKPE

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	30 June 2022 Rupees	30 June 2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Operating fixed assets	5	10,322,825	11,651,054
Long term deposits	6	479,277	261,998
		<u>10,802,102</u>	<u>11,913,052</u>
CURRENT ASSETS			
Accrued markup		-	14,239,726
Advances and prepayments	7	314,975	353,755
Advance income tax - Net	8	19,479,721	10,800,165
Cash and bank balances	9	569,056,620	583,578,900
		<u>588,851,316</u>	<u>608,972,546</u>
Total assets		<u><u>599,653,418</u></u>	<u><u>620,885,598</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 55,000,000 (2021: 55,000,000) ordinary shares of Rupees 10 each		<u>550,000,000</u>	<u>550,000,000</u>
Issued, subscribed and paid-up share capital	10	550,000,000	550,000,000
Accumulated surplus		47,956,886	66,249,258
Total equity		<u>597,956,886</u>	<u>616,249,258</u>
NON-CURRENT LIABILITIES			
Deferred tax liability		36,113	224,450
CURRENT LIABILITIES			
Other payables	11	1,660,419	4,411,890
Total liabilities		<u>1,696,532</u>	<u>4,636,340</u>
Contingencies and commitments	12		
Total equity and liabilities		<u><u>599,653,418</u></u>	<u><u>620,885,598</u></u>

The annexed notes from 01 to 22 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 Rupees	30 June 2021 Rupees
INCOME		-	-
EXPENDITURE			
Operational expenses	13	(30,917,867)	(26,899,195)
Administrative expenses	14	(34,423,286)	(30,001,790)
		<u>(65,341,153)</u>	<u>(56,900,985)</u>
Other income	15	47,486,524	48,903,172
Deficit before tax		<u>(17,854,629)</u>	<u>(7,997,813)</u>
Taxation	16	(437,743)	(998,931)
Deficit for the year		<u><u>(18,292,372)</u></u>	<u><u>(8,996,744)</u></u>

The annexed notes from 01 to 22 form an integral part of these financial statements.

M. J. Shal

CHIEF EXECUTIVE OFFICER

[Signature]

DIRECTOR

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	30 June 2022 Rupees	30 June 2021 Rupees
Deficit for the year	(18,292,372)	(8,996,744)
Other comprehensive income:		
Items that will not be reclassified to statement of income and expenditure	-	-
Items that may be reclassified subsequently to statement of income and expenditure	-	-
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	<u>(18,292,372)</u>	<u>(8,996,744)</u>

The annexed notes from 01 to 22 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Issued, subscribed and paid-up share capital	Accumulated surplus	Total
	Rupees	Rupees	Rupees
Balance as at 30 June 2020	550,000,000	75,246,002	625,246,002
Deficit for the year	-	(8,996,744)	(8,996,744)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(8,996,744)	(8,996,744)
Balance as at 30 June 2021	550,000,000	66,249,258	616,249,258
Deficit for the year	-	(18,292,372)	(18,292,372)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(18,292,372)	(18,292,372)
Balance as at 30 June 2022	550,000,000	47,956,886	597,956,886

The annexed notes from 01 to 22 form an integral part of these financial statements.

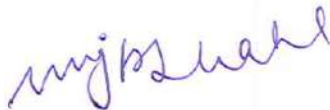
CHIEF EXECUTIVE OFFICER

DIRECTOR

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 Rupees	30 June 2021 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Deficit before tax		(17,854,629)	(7,997,813)
Adjustments for non-cash items:			
Depreciation		2,926,849	1,683,593
Cash used in before working capital changes		(14,927,780)	(6,314,220)
WORKING CAPITAL CHANGES			
Decrease / (increase) in current assets			
Advances and prepayments		38,780	(312,431)
(Decrease) / increase in current liabilities			
Payable to Government of Sindh		-	(2,212,035)
Other payables		(2,751,471)	774,670
Net working capital changes		(2,712,691)	(1,749,796)
Cash flow (used in)/generated from operating activities		(17,640,471)	(8,064,016)
Income tax paid		(9,305,636)	(20,258,988)
Net cash used in operating activities		(26,946,107)	(28,323,004)
CASH FLOW FROM INVESTING ACTIVITIES			
Addition to operating fixed assets		(1,598,620)	(10,864,557)
Addition in long term deposits		(217,279)	(261,998)
Net cash used in investing activities		(1,815,899)	(11,126,555)
CASH FLOW FROM FINANCING ACTIVITIES			
Accrued mark up received		14,239,726	27,869,025
NET DECREASE IN CASH AND CASH EQUIVALENTS		(14,522,280)	(11,580,534)
Cash and cash equivalents at the beginning of the year		583,578,900	595,159,434
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		569,056,620	583,578,900

The annexed notes from 01 to 22 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A company set up under section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1. LEGAL STATUS AND OPERATIONS

Public Private Partnership Support Facility ("the Company") was incorporated in Pakistan on 29 December 2017 under section 42 of the Companies Act, 2017 as a company limited by guarantee having share capital.

The principal activity of the Company is to finance, manage and monitor projects initiated under the Sindh Public Private Partnership Act, 2010 (the Act) and to render advisory and technical assistance to Government of Sindh for any project initiated under the Act.

The Company is wholly owned by Government of Sindh.

The registered office of the Company is located at 2nd Floor, Imperial Court Building, Dr. Ziauddin Ahmed Road, Civil Lines, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS or the Accounting Standard for NPOs, 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, except for certain items as disclosed in the relevant accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rupees, unless otherwise stated.

2.4 Key judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- a) Depreciation on operating fixed assets (Note 4.1)
- b) Taxation (Note 4.6)

The revisions to accounting estimates (if any) are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

a) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

b) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2022 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

The above amendments and improvements do not have a material impact on the financial statements.

c) **Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company**

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

4. SIGNIFICANT ACCOUNTING POLICES

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

4.1 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and recognized accumulated impairment, if any. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of income and expenditure during the period in which they are incurred.

Depreciation

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged from the month in which the assets are disposed off. Depreciation on operating fixed assets is charged to statement of income and expenditure applying the straight line method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 5. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of operating fixed assets is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of income and expenditure in the period the asset is de-recognized.

4.2 Right-of-use-assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Payment associated with short term leases are recognized as expense in statement of income and expenditure.

The principal terms and conditions of the lease arrangements entered into by the Company and outstanding at year end are as follows:

Office Premises	Lessor Name	Lease Start Date	Lease Tenure
Second Floor Imperial Court Dr. Ziauddin Ahmed Road Karachi	Mohammed Usman Hajrabi Trust	10-Aug-21	11 months

4.3 Lease Liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is

reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of use asset, or to statement of income and expenditure and statement of other comprehensive income if the carrying amount of the right-of-use asset is fully written down.

4.4 Cash and cash equivalent

Cash and cash equivalents comprise cash in hand, cash at banks and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

4.5 Financial instruments

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

a) Financial assets

The Company classifies its financial assets at amortized cost, fair value through other comprehensive income or fair value through income and expenditure in the context of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

i- Financial assets at amortized cost

Financial assets at amortized cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii- Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii- Financial assets at fair value through statement of income and expenditure

Financial assets at fair value through income and expenditure are those financial assets which are either designated in this category or not classified in any of the other categories.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through income and expenditure. Financial assets carried at fair value through income and expenditure is initially recognized at fair value and transaction costs are expensed in the statement of income and expenditure.

Gains and losses arising on financial assets at amortized cost and financial assets at fair value through income and expenditure are recognized in the statement of income and expenditure. Interest calculated under effective interest method, dividend, impairment and foreign exchange gains and losses on financial assets at fair value through other comprehensive income are also recognized in the statement of income and expenditure. Gains and losses from changes in fair value of financial assets at fair value through other comprehensive income are recognized in other comprehensive income and are reclassified to statement of income and expenditure on de-recognition or reclassification.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

b) Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through income and expenditure are initially recognized at fair value and transaction costs are expensed in the statement of income and expenditure.

Financial liabilities, other than those at fair value through income and expenditure, are subsequently measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of income and expenditure.

c) Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost and at fair value other comprehensive income is calculated on basis of "expected credit losses" model.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

d) De-recognition

i. Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

ii. Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

e) Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.6 Other payables

a) Liabilities for other payables are initially recognized at fair value plus directly attributable cost. These are subsequently measured at amortized cost.

b) Employees' benefits obligations

The Company operates unfunded provident fund scheme covering all its employees who are eligible. Equal monthly contributions are made both by the Company and employees at the rate of 10 percent of the basic salary to the fund. The Company's contributions to the fund are charged to the income and expenditure account.

4.7 Revenue recognition

i. Grant

Government grants are recognised at the fair value of the asset received or receivable.

A grant without specified future performance conditions is recognised in income when the right to receive the grant is established. A grant that imposes specified future performance conditions is recognised in income when all those conditions are met and there is a reasonable assurance that the grant will be received.

Further, the Company does not recognise those forms of government assistance for which a reasonable value cannot be placed on them.

ii. Services

Revenue from services rendered is recognized as and when the services are rendered.

The Company is entrusted with the functions to manage and monitor the projects initiated under the Sindh Public Private Partnership Act, 2010 (the Act) and to render advisory and technical assistance to Government of Sindh for any project initiated under the Act. Presently, these services are being rendered free of charge as no consideration is agreed with the Government.

iii. Interest Income

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

4.8 Taxation

Current tax

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credits and rebates, if any. The charge for the current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the period.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax base. Deferred tax liabilities are recognized for all taxable temporary differences. The Company recognizes deferred tax asset on all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of income and expenditure, except where deferred tax arises on the items credited or charged to comprehensive income or directly to the equity, in which case it is adjusted in statement of comprehensive income or statement of changes in equity.

4.9 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 can be made of the amount of obligation. Provisions is reviewed at each reporting date and adjusted to reflect current best estimate.

4.10 Related party transactions

All related party transactions are made on terms equivalent to those that prevail in arm's length transactions.

5 OPERATING FIXED ASSETS

	2022				
	Furniture and fixture	Office equipment	Computer equipment	Vehicles	Total
As at 01 July 2021	Rupees	Rupees	Rupees	Rupees	Rupees
Cost	5,138,447	4,062,110	1,575,000	2,911,960	13,687,517
Accumulated depreciation	(256,365)	(503,071)	(216,563)	(1,060,464)	(2,036,463)
Net book value	4,882,082	3,559,039	1,358,437	1,851,496	11,651,054

Year ended 30 June 2022

Opening net book value	4,882,082	3,559,039	1,358,437	1,851,496	11,651,054
Additions	-	1,498,000	100,620	-	1,598,620
Disposal					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Depreciation charged for the year	(513,845)	(1,140,361)	(544,653)	(727,990)	(2,926,849)
Closing net book value	4,368,237	3,916,678	914,404	1,123,506	10,322,825

As at 30 June 2022

Cost	5,138,447	5,560,110	1,675,620	2,911,960	15,286,137
Accumulated depreciation	(770,210)	(1,643,432)	(761,216)	(1,788,454)	(4,963,312)
Net book value	4,368,237	3,916,678	914,404	1,123,506	10,322,825

	2021				
	Furniture and fixture	Office equipment	Computer equipment	Vehicles	Total
As at 01 July 2020	Rupees	Rupees	Rupees	Rupees	Rupees
Cost	-	-	-	2,822,960	2,822,960
Accumulated depreciation	-	-	-	(352,870)	(352,870)
Net book value	-	-	-	2,470,090	2,470,090

Year ended 30 June 2021

Opening net book value	-	-	-	2,470,090	2,470,090
Additions	5,138,447	4,062,110	1,575,000	89,000	10,864,557
Disposal					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Depreciation charged for the year	(256,365)	(503,071)	(216,563)	(707,594)	(1,683,593)
Closing net book value	4,882,082	3,559,039	1,358,437	1,851,496	11,651,054

As at 30 June 2021

Cost	5,138,447	4,062,110	1,575,000	2,911,960	13,687,517
Accumulated depreciation	(256,365)	(503,071)	(216,563)	(1,060,464)	(2,036,463)
Net book value	4,882,082	3,559,039	1,358,437	1,851,496	11,651,054

Depreciation Rate	10%	25%	33%	25%	
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6	LONG TERM DEPOSITS	Note	30 June 2022 Rupees	30 June 2021 Rupees
	Deposit - Pakistan State Oil		457,577	240,298
	Deposit - Pakistan Telecommunication Limited		17,500	17,500
	Deposit - Nordica		4,200	4,200
			<u>479,277</u>	<u>261,998</u>
7	ADVANCES AND PREPAYMENTS			
	Advance rent		69,340	173,148
	Advance to employees		76,265	116,668
	Prepaid insurance		169,370	63,939
			<u>314,975</u>	<u>353,755</u>
8	ADVANCE INCOME TAX - NET			
	Advance income tax	8.1	<u>19,479,721</u>	<u>10,800,165</u>
8.1	Movement of advance income tax refundable			
	Balance as at 01 July		10,800,165	(8,725,275)
	Provision for tax for the year	16	<u>(626,080)</u>	<u>(733,548)</u>
			10,174,085	(9,458,823)
	Tax collected or deducted at source		9,305,636	11,533,713
	Tax adjusted during the year		-	8,725,275
			<u>19,479,721</u>	<u>10,800,165</u>
9	CASH AND BANK BALANCES			
	Cash in hand		8,800	14,273
	Saving account	9.1	569,047,820	33,564,627
	Term Deposit Receipts - TDRs	9.2	-	550,000,000
			<u>569,056,620</u>	<u>583,578,900</u>
9.1	This represents the balance with Sindh Bank Limited, a related party, in savings account carrying markup at the rate 12.25% per annum (2021: 5.65%).			
9.2	It represents investments made in Term Deposit Receipts - TDRs with Sindh Bank Limited, a related party, which are matured during the year and carries mark-up at the rates ranging from 7% to 10.10% (2021: 6.25% to 13.75%).			
10	ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
	2022	2021		
	(Number of Shares)			
			Ordinary shares of Rupees 10 each fully	
	55,000,000	55,000,000	paid in cash	
	<u>55,000,000</u>	<u>55,000,000</u>	<u>550,000,000</u>	550,000,000
			<u>550,000,000</u>	<u>550,000,000</u>

10.1 As at 30 June 2022, 54,999,998 (2021: 54,999,998) Ordinary Shares of Rupees 10 each fully paid in cash are held by Government of Sindh, and 2 (2021: 2) shares of Rupees 10 each fully paid in cash are held by nominees.

11	OTHER PAYABLES	Note	30 June 2022 Rupees	30 June 2021 Rupees
	Accrued expenses			
	Salaries payable		756,993	779,983
	Performance security payable		-	3,246,942
	Withholding tax payable		903,426	157,500
			-	227,465
			<u>1,660,419</u>	<u>4,411,890</u>
12	CONTINGENCIES AND COMMITMENTS			
	There were no contingencies and commitments as at reporting date (2021: Nil).			
13	OPERATIONAL EXPENSES			
	Salaries, wages and other benefits		28,588,732	24,612,323
	Rent expense		1,007,428	976,789
	Insurance expense	13.1	825,464	1,038,606
	Utilities		283,005	164,078
	Communication expense		55,530	45,836
	Miscellaneous		157,708	61,562
			<u>30,917,867</u>	<u>26,899,195</u>
13.1	This includes Rupees 0.772 million (2021:1.039 million) paid to Sindh Insurance Limited, a related party, against insurance premium.			
14	ADMINISTRATIVE EXPENSES			
	Salaries, wages and other benefits		26,694,842	24,329,094
	Communication expense		233,453	40,107
	Training and development		30,000	97,500
	Rent expense		1,282,180	1,124,691
	Advertisement expense		20,000	291,360
	Fees and subscription		40,000	194,030
	Insurance expense	14.1	1,050,591	908,781
	Printing and stationery		151,171	61,500
	Repairs and maintenance		312,652	323,355
	Office supplies		204,095	90,918
	Depreciation		2,926,849	1,683,593
	Utilities		360,188	143,568
	Legal and professional charges		45,000	45,000
	Auditors' remuneration	14.2	267,300	142,560
	Meeting fee		-	20,000
	Miscellaneous		475,743	503,840
	Travelling expense		325,717	-
	Bank charges		3,505	1,893
			<u>34,423,286</u>	<u>30,001,790</u>
14.1	This includes Rupees 0.982 million (2021:0.909 million) paid to Sindh Insurance Limited, a related party, against insurance premium.			
14.2	Auditors' remuneration			
	Audit fee		200,000	102,600
	Certification fee		25,000	27,000
	Out of pocket expense		22,500	12,960
	Sales tax @ 8%		19,800	-
			<u>267,300</u>	<u>142,560</u>

15 OTHER INCOME	Note	30 June 2022 Rupees	30 June 2021 Rupees
Profit on saving account	15.1	9,268,798	2,827,728
Profit on Term Deposit Receipts - TDRs	15.1	38,207,726	46,071,944
Tender income		10,000	3,500
		<u>47,486,524</u>	<u>48,903,172</u>

15.1 This represents, profit earned from Sindh Bank Limited, a related party.

16 TAXATION

Current tax expense	16.1	-	733,548
Prior year expense		626,080	-
Deferred		<u>(188,337)</u>	<u>265,383</u>
		<u>437,743</u>	<u>998,931</u>

16.1 The Company is recognized as "Non - Profit Organization" under section 2(36)(C) of the Income Tax Ordinance, 2001 where by the income of the Company is subjected to 100% tax credit in terms of section 100(C) of the Income Tax Ordinance, 2001. Accordingly, no provision for current tax has been made during the year.

17 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND EXECUTIVE

	Chief Executive Officer		Executives	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
Basic	7,120,800	6,579,000	22,697,550	20,387,202
House Rent Allowance	3,201,600	2,958,000	10,205,100	9,166,339
Utilities Allowance	717,600	663,000	2,287,350	2,054,524
Fuel allowance	-	382,464	-	1,203,494
	<u>11,040,000</u>	<u>10,582,464</u>	<u>35,190,000</u>	<u>32,811,559</u>
Number of persons	<u>1</u>	<u>1</u>	<u>8</u>	<u>8</u>

18 TRANSACTION WITH RELATED PARTIES

Related parties comprise of the Government of Sindh and its associates, Chief Executive Officer, Directors and other key management personnel. There have been no other transaction with these related parties during the year except as disclosed in their respective notes to these financial statements.

19 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

19.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks 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, other price risk, interest rate risk, credit risk and liquidity risk.

a) **Market risk**

(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 currency risk.

(ii) **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 commodity price risk.

(iii) **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. As at reporting date, the interest profile of the company's significant interest bearing financial instruments was:

	30 June 2022 Rupees	30 June 2021 Rupees
Fixed rate instruments		
Financial assets		
Term Deposit Receipts - TDRs	-	550,000,000
Financial Liabilities	-	-
Net exposure	<u>-</u>	<u>550,000,000</u>
Floating rate instruments:		
Financial assets		
Bank balance - saving account	569,047,820	33,564,627
Financial liabilities	-	-
Net exposure	<u>569,047,820</u>	<u>33,564,627</u>

Fair value sensitivity analysis for fixed rate instruments

As at 30 June 2022, if market interest rates had been 1% higher / lower with all other variables held constant, loss for the year would have been higher / lower by Rupees Nil (2021: Rupees 3.905 million).

Cash flow sensitivity analysis for floating rate instruments

As at 30 June 2022, if market interest rates had been 1% higher / lower with all other variables held constant, loss for the year would have been higher / lower by Rupees 5.690 million (2021: Rupees 0.210 million).

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. Credit risk of the Company arises from deposits with banks, trade debts, accrued mark up and advances and deposits. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	30 June 2022 Rupees	30 June 2021 Rupees
Long term deposits	479,277	261,998
Accrued markup	-	14,239,726
Bank balances	<u>569,047,820</u>	<u>583,564,627</u>
	<u>569,527,097</u>	<u>598,066,351</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty

Bank	Rating				
	Short term	Long term	Agency		
Sindh Bank Limited	A-1	A+	VIS	<u>569,047,820</u>	<u>33,564,627</u>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

c) **Liquidity risk**

Liquidity risk is the risk that a company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient bank balances and other liquid assets. At 30 June 2022, the Company had Rupees 569.057 million (2021: Rupees 583.579 million) bank balance and Nil (2021: Rupees 550 million) investment in TDRs. Following are the contractual maturities of the financial liabilities. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities:	Other payables	
Carrying amount	<u>1,660,419</u>	<u>4,184,425</u>
Contractual cash flows:		
6 month or less	1,660,419	4,184,425
6 months to 12 months	-	-
More than 1 year	-	-
	<u>1,660,419</u>	<u>4,184,425</u>

19.2 Recognized fair value measurements - financial assets

Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels:

'Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

'Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There were no financial asset and financial liability to be reported under above levels as the carrying amounts of all financial assets and financial liabilities presented in these financial statements are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

19.3 Recognized fair value measurements - non-financial assets

The carrying value of all non-financial assets reflected in these financial statements are approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

19.4 Financial instruments by categories

	At amortized cost	
	30 June 2022	30 June 2021
Financial assets as per statement of financial position	Rupees	Rupees
Long term deposits	479,277	261,998
Accrued markup	-	14,239,726
Cash and bank balances	569,056,620	583,578,900
	<u>569,535,897</u>	<u>598,080,624</u>
Financial liabilities as per statement of financial position		
Other payables	1,660,419	4,184,425

20 NUMBER OF EMPLOYEES

Permanent employees as at 30 June - (Number)	<u>14</u>	<u>14</u>
Average number of employees during the year - (Number)	<u>12</u>	<u>12</u>

21 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on 05 OCT 2022 by the Board of Directors of the Company.

22 GENERAL

- No significant reclassification and rearrangement of the corresponding figures have been made during the year in these financial statements except for the following for better presentation:

From	To	Rupees
Income	Other income	<u>48,903,172</u>
Administrative expenses	Operational expenses	<u>26,899,195</u>

- Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR