Riaz Ahmad & Company
Chartered Accountants

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY - PPPSF

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

FOR THE YEAR ENDED 30 JUNE 2023

A member of Nexia International

Riaz Ahmad & Company
Chartered Accountants

Office No. 5, 20th Floor
Bahria Town Tower, Block 2
P.E.C.H.S., Karachi, Pakistan
T: +92 (21) 3431 08 26 - 7
racokhi@racopk.com
www.racopk.com

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 2023, 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 2023 and of the surplus, 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 are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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;

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: 06 OCTOBER 2023
UDIN: AR202310045yDczRZFWh

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 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON-CURRENT ASSETS			
Operating fixed assets	5	**7,288,943**	10,322,825
Long term deposits	6	**643,900**	479,277
Long term investments	7	**348,198,847**	-
		356,131,690	10,802,102
CURRENT ASSETS			
Accrued markup		**5,071,928**	-
Advances and prepayments	8	**509,950**	314,975
Advance income tax - net	9	**25,373,056**	19,479,721
Short term investments	10	**198,140,359**	-
Cash and bank balances	11	**27,237,755**	569,056,620
		256,333,048	588,851,316
Total assets		**612,464,738**	599,653,418
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
55,000,000 (2022: 55,000,000) ordinary shares of Rupees 10 each		**550,000,000**	550,000,000
Issued, subscribed and paid-up share capital	12	**550,000,000**	550,000,000
Accumulated surplus		**60,894,296**	47,956,886
Total equity		**610,894,296**	597,956,886
NON-CURRENT LIABILITIES			
Deferred tax liability		-	36,113
CURRENT LIABILITIES			
Other payables	13	**1,570,442**	1,660,419
Total liabilities		**1,570,442**	1,696,532
Contingencies and commitments	14		
Total equity and liabilities		**612,464,738**	599,653,418

The annexed notes from 01 to 24 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL 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 2023

	Note	2023 Rupees	2022 Rupees
INCOME		-	-
EXPENDITURE			
Operational expenses	15	**(41,100,683)**	(30,917,867)
Administrative expenses	16	**(41,817,204)**	(34,423,286)
		(82,917,887)	(65,341,153)
Other income	17	**95,819,184**	47,486,524
Surplus / (deficit) before tax		**12,901,297**	(17,854,629)
Taxation	18	**36,113**	(437,743)
Surplus / (deficit) after tax		**12,937,410**	(18,292,372)

The annexed notes from 01 to 24 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | **CHIEF FINANCIAL OFFICER** | **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 2023

	2023 Rupees	2022 Rupees
Surplus / (deficit) after tax	**12,937,410**	(18,292,372)
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 income / (loss) for the year	**12,937,410**	(18,292,372)

The annexed notes from 01 to 24 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL 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 2023

	Issued, subscribed and paid-up share capital	Accumulated surplus	Total
	Rupees	**Rupees**	**Rupees**
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**
Surplus for the year	-	**12,937,410**	**12,937,410**
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	**12,937,410**	**12,937,410**
Balance as at 30 June 2023	**550,000,000**	**60,894,296**	**610,894,296**

The annexed notes from 01 to 24 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL 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 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus / (deficit) before tax		**12,901,297**	(17,854,629)
Adjustments for non-cash items:			
Depreciation		**3,208,881**	2,926,849
Profit on savings account		**(41,023,418)**	(9,268,798)
Profit on Term deposit receipt		-	(38,207,726)
Profit on market treasury bills		**(17,173,817)**	-
Profit on Pakistan Investment Bonds		**(37,621,949)**	-
Cash used in before working capital changes		**(79,709,006)**	(62,404,304)
WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets			
Advances and prepayments		**(194,975)**	38,780
Decrease in current liabilities			
Other payables		**(89,977)**	(2,751,471)
Net working capital changes		**(284,952)**	(2,712,691)
Cash flow used in operating activities		**(79,993,958)**	(65,116,995)
Income tax paid		**(5,893,335)**	(9,305,636)
Net cash used in operating activities		**(85,887,293)**	(74,422,631)
CASH FLOW FROM INVESTING ACTIVITIES			
Addition to operating fixed assets		**(174,999)**	(1,598,620)
Addition in long term deposits		**(164,623)**	(217,279)
Investments made in market treasury bills		**(550,466,542)**	-
Investments made in Pakistan Investment Bonds		**(347,777,526)**	-
Proceeds on maturity of market treasury bills		**353,276,510**	-
Profit received on market treasury bills		**16,223,490**	-
Profit received on Pakistan Investment Bonds		**32,563,962**	-
Mark up received from term deposit receipts		-	52,447,452
Mark up received from savings account		**40,588,156**	9,268,798
Net cash (used in)/ generated from investing activities		**(455,931,572)**	59,900,351
CASH FLOW FROM FINANCING ACTIVITIES		-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(541,818,865)**	(14,522,280)
Cash and cash equivalents at the beginning of the year		**569,056,620**	583,578,900
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**27,237,755**	569,056,620

The annexed notes from 01 to 24 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL 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 2023

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 4.8)

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

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

a) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting year beginning on or after 01 July 2022:

- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use'.
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – Cost of Fulfilling a Contract amends IAS 1 'Presentation of Financial Statements'.
- Annual improvements to IFRS standards 2018-2020 which amended IFRS 9 'Financial Instruments' and IFRS 16 'Leases'.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior year and are not expected to significantly affect the current or future year.

b) 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 year 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.

c) 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 year beginning on or after 01 July 2023 or later year:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual year 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'.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual year 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 year 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 year beginning on or after 1 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.

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting year beginning on or after 1 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual year beginning on or after 1 January 2024.

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting period beginning on or after 1 January 2024.

The above amendments and improvements are likely to have no significant impact on the financial statements.

d) 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 year beginning on or after 01 July 2023 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 August 2022	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 year 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

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

4.7 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.

4.8 Revenue recognition

i. Grant

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

A grant without specified future performance conditions is recognized in income when the right to receive the grant is established. A grant that imposes specified future performance conditions is recognized 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 recognize 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

Markup / Return / Interest on savings accounts and on investments are recognized on a time proportion basis using the effective interest rate method. Where debt securities are purchased at a premium or discount, such premium or discount is amortized through the Income and Expenditure account over the remaining period of maturity.

4.9 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 year.

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.

4.10 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.

4.11 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

	2023				
	Furniture and fixture	Office equipment	Computer equipment	Vehicles	Total
As at 01 July 2022	Rupees	Rupees	Rupees	Rupees	Rupees
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
Year ended 30 June 2023					
Opening net book value	4,368,237	3,916,678	914,404	1,123,506	10,322,825
Additions	-	-	174,999	-	174,999
Disposal					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
	-	-	-	-	-
Depreciation charged for the year	(513,844)	(1,390,028)	(577,018)	(727,991)	(3,208,881)
Closing net book value	3,854,393	2,526,650	512,385	395,515	7,288,943
As at 30 June 2023					
Cost	5,138,447	5,560,110	1,850,619	2,911,960	15,461,136
Accumulated depreciation	(1,284,054)	(3,033,460)	(1,338,234)	(2,516,445)	(8,172,193)
Net book value	3,854,393	2,526,650	512,385	395,515	7,288,943

	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	4,882,082	3,559,039	1,358,437	1,851,496	10,322,825
Depreciation Rate	10%	25%	33%	25%	

		Note	2023 Rupees	2022 Rupees
6	**LONG TERM DEPOSITS**			
	Deposit - Pakistan State Oil		622,200	457,577
	Deposit - Pakistan Telecommunication Limited		17,500	17,500
	Deposit - Nordica		4,200	4,200
			643,900	479,277

7	**LONG TERM INVESTMENTS**			
	Pakistan investment bonds- "at amortized cost"	7.1	348,198,847	-

7.1	**Pakistan investment bonds- "at amortized cost"**			
	Opening balance		-	-
	Add: purchased during the year		347,777,526	-
	Less: matured during the year		-	-
	Add: amortization of discount		421,321	-
	Closing balance		348,198,847	-

7.2 These securities are held in the IPS account of National Bank of Pakistan maintained with the State Bank of Pakistan. These carry effective yield ranging from 20.88% to 21.92% per annum and will mature between 2024 and 2025. The face value of the above instruments as at 30 June 2023 amounted to Rs 350 Million.

8	**ADVANCES AND PREPAYMENTS**			
	Advance rent		10,000	69,340
	Advance to employees		329,534	76,265
	Prepaid insurance		170,416	169,370
			509,950	314,975

9	**ADVANCE INCOME TAX - NET**			
	Advance income tax	9.1	25,373,056	19,479,721

9.1	**Movement of advance income tax refundable**			
	Balance as at 01 July		19,479,721	10,800,165
	Provision for tax for the year	18	-	(626,080)
			19,479,721	10,174,085
	Tax collected or deducted at source		5,893,335	9,305,636
	Tax adjusted during the year		-	-
			25,373,056	19,479,721

10	**SHORT TERM INVESTMENTS**			
	Market treasury bills	10.1	198,140,359	-

10.1	**Market treasury bills**			
	Opening balance		-	-
	Add: purchased during the year		550,466,542	-
	Less: matured during the year		(369,500,000)	-
	Add: amortization of discount		17,173,817	-
	Closing balance		198,140,359	-

10.2 These securities are held in IPS account of National Bank of Pakistan and maintained with State Bank of Pakistan. These carry effective yield of 21.99% per annum and will mature on 21 September 2023. The face value of the above investments at 30 June 2023 amounted to Rs. 208 Million.

11 CASH AND BANK BALANCES	Note	2023 Rupees	2022 Rupees
Cash in hand		**2,200**	8,800
Savings accounts	11.1	**27,235,555**	569,047,820
		27,237,755	569,056,620

11.1 This includes balance with Sindh Bank Limited, a related party, carrying markup ranging from 19.50% to 19.55% per annum (2022: 12.25%).

12 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023 (Number of Shares)	2022 (Number of Shares)		2023 Rupees	2022 Rupees
55,000,000	55,000,000	Ordinary shares of Rupees 10 each fully paid in cash	**550,000,000**	550,000,000
55,000,000	55,000,000		**550,000,000**	550,000,000

12.1 As at 30 June 2023, 54,999,994 (2022: 54,999,998) Ordinary Shares of Rupees 10 each fully paid in cash are held by Government of Sindh, and 6 (2022: 2) shares of Rupees 10 each fully paid in cash are held by nominees.

13 OTHER PAYABLES

	Note	2023 Rupees	2022 Rupees
Accrued expenses		**667,016**	756,993
Performance security payable	13.1	**903,426**	903,426
		1,570,442	1,660,419

13.1 This represents performance security received in connection with performance of services of the consultant, repayable at the end of contract period i.e 30 June 2024.

14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at reporting date (2022: Nil).

15 OPERATIONAL EXPENSES

	Note	2023 Rupees	2022 Rupees
Salaries, wages and other benefits	15.1	**36,980,066**	30,036,438
Rent expense		**1,314,392**	1,243,980
Insurance expense	15.2	**1,700,137**	1,019,290
Utilities		**434,935**	349,457
Communication expense		**170,699**	157,009
Miscellaneous		**500,454**	344,164
		41,100,683	33,150,338

15.1 This includes provident fund amounting to Rupees 1.994 Million (2022: 1.726 Million) in respect of provident fund contribution by the company.

15.2 This includes Rupees 1.559 million (2022:0.772 million) paid to Sindh Insurance Limited, a related party, against insurance premium.

16	ADMINISTRATIVE EXPENSES	Note	2023 Rupees	2022 Rupees
	Salaries, wages and other benefits	16.1	**31,083,605**	25,247,136
	Communication expense		**143,481**	131,974
	Training and development		**795,900**	30,000
	Rent expense		**1,104,812**	1,045,628
	Advertisement expense		**-**	20,000
	Fees and subscription		**126,604**	40,000
	Insurance expense	16.2	**1,429,051**	856,765
	Printing and stationery		**163,044**	151,171
	Repairs and maintenance		**856,865**	312,652
	Office supplies		**36,000**	204,095
	Depreciation		**3,208,881**	2,926,849
	Utilities		**365,584**	293,736
	Legal and professional charges		**1,507,085**	45,000
	Auditors' remuneration	16.3	**297,000**	267,300
	Meeting fee		**-**	-
	Miscellaneous		**420,657**	289,287
	Travelling expense		**272,985**	325,717
	Bank charges		**5,650**	3,505
			41,817,204	32,190,815

16.1 This includes provident fund amounting to Rupees 1.677 Million (2022: 1.416 Million) in respect of provident fund contribution by the company.

16.2 This includes Rupees 1.311 million (2022:0.982 million) paid to Sindh Insurance Limited, a related party, against insurance premium.

16.3 Auditors' remuneration

	2023	2022
Audit fee	**227,500**	200,000
Certification fee	**25,000**	25,000
Out of pocket expense	**22,500**	22,500
Sales tax @ 8%	**22,000**	19,800
	297,000	267,300

17 OTHER INCOME

	2023	2022
Profit on savings accounts	**41,023,418**	9,268,798
Profit on Term Deposit Receipts - TDRs	**-**	38,207,726
Profit on market treasury bills	**17,173,817**	-
Profit on Pakistan investment bonds	**37,621,949**	-
Tender income	**-**	10,000
	95,819,184	47,476,524

17.1 This includes the profit earned from Sindh Bank Limited, a related party.

18	TAXATION	Note	2023 Rupees	2022 Rupees
	Current tax expense	18.1	-	-
	Prior year expense		-	626,080
	Deferred tax		**(36,113)**	(188,337)
			(36,113)	437,743

18.1 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 and as a result temporary differences do not arise and deferred tax is not recorded.

19 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND EXECUTIVES

	Chief Executive Officer		Executives	
	2023	2022	2023	2022
	Rupees	Rupees	Rupees	Rupees
Basic	**8,544,960**	7,120,800	**27,947,205**	22,697,550
House Rent Allowance	**3,841,920**	3,201,600	**12,565,410**	10,205,100
Utilities Allowance	**861,120**	717,600	**2,816,385**	2,287,350
Fuel allowance	-	-	-	-
	13,248,000	11,040,000	**43,329,000**	35,190,000
Number of persons	**1**	1	**8**	8

19.1 During the year, no meeting fees and remuneration were paid to directors of the company (2022: Nil).

20 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.

21 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

21.1 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 has invested in debt securities however 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.

The company's interest rate risk arises from investments in Pakistan Investment Bonds, Market treasury bills and bank balances in savings accounts. Financial instruments at variable rate expose the company to cash flow interest rate risk. Financial instruments at fixed rate expose the company to fair value interest rate risk.

As at reporting date, the interest profile of the company's significant interest bearing financial instruments was:

	2023 Rupees	2022 Rupees
Fixed rate instruments:		
Financial assets		
Short term investments- Market treasury bills	**198,140,359**	-
Financial Liabilities	-	-
Net exposure	**198,140,359**	-
Floating rate instruments:		
Financial assets		
Long term investments- Pakistan investment bonds	**348,198,847**	-
Bank balances - savings accounts	**27,235,555**	569,047,820
Financial liabilities	-	-
Net exposure	**375,434,402**	569,047,820

Fair value sensitivity analysis for fixed rate instruments

As at 30 June 2023, if market interest rates had been 1% higher / lower with all other variables held constant, profit for the year would have been higher / lower by Rupees 1.981 Million (2022: Nil).

Cash flow sensitivity analysis for floating rate instruments

As at 30 June 2023, if market interest rates had been 1% higher / lower with all other variables held constant, profit for the year would have been higher / lower by Rupees 3.727 million (2022: Rupees 5.690 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 and others, accrued mark up and advances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2023 Rupees	2022 Rupees
Long term deposits	**643,900**	479,277
Long term investments	**348,198,847**	-
Accrued markup	**5,071,928**	-
Bank balances	**27,235,555**	569,047,820
Short term investments	**198,140,359**	-
	579,290,589	569,527,097

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 default rate:

Bank	Rating				
	Short term	Long term	Agency		
Sindh Bank Limited	A-1	A+	VIS	**26,476,394**	569,047,820
National Bank of Pakistan	A1+	AAA	PACRA	**759,161**	-
				27,235,555	569,047,820

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 2023, the Company had Rupees 27.236 million (2022: Rupees 569.047 million) bank balance and Rupees 543.599 Million (2022: Nil) investment in Pakistan investment bonds and Market treasury bills. Following are the contractual maturities of the financial liabilities. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities:	Carrying amount	
Other payables	**1,569,402**	1,033,299
Contractual cash flows:		
6 month or less	**1,569,402**	1,033,299
6 months to 12 months	-	-
More than 1 year	-	-
	1,569,402	1,033,299

21.2 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.

21.3 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.

21.4 Financial instruments by categories

	2023	2022
	At amortized cost	
Financial assets as per statement of financial position	**Rupees**	**Rupees**
Long term deposits	**643,900**	479,277
Long term investments	**348,198,847**	-
Accrued markup	**5,071,928**	-
Short term investments	**198,140,359**	-
Cash and bank balances	**27,237,755**	569,056,620
	579,292,789	569,535,897
Financial liabilities as per statement of financial position		
Other payables	**1,569,402**	1,033,299

21.5 As at reporting date, there were no financial assets or liabilities that were being carried at fair value through income and expenditure or fair value through other comprehensive income.

22 NUMBER OF EMPLOYEES

Permanent employees as at 30 June - **(Number)**	**15**	14
Average number of employees during the year - **(Number)**	**14**	12

23 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on 0 3 OCT 2023 by the Board of Directors of the Company.

24 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
Administrative expenses	Operational expenses	2,232,471

- Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR