



Grant Thornton

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PUBLIC PRIVATE
PARTNERSHIP SUPPORT FACILITY
(A company setup under section 42 of the Companies Act, 2017)**

GRANT THORNTON ANJUM RAHMAN

1st & 3rd Floor,
Modern Motors House
Beaumont Road,
Karachi 75530

T +92 021 3567 2951-56
F +92 021 3568 8834
www.gtpak.com

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 **June 30, 2019**, and the statement of profit or loss, 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 (here-in-after referred to as "the financial statements"), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flow together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit, and other comprehensive income, the changes in equity and its cash flows for the period 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 (the Code) as adopted by the Institute of Chartered Accountants of Pakistan and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the 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; and
- 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.

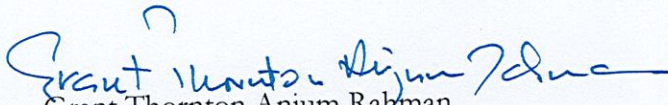
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 profit or loss and other 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 period were for the purpose of the Company's business; and
- d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Shaukat Naseeb**.


Grant Thornton Anjum Rahman
Chartered Accountants
Karachi

Date: 7th OCT 2019

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A company setup under section 42 of the Companies Act, 2017)

For the year ended June 30, 2019


Financial statements for the year ended June 30, 2019

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A Company setup under section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
Current assets			
Bank balances	4	590,857,864	557,559,640
Accrued interest income	4.2	9,828,000	-
Total assets		<u>600,685,864</u>	<u>557,559,640</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Issued, subscribed and paid-up share capital	5	550,000,000	550,000,000
Accumulated profit		38,307,490	4,702,981
		588,307,490	554,702,981
Current Liabilities			
Trade and other payables	6	2,428,535	2,444,670
Income tax payable- net	7	9,949,839	411,989
		12,378,374	2,856,659
Total equity and liabilities		<u>600,685,864</u>	<u>557,559,640</u>
CONTINGENCIES AND COMMITMENTS			
	8		

The annexed notes from 1 to 18 form an integral part of these financial statements. *C.M.*


 CHIEF EXECUTIVE OFFICER


 CHIEF FINANCIAL OFFICER



 DIRECTOR

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A Company setup under section 42 of the Companies Act, 2017)
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
Income from			
Profit on saving account	4	29,493,892	9,163,290
Profit on Term deposit receipts	4	18,093,578	-
		47,587,470	9,163,290
Incorporation expenses		-	(2,325,070)
Administrative expenses	9	(257,175)	(119,675)
		(257,175)	(2,444,745)
Profit before tax		47,330,295	6,718,545
Income tax expense	10	(13,725,786)	(2,015,564)
Profit for the period		33,604,509	4,702,981

The annexed notes from 1 to 18 form an integral part of these financial statements. *CSM*


 CHIEF EXECUTIVE OFFICER


 CHIEF FINANCIAL OFFICER


 DIRECTOR

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A Company setup under section 42 of the Companies Act, 2017)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
Profit for the year	33,604,509	4,702,981
Other comprehensive income		
Items that will be reclassified to statement of profit and loss subsequently	-	-
Items that will not be reclassified to statement of profit and loss subsequently	-	-
Total comprehensive income for the year	<u>33,604,509</u>	<u>4,702,981</u>

The annexed notes from 1 to 18 form an integral part of these financial statements. *CS*



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A Company setup under section 42 of the Companies Act, 2017)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid-up share capital	Accumulated profit	Total shareholders' equity
	-----R u p e e s-----		
Balance as at December 29, 2017	-	-	-
Total comprehensive income for the period	-	4,702,981	4,702,981
<i>Transaction with owner directly recognised in equity</i>			
55,000,000 Ordinary shares issued @ Rs. 10 each	550,000,000	-	550,000,000
Balance as at July 01, 2018	550,000,000	4,702,981	554,702,981
Total comprehensive income for the year	-	33,604,509	33,604,509
Balance as at June 30, 2019	550,000,000	38,307,490	588,307,490

The annexed notes from 1 to 18 form an integral part of these financial statements. *CSA*



 CHIEF EXECUTIVE OFFICER



 CHIEF FINANCIAL OFFICER



 DIRECTOR

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A Company setup under section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		47,330,295	6,718,545
Working capital changes			
(Decrease) / increase in trade and other payables		(16,135)	2,444,670
(Increase) in receivables		(9,828,000)	-
Cash generated from operations		<u>37,486,160</u>	<u>9,163,215</u>
Tax paid		<u>(4,187,936)</u>	<u>(1,603,575)</u>
<i>Net cash generated from operating activities</i>		33,298,224	7,559,640
CASH FLOWS FROM INVESTING ACTIVITIES			
		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital	5	-	550,000,000
<i>Net cash generated from financing activities</i>		-	550,000,000
Net increase in cash and cash equivalents		33,298,224	557,559,640
Cash and cash equivalents at beginning of the year		557,559,640	-
Cash and cash equivalents at end of the year	4	<u>590,857,864</u>	<u>557,559,640</u>

The annexed notes from 1 to 18 form an integral part of these financial statements. *(12)*



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A Company setup under section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 STATUS AND NATURE OF BUSINESS

Public Private Partnership Support Facility (the Company) was incorporated under section 42 of the Companies Act, 2017 (XIX of 2017) on December 29, 2017 as a Company limited by guarantee having share capital. The registered office of the Company is situated at 7th Floor, Sindh Secretariat No 6, Shahrah-e-Kamal Ata Turk, Karachi. The principal activities of Company is to strengthen Government of Sindh capacity to select and develop Public Private Partnership (PPP) projects and support the development goals of Government of Sindh for sustainable infrastructure provision through PPPs.

The Company is wholly owned by Government of Sindh.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention using accrual basis of accounting except certain financial assets and financial liabilities which are stated at fair value or amortized cost as applicable.

These financial statements have been prepared following accrual basis of accounting except for cash flow transactions.

2.3 Standards, Amendments and Interpretations to Approved Accounting Standards

2.3.1 Standards and amendments to relevant published approved accounting standards that are effective in the current period.

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRIC 23 – Uncertainty over Income tax treatments	January 1, 2019
IFRS 15 – Revenue from Contract with Customers	July 1, 2018
IFRS 9 – Financial Instruments	July 1, 2018
IFRS 16 – Leases	January 1, 2019
IAS 19 – Employee Benefits	January 1, 2019

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A Company setup under section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have any material effect on the Company's financial statements in the period of initial application, except certain additional disclosures.

2.3.2 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

2.3.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standards & Interpretations	Effective date (Annual period beginning on or after)
- IFRS 3 'Definition of a business' Amendment to IFRS 3	January 01, 2020
- IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 01, 2020
- Various Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

2.3.4 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards & Interpretations	IASB effective date Annual periods beginning on or after
IFRS 17 'Insurance Contracts'	January 01, 2022
IFRS 14 'Regulatory Deferral accounts'	January 01, 2016
IFRS 1 'First time adoption of IFRSs'	July 01, 2009

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

For the purpose of statement of cash flow, cash and cash equivalents comprise of bank balances. The cash and cash equivalents are short-term, highly liquid investments that readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A Company setup under section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

3.2 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights under the instruments are derecognised, expired or surrendered. Financial liabilities are derecognised from the balance sheet when the obligation is extinguished, discharged, cancelled or expired. Any gain or loss on recognition or derecognition of the financial assets and financial liabilities is taken to the statement of profit and loss.

3.3 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously. Corresponding income and expenditure is also netted off and reported on a net basis in the statement of profit and loss.

3.4 Taxation

3.4.1 Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax credits and rebates available, if any or 1% of turnover whichever is higher.

3.4.2 Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the statement of financial position date.

3.5 Provisions

Provision is recognised in the statement of financial position when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.6 Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services.

3.7 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect of the estimated future cash flows of that asset.

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A Company setup under section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Non-Financial assets

The carrying value of non-financial assets other than inventories and deferred tax assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exists, then the recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost sell and value in use. Value in use is determined through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

3.8 Related party transactions

All transactions with related parties are priced on an arm's length basis. Prices for these transactions are determined on the basis of admissible valuation methods.

3.9 Provisions, contingencies and commitments

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

3.10 Foreign currency translation

Transactions in foreign currency are initially recorded in rupees at the rate of exchange ruling on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are converted into Pak Rupees at the rate of exchange approximating those prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange differences are taken to the statement of profit and loss.

3.11 Presentation and functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

3.12 Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A Company setup under section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

4	BANK BALANCES	Note	2019 Rupees	2018 Rupees
	Saving account	4.1	122,857,864	557,559,640
	Term deposit account	4.2	<u>468,000,000</u>	-
			<u>590,857,864</u>	<u>557,559,640</u>
4.1	This represents the balance with Sindh Bank Limited (related party) in saving accounts at the rate of 5.50% to 10.25 % (2018: 5.00%) per annum. Sindh Bank Limited is a related party of the Company due to common shareholding of Government of Sindh in both entities.			
4.2	This represents the term deposit certificates with Sindh Bank Limited (Related party) with maturity of three months and having yield @ 10.5 % (2018: Nil) per annum.			
5	SHARE CAPITAL			
	Authorized share capital			
	<u>Number of shares</u>		<u>2019</u>	<u>2018</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
			<u>Rupees</u>	<u>Rupees</u>
	<u>55,000,000</u>	<u>55,000,000</u>	<u>550,000,000</u>	<u>550,000,000</u>
			Ordinary shares of Rs. 10 each	
	Issued, subscribed and paid-up share capital			
	<u>Number of shares</u>		<u>2019</u>	<u>2018</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
			<u>Rupees</u>	<u>Rupees</u>
	<u>55,000,000</u>	<u>55,000,000</u>	<u>550,000,000</u>	<u>550,000,000</u>
			Ordinary shares of Rs. 10 each fully paid in cash	
			<u>2019</u>	<u>2018</u>
			<u>Rupees</u>	<u>Rupees</u>
6	TRADE AND OTHER PAYABLES			
	Accrued expenses		216,500	232,635
	Payable to government of Sindh	6.1	<u>2,212,035</u>	<u>2,212,035</u>
			<u>2,428,535</u>	<u>2,444,670</u>
6.1	Payable to government of Sindh			
	Registration fee		2,210,500	2,210,500
	Filing fee		1,200	1,200
	Bank charges		35	35
	User registration fee		300	300
			<u>2,212,035</u>	<u>2,212,035</u>
7	INCOME TAX PAYABLE - NET			
	Current tax payable		13,725,786	2,015,564
	less: advance tax deducted		<u>(3,775,947)</u>	<u>(1,603,576)</u>
			<u>9,949,839</u>	<u>411,988</u>

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A Company setup under section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

8 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at June 30, 2019 (2018: Nil)

	Note	2019 Rupees	2018 Rupees
9 ADMINISTRATIVE EXPENSES			
Auditors remuneration	9.1	119,500	119,500
Advertisement expense		97,000	-
Bank charges		700	175
Consultancy and filling fees		37,875	-
Sales tax paid		2,100	-
		<u>257,175</u>	<u>119,675</u>
9.1 Auditors remuneration			
Audit fee		89,000	89,000
Certification fee		21,600	21,600
Out of pocket expenses		8,900	8,900
		<u>119,500</u>	<u>119,500</u>
10 INCOME TAX EXPENSE			
Current tax	10.1	<u>13,725,786</u>	<u>2,015,564</u>

10.1 The income tax is charged at 29% (2018: 30%) of profit before tax.

10.2 The Company computes tax based on the generally accepted interpretations of the income tax laws and rules to ensure that the sufficient provision for the purpose of taxation is available which can be analyzed as follows:

	2019 Unassessed	2018 Assessed	2017
	-----Rupees-----		
Tax provision as per accounts	13,725,786	2,015,564	-
Tax payable / paid as per tax return	9,949,839	411,988	-

11 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND OTHER EXECUTIVES

There is no remuneration paid to Chief executive officer, Directors and other executives during the period.

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A Company setup under section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

12 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company finances its operations through equity and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. Taken as a whole the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments. Financial instruments of the Company are as under:

	Note	2019 Rupees	2018 Rupees
<u>Financial assets</u>			
Bank balances	4	600,685,864	557,559,640
Accrued interest income		9,828,000	-
<u>Financial liabilities</u>			
Trade and other payables	6	2,428,535	2,444,670

12.1 Financial instruments and related disclosures

Financial risk management objectives

The Company has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk

The Board of Directors (the Board) of the Company has the overall responsibility for establishment and oversight of the Company's risk management framework. To assist the Board in discharging its oversight responsibility, the management has been made responsible for identifying, monitoring and managing the Company's financial risk exposure. The Company's overall risk management program focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Company's financial performance.

a) Credit risk

Credit risk is a risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with same party, or when counter parties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly effected by change in economics, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

At the reporting date, the Company's is not exposed to credit risk as the total amount was maintained in Government owned bank.

b) Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The Company is exposed to liquidity risk in respect of due to directors and others and trade and other payable.

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A Company setup under section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management closely monitors the Company's liquidity and cash flow position.

Maturity analysis for financial liabilities

The table below analyses Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows (including interest payments).

	2019		
	Carrying amount	Six months or less	More than one year
-----Rupees-----			
Trade and other payables	2,428,535	-	2,428,535
	2,428,535	-	2,428,535
-----Rupees-----			
	2018		
	Carrying amount	Six months or less	More than one year
-----Rupees-----			
Trade and other payables	2,444,670	2,444,670	-
	2,444,670	2,444,670	-

c) Market risk

Market risk is the risk that changes in market interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk comprises three types of risk: currency risk, yield / interest rate risk and other price risk.

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. The Company, at present, is not exposed to currency risk as all its transactions are carried out in Pakistani Rupees.

Interest / Mark-up rate risk management

Interest / mark-up rate risk management arises from the possibility of changes in interest/mark-up rates which may affect the value of financial instruments. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments is as follows:

Variable rate instruments	Note	2019	2018
		Rupees	Rupees
Financial assets	4	590,857,864	557,559,640

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Fair value sensitivity analysis for fixed rate instruments:

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, change in interest rates at the reporting date would not affect statement of profit and loss.

	Note	Markup/ return (%)	Less than 6 months	6 months to 1 year	More than 1 year	Total
Asset						
Saving account	4	5	122,857,864	-	-	122,857,864
Term deposit receipt	4	10.5	468,000,000	-	-	468,000,000
Total assets			590,857,864	-	-	590,857,864
Liabilities						
On balance sheet gap			590,857,864	-	-	590,857,864
Total interest rate sensitivity gap			590,857,864	-	-	590,857,864

Price risk

Price risk is 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 currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to price risk.

Fair value of financial instruments

Fair value of the financial instrument is the amount for which an asset could be sold or exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction.

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. The methods used for determining fair value of each class of financial assets and liabilities are disclosed in respective policy

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns and benefits for shareholders and to maintain a strong base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and make adjustments to it in the light of changes in economic conditions.

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13 RELATED PARTY TRANSACTIONS

There were no related party transactions during the period except as disclosed in the respective notes to the financial statements.

14 NUMBER OF EMPLOYEES

There are currently no employees working for the Company. Government of Sindh has nominated Three officials from Finance Department, Government of Sindh who are looking after the affairs of the Company on interim basis.

15 SUBSEQUENT EVENTS

There are no adjusting events that are required to be adjusted or disclose in the financial statements.

16 CORRESPONDING FIGURES

The corresponding figures have been reclassified / re-arranged where considered necessary for the purpose of better presentation. However, no material reclassification / re-arrangement have been made in these financial statements.

17 GENERAL

Amounts stated in these financial statements are rounded off to nearest thousand.

18 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 7TH OCTOBER 2019 by the Board of Directors of the Company. *sm*



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR