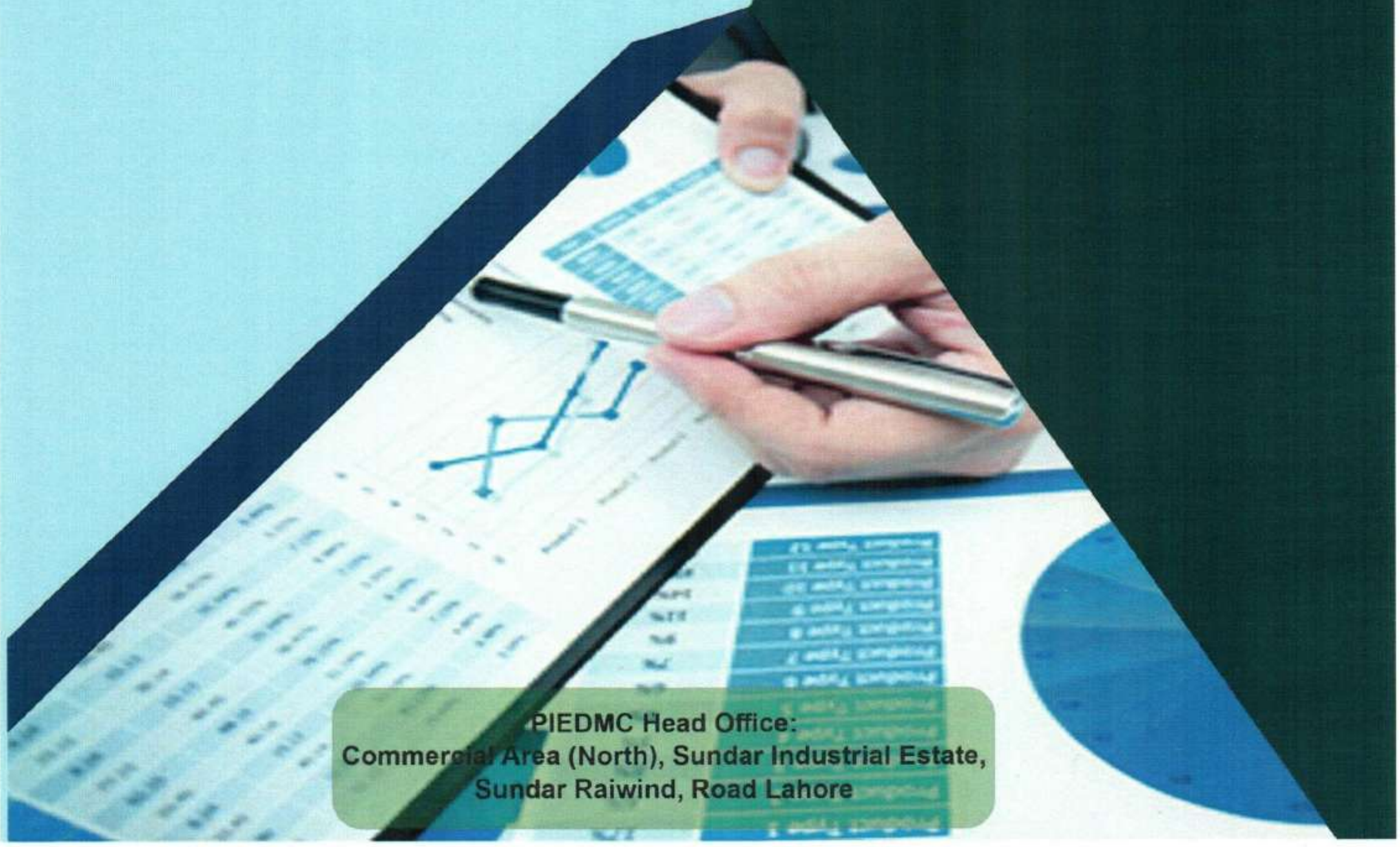
PUNJAB INDUSTRIAL ESTATES
DEVELOPMENT & MANAGEMENT COMPANY

FINANCIAL STATEMENTS
FY 2020-21



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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Punjab Industrial Estates Development and Management Company (the Company), which comprise the statement of financial position as at June 30, 2021, the statement of income and expenditure and other 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 and other 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 June 30, 2021 and of the surplus and 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements of the Company and our auditors' report thereon.

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

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

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Other Offices at:
Karachi : 92 (21) 3565 5975-6
Faisalabad : 92 (41) 854 1165/ 854 1965
Islamabad : 92 (51) 2340490 & 93
Peshawar : 92 (91) 527 8310/ 527 7205
Kabul : 93 (799) 058 155

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

We communicate with the 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.

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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 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 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).

Other Matter

The financial statements of the Company for the year ended June 30, 2020 were audited by another firm of Chartered Accountants who expressed an unmodified opinion on those financial statements in their report dated January 26, 2023.

The engagement partner on the audit resulting in this independent auditors' report is Inam ul Haque.

RSM Avais Hyder Liaquat Nauman

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Place: Lahore
Date: 08-04-2024

PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY
(A COMPANY SET UP UNDER SECTION 42 OF THE REPEALED COMPANIES ORDINANCE, 1984)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees *restated**	2019 Rupees *restated**
EQUITY AND LIABILITIES				
Equity				
Authorized share capital	6	150,000,000	150,000,000	150,000,000
Issued, subscribed and paid up capital	6	50,000,000	50,000,000	50,000,000
Accumulated surplus		5,878,554,192	5,136,810,133	4,176,208,694
Total equity		5,928,554,192	5,186,810,133	4,226,208,694
Non-current liabilities				
Long term financing	7	2,045,934,136	2,332,089,913	1,650,918,357
Deferred liabilities				
Deferred Income	8	162,259,723	180,288,581	197,940,762
Deferred Interest income	9	1,547,395,682	1,838,865,036	1,397,253,259
Deferred grant	10	197,689,266	201,522,810	204,405,210
Staff retirement benefits	11	14,258,832	33,490,252	30,847,075
Retention money payable	12	223,277,134	206,584,053	179,650,367
Security deposits	13	591,866,303	510,362,633	444,783,081
Total non-current liabilities		4,782,681,076	5,303,203,278	4,105,798,111
Current liabilities				
Advances from customers against sale of plots	14	5,189,380,026	1,716,828,815	2,390,976,840
Trade and other payables	15	1,683,637,143	1,317,480,246	1,376,740,763
Current portion of long term financing	7	7,393,550,000	6,843,550,000	6,136,883,333
Current portion of deferred interest income	9	7,075,131	-	-
Accrued mark up on long term financing		136,921,829	110,440,379	88,833,951
Total current liabilities		14,410,564,129	9,988,299,440	9,993,434,887
Total Equity and liabilities		25,121,799,397	20,478,312,851	18,325,441,692
CONTINGENCIES AND COMMITMENTS	16	-	-	-
ASSETS				
Non-current assets				
Property and equipment				
Operating fixed assets	17	586,758,914	571,254,765	634,169,783
Capital work in progress	18	407,572,029	311,908,160	96,117,063
Intangibles	19	243,750	39,201	91,461
Long term security deposits	20	218,870,323	219,008,717	172,641,913
Total non-current assets		1,213,445,016	1,102,210,843	903,020,220
Current assets				
Stores, spare parts and loose tools		57,516,801	71,031,830	50,186,784
Land held for development and resale	21	12,603,107,645	12,015,988,256	12,003,377,720
Trade receivables	22	1,153,741,709	1,152,513,777	902,175,753
Advances, deposits, prepayments and other receivables	23	172,307,173	309,662,295	831,481,343
Income tax refundable		681,428,518	678,496,715	690,342,761
Short term investments	24	7,390,000,000	3,590,000,000	2,140,000,000
Accrued interest on short term investments		138,976,823	132,974,598	28,452,807
Cash and bank balances	25	1,711,275,712	1,425,434,537	776,404,304
Total current assets		23,908,354,381	19,376,102,008	17,422,421,472
Total Assets		25,121,799,397	20,478,312,851	18,325,441,692

The annexed notes form an integral part of these financial statements.

* Refer Note 5 for detail of restatements.

Chief Executive Officer | **Chief Financial Officer** | **Chairman**

PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY
(A COMPANY SET UP UNDER SECTION 42 OF THE REPEALED COMPANIES ORDINANCE, 1984)
STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees *restated**
INCOME			
Income from sale of plots	26	183,870,751	480,608,629
Fees	27	370,358,807	88,646,212
Operation, maintenance and allied services billing	28	429,110,139	388,494,709
Return on bank deposits and investments		466,012,361	479,997,819
Income from electricity supply	29	68,422,918	74,903,827
Rental Income		35,321,510	28,361,330
Amortization of deferred income / grant	30	21,862,402	21,446,311
Other income	31	159,831,490	138,643,591
		1,734,790,378	1,701,102,428
EXPENDITURE			
Estates maintenance expenses	32	26,591,209	16,536,699
Infrastructure maintenance expenses	33	431,887,762	362,159,662
Administrative expenses	34	512,737,981	332,311,202
Selling expenses	35	24,883,401	23,339,637
Finance cost	36	7,097,489	3,388,882
		1,003,197,842	737,736,082
Surplus for the year before taxation		731,592,536	963,366,346
Provision for taxation	37	-	-
Surplus for the year		731,592,536	963,366,346
Other comprehensive income/ (loss)			
Items that may be reclassified subsequently to statement of			
Remeasurement of staff retirement benefits		10,151,523	(2,764,907)
Total comprehensive income for the year		741,744,059	960,601,439

The annexed notes form an integral part of these financial statements.

* Refer Note 5 for detail of restatements.

Chief Executive Officer **Chief Financial Officer** **Chairman**

PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY
(A COMPANY SET UP UNDER SECTION 42 OF THE REPEALED COMPANIES ORDINANCE, 1984)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Issued, subscribed and paid up capital	Accumulated surplus	Total
	----- Rupees -----		
Balance as at July 01, 2019 as previously reported	50,000,000	4,466,918,407	4,516,918,407
Effect of correction of errors (Refer Note 5.2)	-	(290,709,713)	(290,709,713)
Balance as at July 01, 2019 as *restated*	50,000,000	4,176,208,694	4,226,208,694
Total comprehensive income for the year – restated			
Surplus for the year	-	963,366,346	963,366,346
Other comprehensive loss	-	(2,764,907)	(2,764,907)
	-	960,601,439	960,601,439
Balance as at June 30, 2020 as restated	50,000,000	5,136,810,133	5,186,810,133
Total comprehensive income for the year			
Surplus for the year	-	731,592,536	731,592,536
Other comprehensive income	-	10,151,523	10,151,523
	-	741,744,059	741,744,059
Balance as at June 30, 2021	50,000,000	5,878,554,192	5,928,554,192

The annexed notes form an integral part of these financial statements.

Chief Executive Officer **Chief Financial Officer** **Chairman**

PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY
(A COMPANY SET UP UNDER SECTION 42 OF THE REPEALED COMPANIES ORDINANCE, 1984)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees *restated**
A) CASH FLOW FROM OPERATING ACTIVITIES			
Cash flow from operations	38	3,780,523,728	112,418,886
Finance cost paid		(6,998,177)	(3,398,227
Return on bank deposits received		460,010,136	375,476,028
Long term security deposits received/ (paid)		138,394	(46,366,804
Retention money		16,693,081	26,933,686
Security deposits		81,503,670	65,579,552
Gratuity contributions paid		(40,997,724)	(30,341,517
Net cash flow from operating activities		4,290,873,108	500,301,604
B) CASH FLOW FROM INVESTING ACTIVITIES			
Additions in			
Operating fixed assets		(87,146,886)	(16,082,029
Capital work in progress		(98,155,047)	(217,904,341
Short term investments made		(3,800,000,000)	(1,450,000,000
Proceeds from disposal of property and equipment		820,000	3,264,999
Net cash flow from investing activities		(3,984,481,933)	(1,680,721,371
C) CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term loans		(120,550,000)	(120,550,000
Long term loan obtained		100,000,000	1,950,000,000
Net cash flow from financing activities		(20,550,000)	1,829,450,000
Net increase in cash and cash equivalents (A+B+C)		285,841,175	649,030,233
Cash and cash equivalents at the beginning of the year		1,425,434,537	776,404,304
Cash and cash equivalents at the end of the year		1,711,275,712	1,425,434,537

The annexed notes form an integral part of these financial statements.

* Refer Note 5 for detail of restatements.

Chief Executive Officer **Chief Financial Officer** **Chairman**

1 Legal status and nature of business

1.1 Punjab Industrial Estates Development and Management Company ("the Company") was incorporated in Pakistan on 18 September 2003 as a public company limited by guarantee having share capital, licensed as a non-profit organization under section 42 of the Companies Ordinance, 1984 (now Companies Act, 2017). The Company is wholly owned by the Government of Punjab. The principal activity of the Company is to develop new industrial estates together with updating the existing industrial estates as may be assigned to the Company by the Government of Punjab. The registered office of the Company is situated at Commercial Area (North) Sundar Industrial Estate, Raiwind Road, Lahore.

1.2 The Company is currently engaged in the managing the following developed projects developed by it:

- Quaid e Azam Industrial Estate comprising of 565 Acres of land located at 169-A/S Kot Lakhpat Lahore.
- Sundar Industrial Estate comprising of 1763 Acres of land located at Gate. 2 Sundar Raiwind Road Lahore.
- Multan Industrial Estate Phase I comprising of 743 Acres of land located at Admin Block Commercial Area Multan.

1.3 The Company is also developing following projects:

- Multan Industrial Estate - Phase II comprising of 667 Acres of land located near Suzuki Fort Motors Multan.
- Rahim Yar Khan Industrial Estate comprising of 456 Acres of land located at Main KLP Road, near Chak#-NP Rahim Yar Khan.
- Bhalwal Industrial Estate comprising of 427 Acres of land located near 13 Chak Shamal.
- Vehari Industrial Estate comprising of 251 Acres of land located near Adda 28/W.B at Kacha Khu Road District;
- Chunian Industrial Estate comprising of 130.11 Acres of land located at Pattoki Bypass Road; and
- Bahawalpur Industrial Estate comprising of 483.67 Acres of land located at Dera Masti N-5 Near Total Petrol Pump.

The Company has also carried out research and planning on further projects. (Refer Note 21).

1.4 The Company has sold lands in the aforementioned projects and recorded sales in the current and prior periods, however transfer of title of the lands in the name of the Company and then to the customers is pending.

1.5 The Company is distributing electricity in some industrial estates, however, the Company's applications for grant of electricity sale and distribution licenses in industrial estates are pending with the National Electric Power Regulatory Authority (NEPRA) since long. The Company is following up this matter with NEPRA, held meetings with the concerned officers of NEPRA and is doing whatever is being asked by NEPRA for this purpose.

However, subsequently, in January 2022, NEPRA rejected the application on the ground of judgement passed by Islamabad High Court (IHC) that during the terms of existing license, the Distribution Companies will continue to hold exclusive rights for providing distribution/ supplier services. Subsequently NEPRA has issued notice for comments in respect of applications submitted to MEPCO and FESCO on 14th September 2022, whereas application submitted to LESCO is still under verification process of NEPRA. The Company's applications are in process and the requested license is not yet issued, however, NEPRA is aware in respect of purchase and distribution of electricity by the Company.

1.6 Certain petitioners of Civil Society filed a petition in the Honorable Lahore Court on 23 October 2017 challenging incorporation of the Company along with other companies incorporated u/s 42 of the repealed Companies Ordinance, 1984 which are operating in Punjab. Currently, proceedings of the Courts are in process. Based on opinion of the legal advisor, the Company would be able to continue as going concern as the said petition is most likely to be dismissed.

2 Basis of preparation

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017.
- Accounting Standard for Not for Profit Organization issued by ICAP as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017;

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been

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 have been presented in Pakistani Rupees which is the Company's functional and presentation currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies, other than those specifically discussed in the accounting policies, are as follows:

- Residual values and useful lives of depreciable assets
- Valuation of land held for development purposes;
- Provisions

3 Standards, amendments to standards and interpretations

3.1 Standards, amendments to standards and interpretations becoming effective

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2020 and therefore, have been applied in preparing these financial statements.

i. IFRS 7 — Financial Instruments: Disclosures, IFRS 9 — Financial Instruments and IAS 39 — Financial Instruments: Recognition and Measurement

The amendments deal with 'Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)' as IASB's first reaction to the potential effects of the IBOR reform on financial reporting. It deals with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements. The amendments became effective for annual periods beginning on or after 1 January 2020.

The application of these amendments has no impact on the Company's financial statements.

ii. IFRS 16 - Leases

The IASB had published 'Covid-19 - Related Rent Concessions (Amendment to IFRS 16)' amending the standard to provide lessees with an exemption from assessing whether a COVID-19 - related rent concession is a lease modification. Concurrently, the IASB also published a proposed Taxonomy Update to reflect this amendment. The amendments became applicable for annual periods beginning on or after 1 January 2020.
The application of these amendments has no impact on the Company's financial statements.

3.2 Standards, amendments to standards and interpretations becoming effective in the

There are certain new standards, amendments to standards and interpretations that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2020 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

3.3 Standards, amendments to standards and interpretations becoming effective in future pe

The following standards, amendments to standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after their respective effective dates.

i. IFRS 4 - Insurance Contracts, IFRS 7 - Financial Instruments: Disclosures, IFRS 9 - Financial Instruments,

The IASB has published 'Interest Rate Benchmark Reform — Phase 2 with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.
Application of these amendments is not expected to have any significant impact on the Company's financial statements.

ii. IFRS 16 - Leases

The IASB has published 'Covid-19 - Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)' that extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

Application of these amendments is not expected to have any significant impact on the Company's financial statements.

iii. Annual Improvements to IFRS Standards 2018–2020 Cycle

The IASB has issued 'Annual Improvements to IFRS Standards 2018–2020'. The pronouncement contains amendments to the following Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project.

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

IFRS 16 Leases - The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

IAS 41 Agriculture - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The amendments are applicable for annual periods beginning on or after 1 January 2022. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

iv. IAS 16 – Property, Plant and Equipment

The IASB has published 'Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

The standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are applicable for annual periods beginning on or after 1 January 2022. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

v. **IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The IASB has issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements in the following ways:

- an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2. The management is in the process of assessing impact of these standards/amendments on the financial statements of the

vi. **IAS 12 – Income Taxes**

The IASB has published 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. Accordingly, the initial recognition exemption, provided in IAS 12.15(b) and IAS 12.24, does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Application of these amendments is not expected to have any significant impact on the Company's financial statements.

4 Summary of significant accounting policies

4.1 Long term financing

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at fair values less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the statement of income and expenditure account over the period of the borrowings on an effective interest rate basis.

Loan at a below-market rate of interest from Government are recognized and measured at amortized cost (i.e. the present value of the future cash flows discounted at a market rate of interest). The benefit, that is the difference between the fair value of the loan on initial recognition and the amount received, is accounted for as additional government grant. The benefit is accounted for as deferred credit and is amortized over the period of borrowings.

4.2 Government grants

Government grants are recognized when there is reasonable assurance that the Company will comply with all conditions attaching to them and these will be received.

Government grants related to income are credited to the statement of financial position as deferred credit and amortized over the periods in which the entity recognizes as expenses the related costs for which the grant is intended to compensate. Government grants related to assets are credited to statement of income and expenditure.

Non monetary grants are recognized at fair value of the assets.

4.3 Post retirement benefit

The Company operates an unfunded gratuity scheme for eligible employees who have completed their qualifying period. Provision is made annually to cover obligations. Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit

Re-measurement of the defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest), are recognized immediately in Statement of Comprehensive Income ("OCI") net of related tax. The Company determines the interest expense (income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then- net defined benefit liability/(asset) during the year as a result of contributions and benefits paid. Net interest expense/(income) and other expenses related to defined benefit scheme is recognized in statement of income and expenditure.

4.4 Trade and other payables

Liabilities relating to trade and other payables are carried at fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company. Subsequently, these are measured at amortized cost.

4.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the statement of income and expenditure as incurred.

4.6 Provisions

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

4.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment in value, if any. Cost of property plant and equipment consist of historical costs and directly attributable costs in bringing the assets to their working condition.

The management of the Company reassesses useful lives, depreciation method and rates for each item of property plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. Any change in estimate may effect the depreciation

Depreciation is calculated by applying the rates mentioned in the Note 17 on reducing balance method. Depreciation is charged on additions from the month the asset is available for use and on disposals up to the month preceding the month of disposal. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Normal repair and maintenance is charged to income as and when incurred whereas major renewals and improvements are capitalized. Gain or loss on disposal of assets is charged to the statement of income and expenditure.

4.8 Capital work-in-progress

Capital work in progress represents expenditure on property, plant and equipment in the course of construction and installation including material, labor and overheads directly relating to the project. Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in progress. These are transferred to specific assets as and when these are available for use.

4.9 Intangibles

Expenditure incurred to acquire intangibles is capitalized as intangible and stated at cost less accumulated amortization and any identified impairment loss. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Intangibles are amortized using straight-line method over a period of three years. Amortization on additions to intangible assets is charged from the month the asset is available for use and on disposals up to the month preceding the month of disposal.

4.10 Stores, spare parts and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

4.11 Land held for development and resale

This represents land received from government and land purchased for various projects, expenditure incurred on its development, and is intended to be sold in the ordinary course of business.

Expenditure incurred on development of infrastructure forms part of the cost of over all project and is included in the cost of inventory as and when incurred.

Inventory is valued at lower of the cost and net realizable value. Net realizable value is the estimated selling price of plots in the ordinary course of business less the estimated costs of completion of projects in progress. Cost is determined on work performed basis.

4.12 Impairment

Financial assets

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in income and expenditure account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized. Reversal of impairment loss is recognized in statement of income and expenditure account except in the case of available for sale instruments where the reversal is included in other comprehensive income.

Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in income and expenditure account. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

4.13 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on review of outstanding amounts at the year end. Bad debts are written off when identified.

4.14 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at bank and short term investments with maturities of three months or less. These are readily convertible to known amount of cash therefore they are subject to insignificant risk of changes in value and are used by the Company in the management of its short-term commitments.

4.15 Loans and receivables

Loans and receivables are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables are stated at amortized cost with any difference between cost and redemption value being recognized in the statement of income and expenditure over the period of the investments on an effective yield method less impairment.

4.16 Financial instruments

4.16.1 Financial assets at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represents solely payments of principle and interest are measured at amortized cost. Interest income from these financial assets, impairment, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in statement of income and expenditure and other comprehensive income.

4.16.2 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 or principle and interest on the principle amount outstanding.

4.16.3 Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through statement of income and expenditure is recognized in profit or loss in the period in which it arises.

Such equity instruments are measured at fair value at and subsequent to initial recognition. Change in fair value of these financial assets are normally recognized in statement of income and expenditure. Dividends from such investments continue to be recognized in profit or loss when the Company's right ot receive payment is established.

When an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

4.16.4 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 cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are exposed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, 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 or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in

4.17 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at fair value of consideration received or receivable on the following basis:

- Revenue from sale of industrial plots is recognized on the completion of the project for its intended use by the owner of the plot and the chances of cancellation of the allotment of the plot is remote at which stage the Company determines that the risks and rewards associated to sale of plot is transferred to the buyer.

- Revenue from electricity bills is recognized on the basis of electricity supplied to customers at rates determined by NEPRA for LESCO. Electricity sale is recorded on accrual basis i.e. when the consumers have consumed the electricity supplied.

- Fee and other charges are charged to customers at prescribed rates and they are recognized as income on accrual basis.

- Operations and maintenance charges billed to customers are recorded on accrual basis.

- Non-utilization fee is recorded if the project is not completed in accordance with terms of allotment of the plot and the recovery of the fee is certain.

- Return on bank deposits is recognized as and when accrued on effective interest method.

- Miscellaneous income represents fee for providing temporary connections and repair/replacement of cables and temporary meters. The fee for installation/replacement of temporary connections is recognized on installation of meters at allottees' sites. The income related to repair of meters and cables is recognized on performance of repair and maintenance services.

4.18 Advances received for sale of plots

Advances received from customers against sale of plots are stated at cost. They are recognized as revenue when the chances of cancellation of the allotted plot are remote and the customer has completed the project.

4.19 Deferred income

Amount received from customers for eclectic transformers are recognized as deferred income and recognized as income over the useful life of the transformers from the date of installation.

5 Retrospective restatements and re-arrangements

5.1 Re-arrangements

Corresponding figures have been reclassified / re-arranged, wherever considered necessary for the purpose of better presentation. Significant reclassifications made are as follow:

From	To	Amount in Rupees
Other financial liabilities	Long term financing	1,429,854,949
Advance from customers from consultancy services	Trade and other payables	212,924,311
Other income	Rental income	28,361,330
Other income	Return on bank deposits and investments	479,997,819
Cost of electricity sold	Income from electricity supply	6,910,824,100
Trade and other payables	Retention money payable	331,260,354

5.2 Retrospective restatements

Omissions from, and misstatements in, the Company's financial statements were observed for one or more prior periods arising due to misinterpretation of accounting policies or lack of relevant information.

These errors have been corrected retrospectively and comparative information has been restated in accordance with the requirements of IAS 8 'Accounting Policies, Change in Accounting Estimates and Errors'.

Detail of these errors along with effect of correction on prior periods presented is set out below:

a. The company has recorded penalty on overdue long term loans in prior periods, where as the same was not changed by the Government, and the Company also intents to apply for its waiver, in case the same is changed and claimed by the Government at any stage. The same is reversed and disclosed as a contigency in Note 16.

The effect of reversal of this penalty on prior periods presented is as under:

	2020	2019
	Increase/(decrease)	
	Rupees	Rupees
Statement of financial position		
Accrued mark up on long term financing		(10,492,151)
Accumulated surplus		10,492,151
Accrued mark up on long term financing	(111,937,606)	-
Statement of Income and Expenditure and Other Comprehensive Income		
Finance cost	(111,937,606)	-

b. Certain pieces of Lands received from the Government for development of certain estates are not yet transferred in the name of the Company, however, a provision in respect of estimated cost of transfer of ownership to the Company was made, which provision does not meet the definition of liability.

The effect of correction of error on prior periods presented is as under:

	2019
	Increase/(decrease)
	Rupees
Statement of financial position	
Trade and other payables	(83,868,435)
Land held for development and resale	(83,868,435)

c. Loans received from the Government in shape of pieces of lands for development of certain estates was not recognized as long term loans and were not being carried at amortized cost.

The effect of change of classification of such loans on prior periods presented is as under:

	2020	2019
	Increase/(decrease)	
	Rupees	Rupees
Statement of financial position		
Deferred Interest Income	(39,829,174)	1,097,945,161
Long term financing	39,829,174	(1,097,945,161)

d. The conditions regarding transfer of control of some plots were met, however, the relevant information was made available to the accounts section later on.

The effect of recording of sale of such plots on prior periods presented is as under:

	2020	2019
	Increase/(decrease)	
	Rupees	Rupees
Statement of financial position		
Land held for development and resale	67,167,282	(14,990,683)
Accumulated surplus	(265,357,219)	(265,357,219)
Advances from customers against sale of plots	155,079,680	250,366,536
Statement of Income and Expenditure and Other Comprehensive Income		
Income from sale of plots	177,444,821	

e. Electricity connections were installed for some customers, however related charges received in advance was not recorded by the accounts department owing to non-availability of relevant information.

The effect of correction of error on prior periods presented is as under:

	2020	2019
	Increase/(decrease)	
	Rupees	Rupees
Statement of financial position		
Trade and other payables	(130,903,286)	(37,037,655)
Accumulated surplus	37,037,655	37,037,655
Statement of Income and Expenditure and Other Comprehensive Income		
Income from electricity supply	27,525,442	-
Other income	66,340,189	-

f. Duplication in recognition of sale of plots was observed, which is being reversed:

The effect of correction of error on prior periods presented is as under:

	2019
	Increase/(decrease)
	Rupees
Statement of financial position	
Advances from customers against sale of plots	72,882,300
Accumulated surplus	(72,882,300)

		2021 Rupees	2020 Rupees
6	**Share Capital**		
6.1	**Authorized share capital**		
	15,000,000 (2020:15,000,000) ordinary shares of Rupees 10 each	150,000,000	150,000,000
6.2	**Issued, subscribed and paid up capital**		
	5,000,000 (2020:5,000,000) ordinary shares of rupees 10 each fully paid in cash	50,000,000	50,000,000

6.2.1 100% shares of the Company are held by the Government of the Punjab through its Industries, Commerce Investment and Skill Development Department.

		Note	2021 Rupees	2020 Rupees
7	**Long term financing**			
	From the Government of Punjab - Un-secured			
	In cash	7.1	9,023,136,500	8,803,900,951
	In shape of land	7.2	416,347,636	371,738,962
			9,439,484,136	9,175,639,913
	Less: current portion			
	Installments due		6,723,000,000	6,016,333,333
	Payable within one year		670,550,000	827,216,667
			7,393,550,000	6,843,550,000
			2,045,934,136	2,332,089,913

7.1 These loans were granted by the Government of Punjab for different projects. These are subject to mark up at the rate of 0.25% per annum. These are subject to penalty at the rate of 4% (2020: 4%) per annum on the default amount in case of delay in repayment of installments. These loans are being carried at amortized cost determined using effective mark up rate of 12% per annum (2020: 8.75% to 12.95% per annum) using the discounted cash flow method and unearned interest income is recognized as deferred income. Other significant terms and conditions of these shares are as under;

Description	No of installments		Starting date	Ending date	Related to the project	Balance in Rupees
	Total	Out-standing				
Loan I	10	2	31-12-13	31-12-22	Sundar Industrial Estate	187,000,000
Loan II	10	2	31-12-13	31-12-22	Vehari Industrial Estate	30,200,000
Loan III	10	2	31-12-13	31-12-22	Shifting of Industry to Sundar Industrial Estate.	20,000,000
Loan IV	10	2	31-12-13	31-12-22	Combined effluent treatment plant	3,900,000
Loan V	3	3	30-6-17	30-6-19	Vehari Industrial Estate.	150,000,000

Description	No of installments		Starting date	Ending date	Related to the project	Balance in Rupees
	Total	Out-standing				
Loan VI	3	3	30-6-17	30-6-19	Shifting of Industry to Sundar Industrial Estate.	100,000,000
Loan VII	3	3	30-6-17	30-6-19	Quaid-e-Azam Business Park	3,315,668,000
Loan VIII	3	3	30-6-18	30-6-20	Quaid-e-Azam Business Park	1,587,332,000
Loan IX	3	3	30-6-19	30-6-21	Chunian Industrial Estate	470,000,000
Loan X	3	3	30-6-20	30-6-22	Quaid-e-Azam Business Park	1,650,000,000
Loan XI	3	3	13-11-22	13-11-24	Bahawalpur Industrial Estate	250,000,000
Loan XII	3	3	13-11-22	13-11-24	Quaid-e-Azam Business Park	1,700,000,000
Loan XIII	3	3	29-06-23	28-06-26	Bahawalpur Industrial Estate	100,000,000
						9,564,100,000
Deferred interest (Refer Note 9.1)						(540,963,500)
						9,023,136,500

7.2 These represent loans in shape of state land provided to the Company by the Government of Punjab (GoPb) through Colonies Department for different projects, with the direction that a loan agreements be signed with the finance department on the basis of mutually agreed terms and conditions, however, as per finance department, as no loan is granted by it, hence the loan agreement needs to be signed between the Colonies department and the Company. The matter is still under discussion and no loan agreements have been signed subsequently.

Terms of repayment have not yet been decided as discussed above, however, these loans will be repayable in equal annual instalments starting from the repayment date as per repayment schedule to be mutually agreed between the parties. These loans are being carried at amortized cost determined using effective mark up rate of 12 % per annum (2020: 12% per annum) using the discounted cash flow method for an estimated period of repayment of each loan and unearned interest income is recognized as deferred income. Detail of these loans is as under:

Description	Area of land in acres	Estimated repay-ment period	Related to the Project	Amount (Rupees)
Loan I	390.75	13 years	Bhalwal Industrial Estate	130,566,562
Loan II	200	13 years	Vehari Industrial Estate	132,000,000
Loan III	130.11	13 years	Chunian Industrial Estate	103,203,387
Loan IV	483.67	13 years	Bahawalpur Industrial Estate	1,064,085,000
				1,429,854,949
Deferred interest (Refer Note 9)				(1,013,507,313)
				416,347,636

	Note	2021 Rupees	2020 Rupees
8 Deferred Income			
Opening balance		180,288,581	197,940,762
Received from customers during the year		-	911,730
Amortization for the year	30	(18,028,858)	(18,563,911)
Closing balance		162,259,723	180,288,581

8.1 This represents recovery of cost of transformers from the customers at the time of electricity connections. An amount equal to depreciation on transformers is being recognized as income.

	Note	2021 Rupees	2020 Rupees
9 Deferred Interest income			
On long term financing			
In cash	9.1	533,888,369	780,749,049
In shape of land	9.2	1,013,507,313	1,058,115,987
		1,547,395,682	1,838,865,036

9.1 Deferred interest income on long term financing in cash

	2021	2020
Opening balance	780,749,049	299,308,098
Charge during the year	37,806,684	672,154,580
Amortization for the year	(277,592,233)	(190,713,629)
	540,963,500	780,749,049
Less: current portion	(7,075,131)	-
Closing balance	533,888,369	780,749,049

9.2 Deferred interest income on long term financing in shape of land

	2021	2020
Opening balance	1,058,115,987	1,097,945,161
Amortization for the year	(44,608,674)	(39,829,174)
Closing balance	1,013,507,313	1,058,115,987

10 Deferred grant

	Note	2021	2020
Un-utilized grant	10.1	180,000,000	180,000,000
Related to assets			
Opening balance		21,522,810	24,405,210
Grants amortized related to assets	30	(3,833,544)	(2,882,400)
	10.2	17,689,266	21,522,810
		197,689,266	201,522,810

10.1 It represents grant from Government of Punjab for acquisition of land and development of new industrial estate in Gujrat. The Company has not undertaken this project as yet.

10.2 It represents grant from Government of Punjab for Pakistan Drugs Testing and Research Center (PDTRC).

11 Staff retirement benefits

The latest actuarial valuation of the Company's defined benefit gratuity scheme was conducted on 30 June 2021 using projected unit credit method. Details of obligation for defined benefit gratuity scheme is as follows:

	2021 Rupees	2020 Rupees
Liability for defined benefit obligation	197,804,706	180,777,136
Fair value of plan assets	(183,545,874)	(147,286,884)
Net liability for defined benefit obligations	14,258,832	33,490,252

11.1 Movement in net liability for defined benefit obligation

Opening balance	33,490,252	30,847,074
Provision for the year	32,134,681	30,219,787
Payment during the year	114,023	(3,979,185)
Transfer to fund	(41,111,747)	(26,362,332)
Remeasurement of defined benefit obligation	(10,151,523)	2,764,908
Closing balance	14,258,832	33,490,252

11.2 Movement in liability for defined benefit obligation

Present value of defined benefit obligation at beginning of the year	180,777,136	156,112,518
Current service cost for the year	31,325,877	27,986,179
Interest cost for the year	14,572,437	21,079,927
Benefit payment from employer	(216,854)	-
Benefits paid during the year	(11,721,313)	(16,362,652)
Experience adjustments (actuarial loss/gain)	(16,932,577)	(8,038,836)
Present value of defined benefit obligation at end of year	197,804,706	180,777,136

11.3 Changes in fair value of plan assets

Fair value of plan assets	147,286,884	125,265,444
Contributions during the year	41,111,747	26,362,332
Interest income on plan assets (Expected refund)	13,763,633	18,846,319
Benefits paid during the year	(11,835,336)	(12,383,467)
Experience adjustments on return on plan assets (Actuarial loss)	(6,781,054)	(10,803,744)
Fair value of plan assets	183,545,874	147,286,884

11.4 Expenses to be recognized in statement of income and expenditure

Current service cost	31,325,877	27,986,179
Interest cost on defined benefit obligation	14,572,437	21,079,927
Interest income on plan assets	(13,763,633)	(18,846,319)
Expenses chargeable to statement of income and expenditure	32,134,681	30,219,787

11.5 Remeasurement chargeable in other comprehensive income

Experience adjustments on plan obligations	(16,932,577)	(8,038,836)
Experience adjustments on return on plan assets	6,781,054	10,803,744
	(10,151,523)	2,764,908

11.6 Significant actuarial assumptions

	2021	2020
Discount rate used	10.25%	8.5%
Salary increased used for year end obligations	9.25%	7%
Mortality rates	SLIC 2001-05 Setback 1 Year	SLIC 2001-05 Setback 1 Year
Withdrawal rates	Age based (per appendix)	Age based (per appendix)
Retirement assumption	Age 59	Age 60

11.7 Expected expense for next year

	2021 Rupees	2020 Rupees
Current service cost	29,133,277	31,325,877
Interest cost on defined benefit obligation	18,715,024	14,380,026
Interest income on plan assets (Expected refund)	(18,813,452)	(12,944,371)
Amount chargeable to statement of income and expenditure	29,034,849	32,761,532

11.8 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation and accumulated compensated absences at the reporting date had fluctuated by 100 bps with all other variables held constant, the present value of the net defined benefit obligation and accumulated compensated absences as at June 30, 2021 and 2020 would have been as follows:

	2021 Rupees	2020 Rupees
Discount rate increase by 100 bps	175,834,704	165,423,848
Discount rate decrease by 100 bps	217,511,429	190,151,874
Salary increase by 100 bps	217,685,226	190,152,087
Salary decrease by 100 bps	175,296,980	165,425,109

The sensitivity analysis of the defined benefit obligation and accumulated compensated absences to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation and accumulated compensated absences reported above.

12 Retention money payable

	Note	2021 Rupees	2020 Rupees
Retention money payable		329,873,097	331,260,354
Less: current portion	15	(106,595,963)	(124,676,301)
		223,277,134	206,584,053

13 Security deposits

	2021 Rupees	2020 Rupees
Against electricity Connections	587,859,053	506,595,383
Security deposit against rent	4,007,250	3,767,250
	591,866,303	510,362,633

14 Advances from customers against sale of plots

	2021 Rupees	2020 Rupees
Opening balance	1,716,828,815	2,067,728,004
Received during the year	3,713,446,651	841,844,777
	5,430,275,466	2,909,572,781
Adjusted / refunded during the year	(240,895,440)	(1,192,743,966)
Closing balance	5,189,380,026	1,716,828,815

14.1 Break up of advances from customers against sale of plots is as under:

	2021 Rupees	2020 Rupees
Sundar Industrial Estate	407,914,805	504,498,125
Multan Industrial Estate Phase I	36,705,580	51,206,530
Multan Industrial Estate Phase II	109,863,494	95,916,446
Rahim Yar Khan Industrial Estate	965,221,662	448,460,937
Bhalwal Industrial Estate	693,031,856	411,469,262
Vehari Industrial Estate	313,711,050	205,277,515
Quaid-e-Azam Business Park	2,662,931,579	-
	5,189,380,026	1,716,828,815

15 Trade and other payables	Note	2021 Rupees	2020 Rupees
Creditors		964,003,846	762,947,766
Accrued liabilities		29,759,707	20,928,241
Withholding income tax		115,637,564	97,907,280
Funds for development of a project of the Government	15.1	160,338,779	212,924,311
Current portion of retention money payable	12	106,595,963	124,676,301
Other payables	15.2	289,709,019	98,096,347
		1,666,044,878	1,317,480,246

15.1 Funds for development of a project of the Government

Quaid e Azam Solar Park, Bahawalpur			
Total funds received		1,619,570,000	1,619,570,000
Utilization of funds for development of the project			
Opening balance		1,406,645,689	1,378,663,746
Utilized during the year		52,585,532	27,981,943
		(1,459,231,221)	(1,406,645,689)
	15.1.1	160,338,779	212,924,311

15.1.1 The task of supervision of development works of Quaid e Azam Solar Park, Bahawalpur was assigned to the Company and for this purpose funds of Rs. Rs. 1,619.57 million were provided to the Company in 2015 by the Government of Punjab through Energy Department In accordance with the terms of the agreement executed between the Company and the Energy Department dated March 06, 2015. The Company is undertaking the Engineering, Construction & Procurement Services of all works as per approved development plan of the Quaid-e- Azam Solar Park, Bahawalpur.

15.2 This includes Rs. 259.19 million (2020: Nil) payable to Ms. Alokozay FZE on recision of interest to purchase land at Quaid-e-Azam Business Park.

16 Contingencies and Commitments

Contingencies	2021 Rupees	2020 Rupees
- Accumulated default surcharge on delay in repayment of certain long term to government of the Punjab not acknowledged due to pending	366,961,897	122,429,757

- Different customers / contractors / consultants have filed cases against the Company at different legal forums on different dates with the ground challenging any imposition by the Company or claiming any amounts from the Company. These are discussed below:

The landlords have filed claims / cases for enhancement of compensation of land acquired by the Company under Land Acquisition Act, 1894. The amount of enhancement claimed is not determinable at this stage. The management of the Company and its legal advisors are confident that the cases will be decided in favor of the Company and there will be no adverse financial impact on the Company.

Different plot holders have filed cases against the Company challenging imposition of non- utilization fee and have claimed recovery of the amounts paid by them. The total amount involved is Rs. 102.508 million. The management of the Company and its legal advisors are confident that the cases will be decided in favor of the Company and there will be no adverse financial impact on the Company.

Some contractors / consultants have filed cases against the Company claiming charges over and above the contract amounts. The total amount claimed by these parties is Rs. 1,388.971 million. The Company has also filed a case against one of these contractors claiming damages of Rs. 617 million on account of project delay. The management of the Company and its legal advisors are confident that the cases will be decided in favor of the Company and there will be no adverse financial impact on the Company.

Some industrial undertakings are claiming subsidy on electricity billing from the Company on the ground that they are eligible for the same as per Government notification. The Company is purchasing the electricity from DISCOS, and no such subsidy was allowed by the DISCOS, therefore, the Company cannot pass on the same to its customers. The quantum of claimed amount is not determinable at this stage. The management of the Company and its legal advisors are confident that the cases will be decided in favor of the Company and there will be no adverse financial impact on the Company.

	2021	2020
Commitments	Rupees	Rupees
Commitments under contracts for;		
- Development projects	613,641,150	788,703,000
- Software	731,250	-

17 Operating fixed assets

	2021									
	Cost				Accumulated Depreciation					
	July Cost as at 1, 2020	Additions during the year	Deletions during the year	Cost as at June 30, 2021	as at July 1, 2020	Depreciation for the year	Depreciation on disposal	as at June 30, 2021	Book value as at June 30, 2021	Annual rate of depreciation %
Land	12,480,403	-	-	12,480,403	-	-	-	-	12,480,403	0
Building	251,930,031	7,459,546	(820,000)	258,569,577	(93,690,938)	(15,830,497)	-	(109,521,435)	149,048,142	10
Office equipments	43,061,373	6,898,032	-	49,959,405	(28,436,175)	(4,335,485)	-	(32,771,660)	17,187,745	20
Lab Equipments	66,827,753	-	-	66,827,753	(57,093,098)	(2,797,152)	-	(59,890,250)	6,937,503	30
Computers	59,651,507	6,266,215	-	65,917,722	(42,706,470)	(5,269,552)	-	(47,976,022)	17,941,700	30
Furniture and fixture	26,737,475	2,018,767	-	28,756,242	(19,719,802)	(1,479,369)	-	(21,199,171)	7,557,071	20
Electric installation	3,297,794	-	-	3,297,794	(2,889,955)	(81,567)	-	(2,971,522)	326,272	20
Machinery	39,344,919	12,719,149	-	52,064,068	(26,655,438)	(2,976,005)	-	(29,631,443)	22,432,625	20
Vehicles	186,055,082	41,527,129	-	227,582,211	(114,661,590)	(16,845,571)	-	(131,507,161)	96,075,050	20
Transformer	267,971,961	-		267,971,961	(87,683,377)	(18,028,858)	-	(105,712,235)	162,259,726	10
Grid Stations	93,200,064	-		93,200,064	(5,766,754)	(4,371,666)		(10,138,420)	83,061,644	5
BillBoard	-	12,749,226	-	12,749,226	-	(1,298,193)		(1,298,193)	11,451,033	20
	1,050,558,362	89,638,064	(820,000)	1,139,376,426	(479,303,597)	(73,313,915)	-	(552,617,512)	586,758,914	

	2020									
	Cost				Accumulated Depreciation					
	Cost as at July 1, 2019	Additions during the year	Deletions during the year	Cost as at June 30, 2020	as at July 1, 2019	Depreciation for the year	Depreciation on disposal	as at June 30, 2020	Book value as at June 30, 2020	Annual rate of depreciation %
Land	12,480,403	-	-	12,480,403	-	-	-	-	12,480,403	0
Building	242,744,324	9,185,707	-	251,930,031	(78,830,370)	(14,860,568)		(93,690,938)	158,239,093	10
Office equipments	42,662,719	398,654	-	43,061,373	(23,907,920)	(4,528,255)		(28,436,175)	14,625,198	20
Lab Equipments	66,827,753	-	-	66,827,753	(53,097,170)	(3,995,928)		(57,093,098)	9,734,655	30
Computers	57,223,936	2,427,571	-	59,651,507	(36,017,638)	(6,688,832)		(42,706,470)	16,945,037	30
Furniture and fixture	26,260,722	476,753	-	26,737,475	(18,018,376)	(1,701,426)		(19,719,802)	7,017,673	20
Electric installation	3,297,794	-	-	3,297,794	(2,787,996)	(101,959)		(2,889,955)	407,839	20
Machinery	39,297,164	1,851,858	(1,804,103)	39,344,919	(24,062,492)	(4,044,834)	1,451,888	(26,655,438)	12,689,481	20
Vehicles	188,248,790	2,943,000	(5,136,708)	186,055,082	(98,127,688)	(21,282,637)	4,748,735	(114,661,590)	71,393,492	20
Transformer	267,060,231	911,730	-	267,971,961	(69,119,466)	(18,563,911)		(87,683,377)	180,288,584	10
Grid Stations	93,200,064	-		93,200,064	(1,165,001)	(4,601,753)		(5,766,754)	87,433,310	5
	1,039,303,900	18,195,273	(6,940,811)	1,050,558,362	(405,134,117)	(80,370,103)	6,200,623	(479,303,597)	571,254,765	

17.1 The depreciation charge for the year has been allocated as follows:

	Note	2021 Rupees	2020 Rupees
Infrastructure maintenance expenses	33	21,265,268	24,544,230
Cost of electricity supply	29.1	4,371,666	4,601,753
Administrative expenses	34	47,676,981	51,224,120
		73,313,915	80,370,103

17.2 It includes depreciation expense on grant assets (laboratory equipment and building of PDT RC) amounting to Rs. 3,833,544 (2020: Rs. 2,882,400) (Refer Note 10).

18 Capital work in progress	Opening	Additions	Transferred to operating fixed	Closing
		Rupees		
2021				
Office buildings	2,800,770	1,297,213	(2,491,178)	1,606,805
Machinery	-	2,433,560	-	2,433,560
Surveillance System	7,615,760	-	-	7,615,760
Grid stations	301,491,630	94,424,274	-	395,915,904
	311,908,160	98,155,047	(2,491,178)	407,572,029
2020				
Office buildings	1,736,001	3,178,013	(2,113,244)	2,800,770
Surveillance System	7,615,760	-	-	7,615,760
Grid stations	86,765,302	214,726,328	-	301,491,630
	96,117,063	217,904,341	(2,113,244)	311,908,160

19 Intangibles	Note	2021 Rupees	2020 Rupees
Computer software	19.1	-	39,201
Software under development		243,750	-
		243,750	39,201

19.1 Computer software

	2021	2020
Cost	3,285,954	3,285,954
Accumulated amortization		
Opening balance	3,246,753	3,194,493
Amortization for the year	39,201	52,260
	3,285,954	3,246,753
Net book value	-	39,201

20 Long term security deposits

	2021	2020
Against electricity connections	194,154,113	193,970,153
Others	24,716,210	25,038,564
	218,870,323	219,008,717

21 Land held for development and resale

	Note	2021	2020
Sunder Industrial Estate (plots)		94,049,430	113,972,568
Multan Industrial Estate II	21.1	53,155,290	52,404,867
Bhalwal Industrial Estate	21.1 & 21.2	1,942,417,810	1,836,167,857
Rahim Yar Khan Industrial Estate		1,708,252,888	1,675,759,889
Bahawalpur Industrial Estates	21.1	1,372,082,184	1,304,276,110
Vehari Industrial Estate	21.1 & 21.2	1,028,517,983	1,031,427,682
Quaid-e-Azam Business Park		5,891,569,751	5,486,091,209
Chunian Industrial Estate	21.1	412,587,311	409,812,585
Quaid-e-Azam Industrial Estate (plots)		25,341,651	25,341,651
Research & Planning (others progressive projects)		75,133,347	80,733,838
	21.3	12,603,107,645	12,015,988,256

21.1 Title of state owned lands measuring 667 acres in Multan Industrial Estate Phase II, 483.67 acres in Bahawalpur Industrial Estate, 200 acres in Vehari Industrial Estate, 130.11 acres in Chunian Industrial Estate and 390.75 acres in Bhalwal Industrial Estate have not been transferred in the name of the Company.

21.2 The allotment letters of land measuring 390 acres in Bhalwal Industrial Estate and 200 acres in Vehari Industrial Estate are not yet received by the Company, however these lands have been used in the respective projects.

21.3 This includes borrowing cost capitalized amounting to Rs. 137.83 million (2020: 110.44 million) against loans received from the Government of Punjab.

	Note	2021 Rupees	2020 Rupees
22 Trade receivables			
Unsecured			
Considered good			
Electricity bills receivables		1,066,476,060	883,264,688
Operation and maintenance charges receivable		53,156,558	56,270,272
Water charges receivable		4,164,842	5,261,914
Aquifer charges receivable		1,026,960	2,764,774
Sewerage charges receivable		10,415,957	19,402,916
Rentals receivable		326,682	1,274,582
Annual recurring expenses receivable		-	2,020
Sub letting fee receivable		871,540	2,048,700
Mark-up on outstanding dues		17,303,110	14,352,571
Non utilization fee receivable		-	167,875,380
		1,153,741,709	1,152,513,777
Considered doubtful			
Electricity bills receivables		7,392,426	7,392,426
Operation and maintenance charges receivable		65,992,650	65,992,650
Water charges receivable		11,941,662	18,584,907
Aquifer charges receivable		556,892	556,892
Sewerage charges receivable		12,023,849	12,023,849
Rentals receivable		1,759,461	1,759,461
Annual recurring expenses receivable		893,394	963,049
Additional cost of land receivable		64,000	72,000
Sub letting fee receivable		5,075,898	5,075,898
Violation fee receivable		100,000	100,000
Receivables against fee and penalties		26,195,373	29,631,156
Mark-up on outstanding dues		26,655,739	26,655,739
Non utilization fee receivable		544,075,202	435,377,286
		702,726,546	604,185,313
Less: Provision for doubtful balances	22.1	(702,726,546)	(604,185,313)
		-	-
		1,153,741,709	1,152,513,777

22.1 Provision for doubtful receivables

	Note	2021 Rupees	2020 Rupees
Opening balance		604,185,313	631,578,894
Provision / (reversals) for the year	34 & 31	164,578,063	(31,638,563)
Recoveries / adjustments made during the year		(66,036,830)	4,244,982
Closing balance		702,726,546	604,185,313

23 Advances, deposits, prepayments and other receivables

	Note	2021 Rupees	2020 Rupees
Considered good			
Advances			
to suppliers / contractors		51,806,454	86,672,756
to employees		10,754,099	8,111,613
for expenses		29,241,170	24,336,235
Security deposits		3,478,927	3,379,427
Prepayments		10,431,278	6,395,028
Other receivables			
Sales tax adjustable / refundable		40,046,631	154,793,260
Receivable from subsidiary	23.1	19,500,000	19,500,000
Others		7,048,614	6,473,976
		172,307,173	309,662,295
Considered doubtful			
Advance against deposits work		80,292,860	80,292,860
Donation recoverable from plot owners		167,035	173,621
Other receivables		263,764	257,178
Less: Provision for doubtful balances		(80,723,659)	(80,723,659)
		-	-
		172,307,173	309,662,295

23.1 The funds were transferred to the related party out of the loan received from the Government of Punjab for establishment of a combined effluent treatment plant at Sundar Industrial Estate. These are refundable as the proceedings for winding up of the subsidiary are in process. This also represent the maximum aggregate amount at the end of any month during the current and prior year.

24 Short term investments	2021 Rupees	2020 Rupees
Term deposit receipts	7,390,000,000	3,590,000,000

24.1 These are subject to mark up at the rates ranging from 6.70% to 13.20% (2020: 7.5% to 13.60%).

25 Cash and bank balances	Note	2021 Rupees	2020 Rupees
Cash in hand		694,709	810,615
Cash at bank			
Current accounts		910,190	910,190
Deposit accounts	25.1	1,709,670,813	1,423,713,732
	25.2	1,710,581,003	1,424,623,922
		1,711,275,712	1,425,434,537

25.1 These carry mark up at the rates ranging from 4% to 8.25% per annum (2020: 6.5% to 11.25% per annum).

25.2 These include some bank accounts with title in the name of some projects of the Company.

26 Income from sale of plots	Note	2021 Rupees	2020 Rupees
Sale of plots			
Sundar Industrial Estate		192,483,987	126,531,440
Multan Industrial Estate Phase II		107,999,987	806,943,414
Rahimyar Khan Industrial Estate		38,048,546	191,118,003
Bhalwal Industrial Estate		115,999,710	49,553,842
Vehari Industrial Estate		34,431,606	74,227,261
		488,963,836	1,248,373,960
Cost of plots sold			
Sundar Industrial Estate		26,173,655	28,062,248
Multan Industrial Estate Phase II		95,837,985	397,010,309
Rahimyar Khan Industrial Estate		38,149,957	212,646,095
Bhalwal Industrial Estate		106,526,655	49,857,960
Vehari Industrial Estate		38,404,833	80,188,719
		305,093,085	767,765,331
		183,870,751	480,608,629

	Note	2021	2020
27 Fees	27.1	370,358,807	88,646,212

27.1 This includes non-utilization fee, transfer fee, map approval fee, water meter fees, bidding fees, possession fees etc.

28 Operation, maintenance and allied services billing	Note	2021 Rupees	2020 Rupees
Operation & maintenance		244,275,135	218,365,760
Water		77,327,621	64,264,352
Aquifer		107,507,383	105,864,597
		429,110,139	388,494,709

	Note	2021 Rupees	2020 Rupees
29 Income from electricity supply			
Electricity billing		9,881,573,479	8,151,522,645
Sales tax		(1,456,136,258)	(1,193,320,160)
		8,425,437,221	6,958,202,485
Less: Cost of electricity supply	29.1	(8,357,014,303)	(6,883,298,658)
		68,422,918	74,903,827
29.1 Cost of electricity supply			
Electricity purchased		8,288,907,718	6,822,892,118
Staff salaries and benefits		52,183,472	50,998,523
Fuel		4,050,211	2,758,242
Repairs and maintenance of vehicle		3,386,011	334,880
Depreciation	17.1	4,371,666	4,601,753
Printing and stationery		467,878	292,109
Insurance		689,679	157,464
Entertainment		406,060	356,175
Utilities		561,371	907,394
Uniform and liveries		1,990,237	-
		8,357,014,303	6,883,298,658
30 Amortization of deferred income / grant			
Amortization of deferred income	8	18,028,858	18,563,911
Amortization of grant	10	3,833,544	2,882,400
		21,862,402	21,446,311
31 Other income			
Gain on disposal of vehicles		-	2,524,811
Mark up on outstanding dues		8,399,137	9,200,118
Electricity load charges		87,285,880	66,340,189
Reversal of provision for doubtful balances		-	31,638,563
Sale of electrical material		117,200	322,400
Balances written back		29,593,144	-
Miscellaneous income		34,436,129	28,617,510
		159,831,490	138,643,591
32 Estates maintenance expenses			
Road and water supply development cost		26,591,209	16,536,699

32.1 This includes development expenditure incurred on development and major rehabilitation of Sundar Industrial Estate, Multan Industrial Estate – Phase I and Quaid-e-Azam Industrial Estate.

	Note	2021 Rupees	2020 Rupees
33 Infrastructure maintenance expenses			
Staff salaries and benefits		180,597,521	169,207,050
Road, drain and sewerage cleaning		29,275,469	18,152,845
Solid waste expenses		8,273,490	8,546,225
Cost of chemical consumed		909,178	237,272
Maintenance electrical system		293,399	2,421,173
Security		6,187,045	4,860,290
Maintenance disposal station		48,618,980	28,486,197
Fuel and power		14,074,927	13,453,912
Repairs and maintenance		10,570,471	16,743,978
Depreciation	17.1	21,265,268	24,544,230
General maintenance		56,847,208	28,912,149
Insurance		343,144	329,213
Utilities		53,121,186	45,597,957
Uniform and liveries		542,860	19,200
Miscellaneous		967,616	647,971
		431,887,762	362,159,662
34 Administrative expenses			
Staff salaries and benefits		216,703,818	197,022,537
Rent, rates and taxes		4,391,511	8,404,222
Repairs and maintenance		10,975,933	7,703,874
Fuel and power		17,764,388	17,048,814
Insurance		7,948,669	8,244,831
Travelling and conveyance		6,505,983	5,866,710
Utilities		8,170,814	7,945,950
Printing and stationery		4,875,281	3,440,464
Network and website expenses		4,986,399	4,890,590
Advertisement		1,695,503	2,212,209
Security charges		197,280	57,862
Entertainment		2,372,001	2,339,614
Depreciation	17.1	47,676,981	51,224,120
Amortization	19	39,201	52,260
Postage		1,267,332	1,349,332
Legal and professional charges		8,742,899	7,895,764
Bad debts written off		114,650	1,316,216
Provision for doubtful receivables	22	164,578,063	-
Auditor's remuneration	34.1	880,000	950,000
Books and periodicals		106,571	135,359
Janitorial services		348,026	293,731
Fees and subscriptions		868,105	356,873
Uniform and liveries		712,889	2,595,358
Miscellaneous		815,684	964,512
		512,737,981	332,311,202
34.1 Auditor's remuneration			
Audit fee		787,500	950,000
Out of pocket expenses		92,500	-
		880,000	950,000
35 Selling expenses			
Staff salaries and benefits		8,869,612	9,684,123
Image building and branding		1,713,328	350,790
Marketing and promotion		7,850,015	4,028,324
Advertisement		2,073,643	616,434
Rent, rates and taxes		2,288,352	6,177,440
Repair and maintenance		359,565	90,485
Insurance		224,857	325,754
Utilities		1,272,940	1,042,814
Entertainment		81,683	103,517
Printing and stationery		76,444	20,810
Others		72,962	899,146
		24,883,401	23,339,637

	Note	2021 Rupees	2020 Rupees
36 Finance cost			
Interest on long term financing - net	36.1	1,003,437	1,196,155
Bank charges		6,094,052	2,192,727
		7,097,489	3,388,882

36.1 Interest on long term financing - net

	Note	2021 Rupees	2020 Rupees
Interest on long term financing	7	323,204,344	231,738,958
Amortization of deferred interest income	9	(322,200,907)	(230,542,803)
		1,003,437	1,196,155

37 Provision for taxation

No provision for income tax including deferred tax has been made in these financial statements as the Company being a non-profit organization under section 42 of the repealed Companies Ordinance, 1984 is registered with tax authorities under section 2(36) of the Income Tax Ordinance, 2001. Further, tax credit equal to the tax payable including minimum tax and final tax payable is allowed under section 100C of the Income Tax Ordinance, 2001.

38 Cash flow from operations	Note	2021 Rupees	2020 Rupees
Surplus for the year		741,744,059	960,601,439
Adjustment for non cash and other items:			
Depreciation	17	73,313,915	80,370,103
Amortization	19	39,201	52,260
Finance cost		7,097,489	3,388,882
Amortization of grant / income	30	(21,862,402)	(21,446,311)
Bad Debts	34	114,650	1,316,216
Gain on sale of property, plant and equipment		-	(2,524,811)
Balances written back		(29,593,144)	-
Return on bank deposits		(466,012,361)	(479,997,819)
Provision / (reversals) for the year	22	164,578,063	(31,638,563)
Remeasurement (gain) / loss		(10,151,523)	2,764,907
Provision for staff retirement gratuity	11	32,134,681	30,219,787
		(250,341,431)	(417,495,349)
Cash flow before working capital changes		491,402,628	543,106,090
Working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		13,515,029	(20,845,046)
Land held for development and resale		(587,119,389)	(12,610,536)
Trade receivables		(1,342,582)	(251,654,240)
Advances, deposits, prepayments and other receivables		1,810,287	554,378,686
Income tax refundable		(2,931,803)	11,846,046
Increase / (decrease) in current liabilities			
Advances from customers against sale of plots		3,472,551,211	(674,148,025)
Accrued mark up on long term financing		26,481,450	21,606,428
Trade and other payables		366,156,897	(59,260,517)
		3,289,121,100	(430,687,204)
Cash flow from operations		3,780,523,728	112,418,886

39 Financial risk management objectives and policies

39.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk anc interest risk) credit risk and liquidity risk. It's overall risk management program focuses on the unpredictability o financial markets and seeks to minimize potential adverse effects on the financial performance.

Financial instruments by category

	2021	2020
Financial assets at amortized cost:	Rupees	Rupees
Long term security deposits	218,870,323	219,008,717
Short term investments	7,390,000,000	3,590,000,000
Trade receivables	1,153,741,709	1,152,513,777
Accrued interest on short term investments	138,976,823	132,974,598
Advances, deposits, prepayments and other receivables	172,307,173	309,662,295
Bank balances	1,710,581,003	1,424,623,922
	10,784,477,031	6,828,783,309
Financial liabilities at amortized cost:		
Long term financing	9,439,484,136	9,175,639,913
Security deposits	591,866,303	510,362,633
Trade and other payables	1,407,660,800	1,006,648,655
Retention money payable	223,277,134	206,584,053
Accrued mark up on long term financing	136,921,829	110,440,379
	11,799,210,202	11,009,675,633

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes ir market prices. Market price comprises of currency risk, equity risk and interest rate risk.

(i) Currency risk

Currency risk is the risk that the value of financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales anc purchase are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak rupee. The Company is not exposed to any currency risk as there are no financial instruments at the reporting date that are sensitive to currency fluctuations.

(ii) Other price risk

Equity risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of change in prices of equity securities.

Trading and investing in equity securities give rise to equity price risk. The Company is not exposed to any equity price risk.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	2021 Rupees	2020 Rupees
Variable rate financial assets		
Deposit accounts	1,709,670,813	1,423,713,732
Fixed rate financial assets		
Short term investments	7,390,000,000	3,590,000,000
Fixed rate financial liabilities		
Loan from Government of Punjab	9,564,100,000	9,584,650,000

(b) Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. To manage credit risk th Company maintains procedures for monitoring of exposures against different parties. As part of these processes the financial viability of all conterparties is regularly monitored and assessed. To mitigate the risk, the Company has a system of monitoring outstanding balances of all debts advances and bank balances. Concentration of credit risk arises when a number of obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance ot developments affecting a particular industry.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Financial assets at amortized cost	2021 Rupees	2020 Rupees
Long term security deposits	218,870,323	219,008,717
Short term investments	7,390,000,000	3,590,000,000
Trade receivables	1,153,741,709	1,152,513,777
Accrued interest on short term investments	138,976,823	132,974,598
Advances, deposits, prepayments and other receivables	172,307,173	309,662,295
Bank balances	1,710,581,003	1,424,623,922
	10,784,477,031	6,828,783,309

All debtors are in domestic currency and aging of all trade debts before provisioning at the reporting date is :

	2021 Rupees	2020 Rupees
Past due 0-365 days	1,270,978,054	977,435,836
Past due 366 - 720 days	41,713,911	26,658,208
Past due 721 & above	682,776,290	752,605,046
	1,995,468,255	1,756,699,090

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties. Adequate provision is made in respect of balances considered doubtful.

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

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner unfavourable to the Company. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of financial liabilities as at June 30, 2021 and 2020;

	Carrying amount	Contractual cash flows	With in one year	Over one year but less than five years
	..........Rupees..........			
2021				
Financial liabilites				
Long term financing	9,439,484,136	9,762,688,480	7,393,550,000	2,045,934,136
Security deposits	591,866,303	591,866,303	-	591,866,303
Trade and other payables	1,407,660,800	1,407,660,800	1,407,660,800	-
Retention money payable	329,873,097	329,873,097	106,595,963	223,277,134
Accrued mark up on long term financing	136,921,829	136,921,829	136,921,829	-
	11,905,806,165	12,229,010,509	9,044,728,592	2,861,077,573
2020				
Financial liabilites				
Long term financing	9,175,639,913	9,175,639,913	8,273,404,949	902,234,964
Security deposits	510,362,633	510,362,633	-	510,362,633
Trade and other payables	1,006,648,655	1,006,648,655	1,006,648,655	-
Retention money payable	331,260,354	331,260,354	124,676,301	206,584,053
Accrued mark up on long term financing	110,440,379	110,440,379	110,440,379	-
	11,134,351,934	11,134,351,934	9,515,170,284	1,619,181,650

39.2 Fair values of financial assets and liabilities

The carrying value of all the financial assets and financial liabilities reflected in the financial statements approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

39.3 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business.

The Company's objectives when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue ot provide service for which it is established.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintan or adjust the capital structure, the Company may obtain loan from Government of

Neither were there any changes in the Company's approach to capital management during the year nor is the Company subject to externally imposed capital requirements.

40 Chief Executive Officer, Directors and Executive remuneration	2021 Rupees	2020 Rupees
Chief Executive Officer		
Managerial remuneration	5,571,514	4,951,320
Reimbursements of expenses	12,600	143,734
Retirement benefits (Gratuity)		412,610
	5,584,114	5,507,664
Number of persons	1	1
Directors		
Number of persons	14	14

	2021 Rupees	2020 Rupees
Executives		
Managerial remuneration	164,505,604	143,533,159
Reimbursements of expenses	4,412,165	3,219,078
Retireme	13,595,149	11,956,687
	182,512,918	158,708,924
Number of persons	75	67

40.1 Cars are being provided to Chief Executive Officer and Executives (Grade 8-12) for official and personal use.

41 Transactions with related parties

The Institute in the normal course of business carries out transactions with various related parties which comprise o Government of Punjab, Directors and key management personnel. Balances outstanding at the year end have beer disclosed in the respective notes to the financial statements. Remuneration and benefits to key management personnel ar disclosed in Note 39. Significant transactions and balances with related parties are as follows:

Name and basis of relationship	Particulars	2021 Rupees	2020 Rupees
Receivable from related parties			
Advances to Executives	Advance against salary and expenses	-	32,447,848
Punjab Environmental Effluent	Loan	19,500,000	19,500,000
Lahore Electric Supply Company-	Advance against construction work	80,292,860	80,292,860
Payable to related party			
Lahore Electric Supply Company-	utility services	-	764,474,774
Transactions are as follows:			
Pakistan Telecommunication	Utility services received	666,327	686,736
National Telecommunication	Utility services received	188,947	233,351
Lahore Electric Supply Company-	Utility services received	17,533,325,777	7,518,325,317
Multan Electric Power Company	Utility services received	109,171,433	168,120,314
Faisalabad Electric Supply	Utility services received	9,489,136	13,900,492
Water and Sanitaion Agency,	Utility services received	170,000	3,956,044
National Insurance Company	Insurance	7,595,764	7,588,132
Sui Northern Gas Pipelines	Utility services received	114,330	176,490
Directorate General Public	Advertisment	28,108,369	12,555,379
COMSATS Internet Services-	Internet	306,887	213,311
Government of Punjab	Loan repaid	-	121,755,500
Punjab Irrigation Department-	Utility services received	-	140,000
FAS Tube Mills & Engineering	Electricity and other utilities	-	4,463,602
Mehboob Industries-Common	Electricity and other utilities	-	973,477
Thermosole Industries (Pvt.) Ltd-	Electricity and other utilities	-	61,210,434
Kolor rise (Pvt.) Ltd-Common	Electricity and other utilities	-	21,266,735

Name and basis of relationship	Particulars	2021 Rupees	2020 Rupees
Advances to Executives		5,400,000	-
Government of Punjab-EOBI	EOBI	3,701,072	-
Kobech Auto Industries-	Electricity and other utilities	-	21,266,735

42 Number of employees

The total and average number of employees of the Company during the current year and as at June 30 are as follows:

	2021 Number	2020 Number
Total number of employees as at 30 June	693	668
Average number of employees during the year	700	661

43 Date of authorization

These financial statements were authorized for issu on ________________ by the Board of Directors of the Company.

44 General

44.1 Nomenclature

Nomenclature of different line items has been changed.Significant changes are as under;

Previous nomenclatue	Current nomenclature
Equity	Authorized share capital
Share Capital	Issued, subscribed and paid up capital
Long term financing-Government of Punjab	Long term financing
Deferred credit	Deferred interest income
Accrued mark up on financing	Accrued mark up on long term financing
Inventory (Projects in progress)	Land held for development and resale
Accrued interest	Accrued interest on short term investments
Deferred liability	Staff retirement benefits
Electricity billing	Income from electricity supply
Cost of operations,maintenance and allied service billing	Infrastructure maintenance expenses
Amortization of grants	Amortization of grant / income
Sale of developed plots	Income from sale of plots
Development expenditure of managed estates	Estates maintenance expenses

Chief Executive Officer

Chief Financial Officer

Chairman