PUNJAB INDUSTRIAL ESTATES
DEVELOPMENT & MANAGEMENT COMPANY

FINANCIAL STATEMENTS
FY 2021-22

PIEDMC

PUNJAB INDUSTRIAL ESTATES DEVELOPMENT & MANAGEMENT COMPANY

PIEDMC Head Office: Commercial Area (North), Sundar Industrial Estate, Sundar Raiwind, Road Lahore

RSM

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

Avais Chambers, 1/ C-5
Sikander Malhi Road, Canal Park
Gulberg II, Lahore, Pakistan

T: +92 (42) 3587 2731-3
F: +92 (42) 3587 2734

lahore@rsmpakistan.pk
www.rsm.global/pakistan

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, 2022, 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, 2022 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.

Other Offices at:
Karachi : 92 (21) 3565 5975-6
Faisalabad : 92 (41) 854 1165/ 854 1965
Islamabad : 92 (51) 234 0490 & 93
Peshawar : 92 (91) 527 8310/ 527 7205
Kabul : 93 (799) 058 155

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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.

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).

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
UDIN: AR202210226oDIPtTEJV

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, 2022

	Note	2022 Rupees	2021 Rupees
EQUITY AND LIABILITIES			
Equity			
Authorized share capital	5	150,000,000	150,000,000
Issued, subscribed and paid up capital	5	50,000,000	50,000,000
Accumulated surplus		6,474,410,494	5,878,554,192
Total equity		6,524,410,494	5,928,554,192
Non-current liabilities			
Long term financing	6	3,103,797,664	2,045,934,136
Deferred liabilities			
Deferred Income	7	145,901,616	162,259,723
Deferred Interest income	8	3,729,830,184	1,547,395,682
Deferred grant	9	194,618,826	197,689,266
Staff retirement benefits	10	17,272,323	14,258,832
Retention money payable	11	27,324,818	223,277,134
Security deposits	12	614,121,300	591,866,303
Total non-current liabilities		7,832,866,731	4,782,681,076
Current liabilities			
Advances from customers against sale of plots	13	10,181,815,967	5,189,380,026
Trade and other payables	14	2,881,257,464	1,683,637,143
Current portion of long term financing	6	8,043,550,000	7,393,550,000
Current portion of deferred interest income	8	9,188,101	7,075,131
Accrued mark up on long term financing		170,276,644	136,921,829
Total current liabilities		21,286,088,176	14,410,564,129
Total Equity and liabilities		35,643,365,402	25,121,799,397
CONTINGENCIES AND COMMITMENTS	15	-	-
ASSETS			
Non-current assets			
Property and equipment			
Operating fixed assets	16	585,437,041	586,758,914
Capital work in progress	17	657,168,797	407,572,029
Intangibles - Software under development		1,049,337	243,750
Long term security deposits	18	244,887,523	218,870,323
Total non-current assets		1,488,542,698	1,213,445,016
Current assets			
Stores, spare parts and loose tools		50,525,409	57,516,801
Land held for development and resale	19	17,862,038,754	12,603,107,645
Trade receivables	20	1,927,836,167	1,153,741,709
Advances, deposits, prepayments and other receivables	21	1,208,440,629	172,307,173
Income tax refundable		682,179,039	681,428,518
Short term investments	22	8,865,000,000	7,390,000,000
Accrued interest on short term investments		268,148,808	138,976,823
Cash and bank balances	23	3,290,653,898	1,711,275,712
Total current assets		34,154,822,704	23,908,354,381
Total Assets		35,643,365,402	25,121,799,397

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 INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
INCOME			
Income from sale of plots / Sale returns	24	(81,021,610)	183,870,751
Fees	25	273,462,450	370,358,807
Operation, maintenance and allied services billing	26	474,588,611	429,110,139
Return on bank deposits and investments		807,048,646	466,012,361
Income from electricity supply	27	76,559,113	68,422,918
Rental Income		34,967,376	35,321,510
Amortization of deferred income / grant	28	19,428,547	21,862,402
Other income	29	47,715,483	159,831,490
		1,652,748,616	1,734,790,378
EXPENDITURE			
Estates maintenance expenses	30	59,043,077	26,591,209
Infrastructure maintenance expenses	31	472,233,578	431,887,762
Administrative expenses	32	426,176,417	512,737,981
Selling expenses	33	29,486,207	24,883,401
Finance cost	34	1,297,363	7,097,489
		988,236,641	1,003,197,842
Surplus for the year before taxation		664,511,975	731,592,536
Provision for taxation	35	-	-
Surplus for the year		664,511,975	731,592,536
Other comprehensive (loss)/ income			
Item that may be reclassified subsequently to statement of income and expenditure			
Remeasurement of staff retirement benefits		(68,655,673)	10,151,523
Total comprehensive income for the year		595,856,302	741,744,059

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 CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	Issued, subscribed and paid up capital	Accumulated surplus	Total
	----------	Rupees	----------
Balance as at July 01, 2020	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
Total comprehensive income for the year			
Surplus for the year	-	664,511,975	664,511,975
Other comprehensive (loss)	-	(68,655,673)	(68,655,673)
	-	595,856,302	595,856,302
Balance as at June 30, 2022	50,000,000	6,474,410,494	6,524,410,494

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, 2022

	Note	2022 Rupees	2021 Rupees
A) CASH FLOW FROM OPERATING ACTIVITIES			
Cash flow from operations	36	(904,468,725)	3,780,523,728
Finance cost paid		(1,499,428)	(6,998,177)
Return on bank deposits received		677,876,661	460,010,136
Long term security deposits (paid)/received		(26,017,200)	138,394
Retention money		(195,952,316)	16,693,081
Security deposits		22,254,997	81,503,670
Gratuity contributions paid		(91,157,362)	(40,997,724)
Net cash flow from operating activities		(518,963,373)	4,290,873,108
B) CASH FLOW FROM INVESTING ACTIVITIES			
Additions in			
Operating fixed assets		(74,114,244)	(87,146,886)
Capital work in progress		(252,030,328)	(98,155,047)
Short term investments made		(1,475,000,000)	(3,800,000,000)
Proceeds from disposal of property and equipment		-	820,000
Net cash flow from investing activities		(1,801,144,572)	(3,984,481,933)
C) CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term loans		(120,550,000)	(120,550,000)
Long term loan obtained		4,020,036,131	100,000,000
Net cash flow from financing activities		3,899,486,131	(20,550,000)
Net increase in cash and cash equivalents (A+B+C)		1,579,378,186	285,841,175
Cash and cash equivalents at the beginning of the year		1,711,275,712	1,425,434,537
Cash and cash equivalents at the end of the year		3,290,653,898	1,711,275,712

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

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;
- 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 19).

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 followed.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

2.3 Functional and presentation currency

These financial statements 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:

	Note
• Residual values and useful lives of depreciable assets	4.7
• Valuation of land held for development purposes;	4.11
• Provisions	4.6

3 Standards, amendments to standards and interpretations

3.1 Standards, amendments to standards and interpretations becoming effective in current year

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 current year but not relevant

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 p

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 statements; and
- 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 company.

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 method.

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 charge or impairment.

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 profit or loss.

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.

		2022	2021
5	**Share Capital**	Rupees	Rupees
5.1	**Authorized share capital**		
	15,000,000 (2021:15,000,000) ordinary shares of Rupees 10 each	150,000,000	150,000,000
5.2	**Issued, subscribed and paid up capital**		
	5,000,000 (2021:5,000,000) ordinary shares of Rupees 10 each fully paid in cash	50,000,000	50,000,000

5.2.1 100% shares of the Company are held by the Government of the Punjab through its Industries, Commerce Investment and Skill Development Department.

		Note	2022	2021
6	**Long term financing**		Rupees	Rupees
	From the Government of Punjab - Un-secured			
	In cash	6.1	10,808,457,667	9,023,136,500
	In shape of land	6.2	338,889,997	416,347,636
			11,147,347,664	9,439,484,136
	Less: current portion			
	Installments due		7,393,550,000	6,723,000,000
	Payable within one year		650,000,000	670,550,000
			8,043,550,000	7,393,550,000
			3,103,797,664	2,045,934,136

6.1 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% (2021: 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 15.7% per annum (2021: 12% per annum) using the discounted cash flow method and unearned interest income is recognized as deferred interest 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	93,500,000
Loan II	10	2	31-12-13	31-12-22	Vehari Industrial Estate	15,100,000

Description	No of installments		Starting date	Ending date	Related to the project	Balance in Rupees
	Total	Out-standing				
Loan III	10	2	31-12-13	31-12-22	Shifting of Industry to Sundar Industrial	10,000,000
Loan IV	10	2	31-12-13	31-12-22	Combined effluent treatment plant	1,950,000
Loan V	3	3	30-6-17	30-6-19	Vehari Industrial Estate	150,000,000
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
Loan XIV	5	5	02-11-21	01-11-28	Bahawalpur Industrail state and Quaid-e-Azam business park	2,229,500,000

Description	No of installments		Starting date	Ending date	Related to the project	Balance in Rupees
	Total	Out-standing				
Loan XV	5	5	10-03-22	09-03-29	Quaid-e-Azam Business Park	1,150,000,000
Loan XVI	5	5	02-18-22	02-17-29	Vehari Industrial Estate	383,461,000
Loan XVII	5	5	03-10-22	03-09-29	Quaid-e-Azam Business Park	250,000,000
						13,456,511,000
Deferred interest (Refer Note 8.1)						(2,648,053,333)
						10,808,457,667

6.2 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 15.7 % per annum (2021: 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 interest 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	390.8	13 years	Bhalwal Industrial Estate	130,566,562
Loan II	200	13 years	Vehari Industrial Estate	132,000,000
Loan III	130.1	13 years	Chunian Industrial Estate	103,203,387
Loan IV	483.7	13 years	Bahawalpur Industrial Estate	1,064,085,000
				1,429,854,949
Deferred interest income(Refer Note 8.2)				(1,090,964,952)
				338,889,997

			2022	2021
7	**Deferred Income**	Note	Rupees	Rupees
	Opening balance		162,259,723	180,288,581
	Amortization for the year	28	(16,358,107)	(18,028,858)
	Closing balance		145,901,616	162,259,723

7.1 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.

			2022	2021
8	**Deferred Interest income**	Note	Rupees	Rupees
	On long term financing			
	In cash	8.1	2,638,865,232	533,888,369
	In shape of land	8.2	1,090,964,952	1,013,507,313
			3,729,830,184	1,547,395,682
8.1	**Deferred interest income on long term financing in cash**			
	Opening balance		540,963,500	780,749,049
	Charge during the year		4,369,094,944	37,806,684
	Amortization for the year		(2,262,005,111)	(277,592,233)
			2,648,053,333	540,963,500
	Less: current portion		(9,188,101)	(7,075,131)
	Closing balance		2,638,865,232	533,888,369
8.2	**Deferred interest income on long term financing in shape of land**			
	Opening balance		1,013,507,313	1,058,115,987
	Amortization for the year		77,457,639	(44,608,674)
	Closing balance		1,090,964,952	1,013,507,313
9	**Deferred grant**			
	Un-utilized grant	9.1	180,000,000	180,000,000
	Related to assets			
	Opening balance		17,689,266	21,522,810
	Grants amortized related to assets	28	(3,070,440)	(3,833,544)
		9.2	14,618,826	17,689,266
			194,618,826	197,689,266

9.1 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.

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

10 Staff retirement benefits

The latest actuarial valuation of the Company's defined benefit gratuity scheme was conducted on 30 June 2022 using projected unit credit method. Details of obligation for defined benefit gratuity scheme is as follows:

	2022 Rupees	2021 Rupees
Liability for defined benefit obligation	284,504,616	197,804,706
Fair value of plan assets	(267,232,293)	(183,545,874)
Net liability for defined benefit obligations	17,272,323	14,258,832

10.1 Movement in net liability for defined benefit obligation

	2022	2021
Opening balance	14,258,832	33,490,252
Provision for the year	25,594,770	32,134,681
Payment during the year	-	114,023
Transfer to fund	(91,157,362)	(41,111,747)
Remeasurement of defined benefit obligation	68,655,673	(10,151,523)
Closing balance	17,272,323	14,258,832

10.2 Movement in liability for defined benefit obligation

	2022	2021
Present value of defined benefit obligation at beginning of the year	197,804,706	180,777,136
Current service cost for the year	29,133,277	31,325,877
Interest cost for the year	19,030,935	14,572,437
Benefit payment from employer	(79,590)	(216,854)
Benefits paid during the year	(17,869,757)	(11,721,313)
Experience adjustments (actuarial (loss)/gain)	56,485,045	(16,932,577)
Present value of defined benefit obligation at end of year	284,504,616	197,804,706

10.3 Changes in fair value of plan assets

	2022	2021
Fair value of plan assets	183,545,874	147,286,884
Contributions during the year	91,157,362	41,111,747
Interest income on plan assets (Expected refund)	22,569,442	13,763,633
Benefits paid during the year	(17,869,757)	(11,835,336)
Experience adjustments on return on plan assets (Actuarial loss)	(12,170,628)	(6,781,054)
Fair value of plan assets	267,232,293	183,545,874

10.4 Expenses to be recognized in statement of income and expenditure

	2022	2021
Current service cost	29,133,277	31,325,877
Interest cost on defined benefit obligation	19,030,955	14,572,437
Interest income on plan assets	(22,569,442)	(13,763,633)
Expenses chargeable to statement of income and expenditure	25,594,790	32,134,681

	2022	2021
10.5 Remeasurement chargeable in other comprehensive income	Rupees	Rupees
Experience adjustments on plan obligations	56,485,045	(16,932,577)
Experience adjustments on return on plan assets	12,170,628	6,781,054
	68,655,673	(10,151,523)

10.6 Significant actuarial assumptions

Discount rate used	13.50%	10.25%
Salary increased used for year end obligations	12.50%	9.25%
Mortality rates	SLIC 2001-05	SLIC 2001-05
	Setback 1 Year	Setback 1 Year
Withdrawal rates	Age based (per appendix)	Age based (per appendix)
Retirement assumption	Age 60	Age 60

10.7 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, 2022 and 2021 would have been as follows:

	2022	2021
	Rupees	Rupees
Discount rate increase by 100 BPS	250,366,527	175,834,704
Discount rate decrease by 100 BPS	306,889,517	217,511,429
Salary increase by 100 BPS	307,203,076	217,685,226
Salary decrease by 100 BPS	249,579,788	175,296,980

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.

	Note	2022	2021
		Rupees	Rupees
11 Retention money payable		342,559,050	329,873,097
	14	(315,234,232)	(106,595,963)
Retention money payable		27,324,818	223,277,134
Less: current portion			

12 Security deposits		
Against electricity Connections	610,144,050	587,859,053
Security deposit against rent	3,977,250	4,007,250
	614,121,300	591,866,303

		Note	2022 Rupees	2021 Rupees
	Advances from customers against sale of plots			
13				
	Opening balance		5,189,380,026	1,716,828,815
	Received during the year		6,416,884,388	3,713,446,651
			11,606,264,414	5,430,275,466
	Adjusted / refunded during the year		(1,424,448,447)	(240,895,440)
	Closing balance		10,181,815,967	5,189,380,026
	13.1 Break up of advances from customers against sale of plots is as under:			
	Sundar Industrial Estate		407,882,716	407,914,805
	Multan Industrial Estate Phase I		78,256,610	36,705,580
	Multan Industrial Estate Phase II		231,674,478	109,863,494
	Rahim Yar Khan Industrial Estate		1,119,189,663	965,221,662
	Bhalwal Industrial Estate		825,124,411	693,031,856
	Vehari Industrial Estate		312,093,084	313,711,050
	Quaid-e-Azam Business Park		7,207,595,005	2,662,931,579
			10,181,815,967	5,189,380,026
	Trade and other payables			
14	Creditors		1,829,181,661	964,003,846
	Accrued liabilities		48,703,574	29,759,707
	Withholding income tax		133,871,928	115,637,564
	Funds for development of a project of the project of the Government	14.1	64,060,377	160,338,779
	Current portion of retention money payable	11	315,234,232	106,595,963
	Other payables	14.2	490,205,692	307,301,284
			2,881,257,464	1,683,637,143

14.1 Funds for development of a project of the Government

	Note	2022 Rupees	2021 Rupees
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		1,459,231,221	1,406,645,689
Utilized during the year		96,278,402	52,585,532
		(1,555,509,623)	(1,459,231,221)
	14.1.1	64,060,377	160,338,779

14.1.1 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.

14.2 This includes advances of Rs. 259.19 million (2021: 259.19) refundable to Ms. Alokozay FZE owing to change of its decision to purchase plots in Quaid-e-Azam Business Park.

15 Contingencies and Commitments

Contingencies	2022 Rupees	2021 Rupees
- Accumulated default surcharge on delay in repayment of certain long term loans to government of the Punjab not acknowledged due to pending settlement.	520,620,296	366,961,897

- 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.

Commitments	2022 Rupees	2021 Rupees
Commitments under contracts for;		
- Development projects	877,380,000	613,641,150
- Software	731,250	731,250

16 Operating fixed assets

	2022									
	Cost				Accumulated Depreciation					
	Cost as at July 1, 2021	Additions during the year	Deletions during the year	Cost as at June 30, 2022	as at July 1, 2021	Depreciation for the year	Depreciation on disposal	as at June 30, 2022	as at June 30, 2022	rate of depreciation %
Land	12,480,403	-	-	12,480,403	-	-	-	-	12,480,403	0
Building	258,569,577	5,024,745	-	263,594,322	(109,521,435)	(14,429,397)	-	(123,950,832)	139,643,490	10
Office equipments	49,959,405	3,727,902	-	53,687,307	(32,771,660)	(4,489,972)	-	(37,261,632)	16,425,675	20
Lab Equipments	66,827,753	95,940	-	66,923,693	(59,890,250)	(1,967,598)	-	(61,857,848)	5,065,845	30
Computers	65,917,722	5,263,680	-	71,181,402	(47,976,022)	(5,743,280)	-	(53,719,302)	17,462,100	30
Furniture and fixture	28,756,242	4,101,058	-	32,857,300	(21,199,171)	(1,847,441)	-	(23,046,612)	9,810,688	20
Electric installation	3,297,794	-	-	3,297,794	(2,971,522)	(65,254)	-	(3,036,776)	261,018	20
Machinery	52,064,068	22,482,620	-	74,546,688	(29,631,443)	(6,241,862)	-	(35,873,305)	38,673,383	20
Vehicles	227,582,211	32,802,410	-	260,384,621	(131,507,161)	(20,145,155)	-	(151,652,316)	108,732,305	20
Transformer	267,971,961	-	-	267,971,961	(105,712,235)	(16,358,107)	-	(122,070,342)	145,901,619	10
Grid Stations	93,200,064	2,598,996	-	95,799,060	(10,138,420)	(4,261,374)	-	(14,399,794)	81,399,266	5
BillBoard	12,749,226	450,453	-	13,199,679	(1,298,193)	(2,320,237)	-	(3,618,430)	9,581,249	
	1,139,376,426	76,547,804	-	1,215,924,230	(552,617,512)	(77,869,677)	-	(630,487,189)	585,437,041	

	2021									
	Cost				Accumulated Depreciation					
	Cost as at July 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	

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

	Note	2022 Rupees	2021 Rupees
Infrastructure maintenance expenses	31	23,515,264	21,265,268
Cost of electricity supply	27.1	4,261,374	4,371,666
Administrative expenses	32.0	50,093,040	47,676,981
		77,869,678	**73,313,915**

16.2 It includes depreciation expense on grant assets (laboratory equipment and building of PDTRC) amounting to Rs. 3,833,544 (2021: Rs. 3,833,544) (Refer Note 10).

17 Capital work in progress

	Opening	Additions	Transferred to operating fixed assets	Closing
		Rupees		
2022				
Office buildings	1,606,805	16,975,711	-	18,582,516
Machinery	2,433,560	-	(2,433,560)	-
Surveillance System	7,615,760	309,592	-	7,925,352
Grid stations	395,915,904	234,745,025	-	630,660,929
	407,572,029	252,030,328	(2,433,560)	657,168,797
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

18 Long term security deposits

	2022	2021
Against electricity connections	244,887,523	194,154,113
Others	-	24,716,210
	244,887,523	218,870,323

19 Land held for development and resale

	Note	2022	2021
Sunder Industrial Estate (plots)		105,488,557	94,049,430
Multan Industrial Estate II	19.1	116,856,489	53,155,290
Bhalwal Industrial Estate	19.1&19.2	2,647,778,194	1,942,417,810
Rahim Yar Khan Industrial Estate		1,682,021,090	1,708,252,888
Bahawalpur Industrial Estates	19.1	2,511,911,875	1,372,082,184
Vehari Industrial Estate	19.1&19.2	1,068,908,915	1,028,517,983
Quaid-e-Azam Business Park		9,161,303,822	5,891,569,751
Chunian Industrial Estate	19.1	450,382,030	412,587,311
Quaid-e-Azam Industrial Estate (plots)		25,341,651	25,341,651
Research & Planning (others progressive projects)		92,046,131	75,133,347
	19.3	17,862,038,754	12,603,107,645

19.1 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.

19.2 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.

19.3 This includes borrowing cost capitalized amounting to Rs. 169.99 million (2021: 137.83 million) against loans received from the Government of Punjab.

20 Trade receivables

	Note	2022 Rupees	2021 Rupees
Unsecured			
Considered good			
Electricity bills receivables		1,789,729,537	1,066,476,060
Operation and maintenance charges receivable		55,805,435	53,156,558
Water charges receivable		5,714,112	4,164,842
Aquifer charges receivable		16,663,096	1,026,960
Sewerage charges receivable		15,194,071	10,415,957
Rentals receivable		-	326,682
Sub letting fee receivable		919,892	871,540
Mark-up on outstanding dues		20,455,515	17,303,110
Receivables against fee and penalties		1,920,774	-
		1,906,402,432	1,153,741,709
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	11,941,662
Aquifer charges receivable		556,892	556,892
Sewerage charges receivable		12,023,849	12,023,849
Rentals receivable		859,618	1,759,461
Annual recurring expenses receivable		891,081	893,394
Additional cost of land receivable		64,000	64,000
Sub letting fee receivable		5,075,898	5,075,898
Violation fee receivable		100,000	100,000
Receivables against fee and penalties		43,187,931	26,195,373
Mark-up on outstanding dues		26,655,739	26,655,739
Non utilization fee receivable		548,092,299	544,075,202
		722,834,045	702,726,546
Less: Provision for doubtful balances	20.1	(701,400,310)	(702,726,546)
		21,433,735	-
		1,927,836,167	1,153,741,709

20.1 Provision for doubtful receivables

Opening balance		702,726,546	604,185,313
Provision / (reversals) for the year	32 & 29	(1,326,236)	164,578,063
Recoveries / adjustments made during the year		-	(66,036,830)
Closing balance		701,400,310	702,726,546

21 Advances, deposits, prepayments and other receivables

Considered good			
Advances			
to suppliers / contractors		960,061,788	51,806,454
to employees		26,567,929	10,754,099
for expenses		1,216,241	29,241,170
Security deposits		3,691,427	3,478,927
Prepayments		11,245,083	10,431,278
Other receivables			
Sales tax adjustable / refundable		183,029,045	40,046,631
Receivable from subsidiary	21.1	19,500,000	19,500,000
Others		3,129,116	7,048,614
		1,208,440,629	172,307,173
Considered doubtful			
Advance against deposits work		80,292,860	80,292,860
Donation recoverable from plot owners		167,035	167,035
Other receivables		263,764	263,764
Less: Provision for doubtful balances		(80,723,659)	(80,723,659)
		-	-
		1,208,440,629	172,307,173

21.1 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.

	2022	2021
22 Short term investments	Rupees	Rupees
Term deposit receipts	8,865,000,000	7,390,000,000

22.1 These are subject to mark up at the rates ranging from 6.85% to 15.8% (2021: 6.70% to 13.20%).

		2022	2021
23 Cash and bank balances	Note	Rupees	Rupees
Cash in hand		801,452	694,709
Cash at bank			
Current accounts		701,909	910,190
Deposit accounts	23.1	3,289,150,537	1,709,670,813
	23.2	3,289,852,446	1,710,581,003
		3,290,653,898	1,711,275,712

23.1 These carry mark up at the rates ranging from 4% to 12.25% per annum (2021: 4% to 8.25% per annum).

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

		Note	2022 Rupees	2021 Rupees
24	**Income from sale of plots**			
	(Sale Return) / Sale of plots			
	Sundar Industrial Estate		-	192,483,987
	Multan Industrial Estate Phase II		-	107,999,987
	Rahimyar Khan Industrial Estate		-	38,048,546
	Bhalwal Industrial Estate		(91,633,400)	115,999,710
	Vehari Industrial Estate		(20,840,350)	34,431,606
	Quaid-e-Azam Industrial Estate		-	-
			(112,473,750)	488,963,836
	Cost of plots sold / returned			
	Sundar Industrial Estate		-	26,173,655
	Multan Industrial Estate Phase II		-	95,837,985
	Rahimyar Khan Industrial Estate		-	38,149,957
	Bhalwal Industrial Estate		(13,145,914)	106,526,655
	Vehari Industrial Estate		(18,306,226)	38,404,833
			(31,452,140)	305,093,085
			(81,021,610)	183,870,751

		Note	2022 Rupees	2021 Rupees
25	**Fees**	25.1	273,462,450	370,358,807

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

26 Operation, maintenance and allied services billing

	2022 Rupees	2021 Rupees
Operation & maintenance	265,463,588	244,275,135
Water	90,260,046	77,327,621
Aquifer	118,864,977	107,507,383
	474,588,611	429,110,139

		Note	2022 Rupees	2021 Rupees
27	**Income from electricity supply**			
	Electricity billing		14,032,335,778	9,881,573,479
	Sales tax		(2,062,419,587)	(1,456,136,258)
			11,969,916,191	8,425,437,221
	Less: Cost of electricity supply	27.1	(11,893,357,078)	(8,357,014,303)
			76,559,113	68,422,918

27.1 Cost of electricity supply	Note	2022 Rupees	2021 Rupees
Electricity purchased		11,815,285,550	8,288,907,718
Staff salaries and benefits		55,856,859	52,183,472
Fuel		4,554,091	4,050,211
Repairs and maintenance of vehicle		7,435,660	3,386,011
Depreciation	16.1	4,261,374	4,371,666
Printing and stationery		1,081,076	467,878
Insurance		1,807,569	689,679
Entertainment		2,315,060	406,060
Utilities		285,381	561,371
Uniform and liveries		474,458	1,990,237
		11,893,357,078	8,357,014,303

28 Amortization of deferred income / grant

	Note	2022 Rupees	2021 Rupees
Amortization of deferred income	7	16,358,107	18,028,858
Amortization of grant	9	3,070,440	3,833,544
		19,428,547	21,862,402

29 Other income

	2022 Rupees	2021 Rupees
Mark up on outstanding dues	8,903,253	8,399,137
Electricity load charges	-	87,285,880
Sale of electrical material	14,000	117,200
Balances written back	-	29,593,144
Reversal of provision for doubtful balances	1,326,236	-
Miscellaneous income	37,471,994	34,436,129
	47,715,483	159,831,490

30 Estates maintenance expenses

	2022 Rupees	2021 Rupees
Road and water supply development cost	59,043,077	26,591,209

30.1 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.

31 Infrastructure maintenance expenses	Note	2022 Rupees	2021 Rupees
Staff salaries and benefits		210,286,100	180,597,521
Road, drain and sewerage cleaning		39,005,793	29,275,469
Solid waste expenses		-	8,273,490
Cost of chemical consumed		1,133,944	909,178
Maintenance electrical system		-	293,399
Security		11,212,798	6,187,045
Maintenance disposal station		33,529,821	48,618,980
Fuel and power		22,215,020	14,074,927
Repairs and maintenance		14,339,878	10,570,471
Depreciation	16.1	23,515,264	21,265,268
General maintenance		52,035,170	56,847,208
Insurance		524,227	343,144
Utilities		61,725,021	53,121,186
Uniform and liveries		13,900	542,860
Miscellaneous		2,696,642	967,616
		472,233,578	431,887,762

32 Administrative expenses	Note	2022 Rupees	2021 Rupees
Staff salaries and benefits		252,659,818	216,703,818
Rent, rates and taxes		2,441,488	4,391,511
Repairs and maintenance		16,275,833	10,975,933
Fuel and power		31,760,922	17,764,388
Insurance		6,901,419	7,948,669
Travelling and conveyance		8,251,148	6,505,983
Utilities		10,969,066	8,170,814
Printing and stationery		4,330,758	4,875,281
Network and website expenses		7,869,685	4,986,399
Advertisement		1,586,654	1,695,503
Security charges		160,219	197,280
Entertainment		3,971,696	2,372,001
Depreciation	16.1	50,093,040	47,676,981
Amortization		216,664	39,201
Postage		839,863	1,267,332
Legal and professional charges		9,315,054	8,742,899
Bad debts written off		11,508,839	114,650
Provision for doubtful receivables	20	-	164,578,063
Auditor's remuneration	32.1	880,000	880,000
Books and periodicals		73,340	106,571
Janitorial services		372,715	348,026
Fees and subscriptions		932,336	868,105
Uniform and liveries		3,380,429	712,889
Miscellaneous		1,385,431	815,684
		426,176,417	512,737,981

	Note	2022 Rupees	2021 Rupees
32.1 Auditor's remuneration			
Audit fee		787,500	787,500
Out of pocket expenses		92,500	92,500
		880,000	880,000

Selling expenses

	Note	2022 Rupees	2021 Rupees
Staff salaries and benefits		10,578,560	8,869,612
Image building and branding		2,058,283	1,713,328
Marketing and promotion		13,442,370	7,850,015
Advertisement		48,680	2,073,643
Rent, rates and taxes		-	2,288,352
Repair and maintenance		529,990	359,565
Insurance		194,717	224,857
Utilities		1,668,300	1,272,940
Entertainment		136,690	81,683
Printing and stationery		468,666	76,444
Others		359,951	72,962
		29,486,207	24,883,401

Finance cost

	Note	2022 Rupees	2021 Rupees
Interest on long term financing - net	34.1	702,060	1,003,437
Bank charges		595,303	6,094,052
		1,297,363	7,097,489
34.1 Interest on long term financing - net			
Interest on long term financing	6	2,185,249,532	323,204,344
Amortization of deferred interest income	8	(2,184,547,472)	(322,200,907)
		702,060	1,003,437

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.

36 **Cash flow from operations**	Note	2022 Rupees	2021 Rupees
Surplus for the year		595,856,302	741,744,059
Adjustment for non cash and other items:			
Depreciation	16	77,869,677	73,313,915
Amortization	#REF!	216,664	39,201
Finance cost		1,297,363	7,097,489
Amortization of grant / income	28	(19,428,547)	(21,862,402)
Bad Debts	32	11,508,839	114,650
Gain on sale of property, plant and equipment		-	-
Balances written back		-	(29,593,144)
Return on bank deposits		(807,048,646)	(466,012,361)
Provision / (reversals) for the year	20	(1,326,236)	164,578,063
Remeasurement (gain) / loss		68,655,673	(10,151,523)
Provision for staff retirement gratuity	10	25,594,770	32,134,681
		(642,660,443)	(250,341,431)
Cash flow before working capital changes		(46,804,141)	491,402,628
Working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		6,991,392	13,515,029
Land held for development and resale		(5,258,931,109)	(587,119,389)
Trade receivables		(785,603,297)	(1,342,582)
Advances, deposits, prepayments and other receivables		(1,042,782,126)	1,810,287
Income tax refundable		(750,521)	(2,931,803)
Increase / (decrease) in current liabilities			
Advances from customers against sale of plots		4,992,435,941	3,472,551,211
Accrued mark up on long term financing		33,354,815	26,481,450
Trade and other payables		1,197,620,321	366,156,897
		(857,664,584)	3,289,121,100
Cash flow from operations		(904,468,725)	3,780,523,728

37 Financial risk management objectives and policies

37.1 Financial risk factors

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

Financial instruments by category

	2022	2021
Financial assets at amortized cost:	Rupees	Rupees
Long term security deposits	244,887,523	218,870,323
Short term investments	8,865,000,000	7,390,000,000
Trade receivables	1,927,836,167	1,153,741,709
Accrued interest on short term investments	268,148,808	138,976,823
Advances, deposits, prepayments and other receivables	1,208,440,629	172,307,173
Bank balances	3,289,852,446	1,710,581,003
	15,804,165,572	10,784,477,031
Financial liabilities at amortized cost:		
Long term financing	11,147,347,664	9,439,484,136
Security deposits	614,121,300	591,866,303
Trade and other payables	2,683,325,159	1,407,660,800
Retention money payable	27,324,818	223,277,134
Accrued mark up on long term financing	170,276,644	136,921,829
	14,642,395,585	11,799,210,202

(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 in 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 and 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:

	2022 Rupees	2021 Rupees
Variable rate financial assets		
Deposit accounts	3,289,150,537	1,709,670,813
Fixed rate financial assets		
Short term investments	8,865,000,000	7,390,000,000
Fixed rate financial liabilities		
Loan from Government of Punjab	13,456,511,000	9,557,024,869

(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:

	2022 Rupees	2021 Rupees
Financial assets at amortized cost		
Long term security deposits	244,887,523	218,870,323
Short term investments	8,865,000,000	7,390,000,000
Trade receivables	1,927,836,167	1,153,741,709
Accrued interest on short term investments	268,148,808	138,976,823
Advances, deposits, prepayments and other receivables	1,208,440,629	172,307,173
Bank balances	3,289,852,446	1,710,581,003
	15,804,165,572	10,784,477,031

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

	2022 Rupees	2021 Rupees
Past due 0-365 days	1,658,417,555	1,270,978,054
Past due 366 - 720 days	54,429,801	41,713,911
Past due 721 & above	890,910,887	682,776,290
	2,603,758,243	1,995,468,255

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, 2022 and 2021;

	Carrying amount	Contractual cash flows	With in one year	Over one year but less than five years
	………Rupees………			
2022				
Financial liabilites				
Long term financing	11,147,347,664	13,332,597,196	8,043,550,000	3,103,797,664
Security deposits	614,121,300	614,121,300	-	614,121,300
Trade and other payables	2,683,325,159	2,683,325,159	2,683,325,159	-
Retention money payable	342,559,050	342,559,050	315,234,232	27,324,818
Accrued mark up on long term financing	170,276,644	170,276,644	170,276,644	-
	14,957,629,817	17,142,879,349	11,212,386,035	3,745,243,782
2021				
Financial liabilites				
Long term financing	9,439,484,136	9,762,688,480	8,043,550,000	1,395,934,136
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	9,694,728,592	2,211,077,573

37.2 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.

37.3 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 Punjab.

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.

38 Chief Executive Officer, Directors and Executive remuneratio	2022 Rupees	2021 Rupees
Chief Executive Officer		
Managerial remuneration	6,800,000	5,571,514
Reimbursements of expenses	538,680	12,600
Retirement benefits (Gratuity)	625,000	-
	7,963,680	5,584,114
Number of persons	1	1
Directors		
Number of persons	14	14

	2022 Rupees	2021 Rupees
Executives		
Managerial remuneration	193,737,612	164,505,604
Reimbursements of expenses	10,834,597	4,412,165
Retirement	21,143,313	13,595,149
	225,715,522	182,512,918
Number of persons	86	75

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

39 Transactions with related parties

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

Name and basis of relationship	Particulars	2022 Rupees	2021 Rupees
Receivable from related parties			
Advances to Executives	Advance against		
Punjab Environmental Effluent Treatment Company-Federal Government Entity	Loan	19,500,000	19,500,000
Lahore Electric Supply Company-Federal Government	Advance against	80,292,860	80,292,860
Transactions are as			
Pakistan Telecommunication Company Ltd-Federal Government	Utility services received	759,074	666,327
National Telecommunication Corporation-Federal Government	Utility services received	143,348	188,947
Lahore Electric Supply Company-Federal Government	Utility services received	12,251,157,735	17,533,325,777
Multan Electric Power Company	Utility services received	1,088,380,352	109,171,433
Faisalabad Electric Supply Company	Utility services received	881,948,126	9,489,136
Water and Sanitaion Agency, Lahore-Provincial Government	Utility services received	4,036,044	170,000
National Insurance Company Limited-Federal Government	Insurance	7,161,384	7,595,764
Sui Northern Gas Pipelines Limited-Federal Government	Utility services received	169,150	114,330
Directorate General Public Relations-	Advertisment	33,872,223	28,108,369
COMSATS Internet Services-Provincial	Internet	302,755	306,887
Government of Punjab	Loan repaid	121,152,750	-
PPRA	Utility services received	162,000	-

Lahore Waste Management Company (LWMC)	Waste management	200,000	-
Pakistan National Accreditation Council	Other utilities	142,400	-

Name and basis of relationship	Particulars	2022 Rupees	2021 Rupees
Advances to Executives		-	5,400,000
Government of Punjab-EOBI	EOBI	4,372,515	3,701,072
Government of Punjab-PESSI	PESSI	1,041,504	-

40 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:

	2022	2021
Total number of employees as at 30 June	668	693
Average number of employees during the year	680	700

41 Date of authorization

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

Chief Executive Officer

Chief Financial Officer

Chairman