IGNITE

(A Company incorporated under section 42 of the Companies Act, 2017)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2022

IGNITE
Diary No. 2
Date 22/9/22

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INDEPENDENT AUDITOR'S REPORT

To the members of Ignite

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Ignite (the Company), which comprise the statement of financial position as at June 30, 2022, and the statement of comprehensive income, the statement of changes in fund, 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 comprehensive income, the statement of changes in fund 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 loss, the changes in fund and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

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 and our auditor's reports thereon.

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

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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.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Asim Masood Iqbal.

Chartered Accountants
Islamabad
Date: September 28, 2023
UDIN: AR202210053T1pbo3asz

IGNITE
(A Company incorporated under section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rs '000	2021 Rs '000
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	29,232	34,357
Intangible assets	7	1,686	-
Right of use asset	8	200,588	171,463
Long term security deposit	9	3,219	-
Long term loans and advances - considered good	10	4,857	1,028
		239,582	206,848
CURRENT ASSETS			
Loans and advances - considered good	10	118,252	18,946
Short term prepayments		337	615
Funds receivable	11	342,353	429,685
Accrued interest on bank balance		124	4,026
Bank balances	12	18,989	207,774
		480,055	661,046
TOTAL ASSETS		719,637	867,894
FUNDS AND LIABILITIES			
FUNDS			
Unrestricted funds		1,444	6,709
NON CURRENT LIABILITIES			
Lease liabilities	13	178,231	152,022
Deferred capital grant	14	30,918	34,357
		209,149	186,379
CURRENT LIABILITIES			
Current portion of lease liabilities	13	47,648	29,415
Trade and other payables	15	461,396	645,391
		509,044	674,806
TOTAL FUNDS AND LIABILITIES		719,637	867,894
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes 1 to 26 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

IGNITE
(A Company incorporated under section 42 of the Companies Act, 2017)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rs '000	2021 Rs '000
INCOME			
Grant income recognized	17	1,159,385	845,125
EXPENDITURE			
Project / program activities	18	846,236	580,003
Operating costs	19	278,394	249,632
Finance costs	20	11,787	9,346
		1,136,417	838,981
SURPLUS FOR THE YEAR		**22,968**	**6,144**
OTHER COMPREHENSIVE INCOME / (LOSS)			
Items that will not be subsequently reclassified to income and expenditure			
Re-measurement (loss) on staff gratuity	15.3.4	(22,968)	(6,144)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-

The annexed notes 1 to 26 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

IGNITE
(A Company incorporated under section 42 of the Companies Act, 2017)
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Unrestricted Funds Rs '000
Balance at July 1, 2020	6,709
Surplus for the year	6,144
Other comprehensive loss for the year	(6,144)
Total comprehensive income for the year	-
Balance at June 30, 2021	**6,709**
Surplus for the year	22,968
Other comprehensive loss for the year	(22,968)
Return of funds to Ministry of Information Technology and Telecommunication	(5,265)
	(5,265)
Balance at June 30, 2022	**1,444**

The annexed notes 1 to 26 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

IGNITE
(A Company incorporated under section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rs '000	2021 Rs '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	22,968	6,144
Adjustments for:		
Depreciation on property and equipment	9,705	5,873
Amortization on intangble assets	647	-
Depreciation on right of use asset	42,700	26,379
Finance costs	13,819	9,346
Loss on disposal of property and equipment	-	84
Amortization of deferred capital grant	(10,352)	(5,873)
Amortization of funds receivable	(1,149,033)	(839,252)
Provision for staff gratuity	12,572	8,729
	(1,056,974)	(788,570)
Changes in:		
Long term loans and advances - considered good	(3,829)	(1,028)
Loans and advances - considered good	(99,306)	2,010
Long term security deposit	(3,219)	-
Short term prepayments	278	(615)
Trade and other payables	(201,507)	3,334
	(307,583)	3,701
Cash (used in) operating activities	(1,364,557)	(784,869)
Contribution made to staff gratuity fund	(18,028)	(12,269)
Funds received during the year	1,240,000	707,298
Interest income received on bank balance	4,111	19,073
Refund of scholarship / unspent funds	2,057	193
Net cash flow (used in) operating activities	(136,417)	(70,574)
CASH FLOWS FROM INVESTING ACTIVITIES		
Return of funds to MoITT	(5,265)	-
Acquisition of property and equipment	(4,704)	(32,499)
Acquisition of intangible assets	(2,333)	-
Proceeds from disposal of property and equipment	1,136	280
Net cash flows (used in) investing activities	(11,166)	(32,219)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid during the year	(41,202)	(25,751)
Decrease in cash and cash equivalents	(188,785)	(128,544)
Cash and cash equivalents at the beginning of the year	207,774	336,318
Cash and cash equivalents at the end of the year	18,989	207,774

The annexed notes 1 to 26 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

IGNITE
(A Company incorporated under section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 THE COMPANY AND ITS OPERATIONS

1.1 Status and nature of activities

"Ignite" (the "Company") was incorporated in Pakistan on November 20, 2006, as a Not for Profit Company limited by guarantee and not having a share capital under section 42 of then applicable Companies Ordinance, 1984 (Repealed by the Companies Act, 2017). The Company was formed under Section 33(D) of Pakistan Telecommunication (Reorganization) Act, 1996. The registered office of the Company is situated at 3rd Floor, Telecom Foundation Complex, 7-Mauve Area, G-9/4, Islamabad.

Pursuant to Section 3 of the Research and Development Fund Rules 2006, operations of the Company are funded by the Ministry of Information Technology and Telecommunication (MoITT), Government of Pakistan through a Research and Development Fund (the "Fund"), [a separate entity established under section 33(C) of Telecommunication Re-organization (Amendment) Ordinance, 2005]. The Fund is under the control of Federal Government, which administers the Fund through a Policy Committee.

The primary objective of the Company is to promote research and development activities in the field of Information Communication Technologies (ICT) through disbursement of grants to implementing partners, received from the Government of Pakistan and other national and international funding agencies.

The Company's license issued by the Securities and Exchange Commission of Pakistan (SECP) under section 42 of the Companies Ordinance, 1984 (now Companies Act, 2017) expired on July 13, 2020. In accordance with the SECP's SRO 1574(I) / 2021 dated November 29, 2021, the requirement of renewal of license by the Company under section 42 of the Companies Act, 2017 has now been omitted from Associations with Charitable and Not for Profit Objects Regulations, 2018. Accordingly, renewal of license is not required to be obtained and the existing license issued by SECP dated July 14, 2015 remains valid.

2 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 of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of the Chartered Accountants of Pakistan (ICAP) as 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.

3 BASIS OF PREPARATION AND MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under 'historical cost convention' except as otherwise disclosed in respective accounting policy notes.

3.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees (PKR), which is the Company's functional currency. All financial information presented in PKR has been rounded off to the nearest of thousand, unless otherwise stated.

3.3 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions 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 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. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, management has made the following estimates and judgements which are significant to the financial statements:

i) Estimated useful life and residual value of property and equipment - note 5.1 and note 6
ii) Estimated value of staff retirement benefits obligations - note 5.6 and note 15.3
iii) Impairment of non-financial and financial assets - note 5.3 and note 5.4
iv) Expected credit loss allowance - note 5.4
v) Right of use assets and corresponding lease liabilities - note 5.11, note 8 and note 13
vi) Contingencies and commitments - note 16

4 NEW AND REVISED STANDARDS AND INTERPRETATIONS

4.1 Standards, interpretations and amendments to published approved accounting standards that are effective but have no material impact

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2021 are considered not to have any significant effect on the Company's financial statements.

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2023
IAS 8	Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IAS 41	Agriculture (Amendments)	January 1, 2022
IFRS 1	First-time adoption of International Financial Reporting Standards (Amendments)	January 1, 2022
IFRS 3	Business Combinations (Amendments)	January 1, 2022
IFRS 4	Insurance contracts (Amendments)	January 1, 2023
IFRS 9	Financial Instruments (Amendments)	January 1, 2022
IFRS 16	Leases (Amendments)	January 1, 2022

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts
IFRIC 12	Service Concession Arrangements issued by IASB has been waived off by SECP

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

5.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged using the straight-line method so as to write off the depreciable amount of property and equipment over their estimated useful lives. The rates used are stated in note 6 to the financial statements. Depreciation is charged on additions from the month the assets become available for intended use up to the month in which these are derecognized. The assets residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

Maintenance and normal repairs are charged to Statement of Comprehensive Income as and when incurred. Major extensions, renewals and improvements are capitalized.

5.2 Intangibles assets

An intangible asset is recognized if it is probable that future economic benefits that are attributable to such asset will flow to the Company and the cost of the asset can also be measured reliably. These are stated at cost less accumulated amortization and identified impairment loss, if any. Amortization is charged on a straight line basis so as to write off the amortizable amount of the intangible assets over their estimated useful life. Amortization is charged on additions from the month the assets become available for the intended use up to the month in which these are derecognized.

5.3 Impairment of non-financial assets

Assets that are subject to depreciation / amortisation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversals of the impairment losses are restricted to the extent that assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. An impairment loss or reversal of impairment loss is recognised in the statement of comprehensive income.

5.4 Financial instruments

Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"),
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.
Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Subsequent measurement

i) Financial assets at FVTOCI

Investments elected to be as equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of comprehensive income in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortized cost and FVTOCI. The Company recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

The key judgments and assumptions adopted by the Company in addressing the requirements of the IFRS 9 are outlined below:

Significant increase in credit risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the quantitative or qualitative criteria have been met including past due history, aging, probability of default etc.

Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired"), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime (Lifetime EAD). The expected amount to be drawn up is computed after adjustment of the appropriate credit factor.

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Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of financial instrument, counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Company has identified the key economic variables impacting credit risk and expected credit losses for each portfolio / party.

Derecognition of financial assets and liabilities

(i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in statement of comprehensive income. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to statement of comprehensive income. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to statement of comprehensive income, but it is transferred to statement of changes in equity.

(ii) Financial Liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income.

5.5 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents include cash in hand and bank balances.

5.6 Staff retirement benefits

Accumulated compensated absences

The Company accounts for accumulated compensated absences in the period in which these absences are earned. An accrual is made for employees compensated absences on the basis of accumulated leaves at the last drawn pay.

Gratuity scheme

The Company operates a funded gratuity scheme for its employees who have completed the qualifying period as defined under the respective scheme. Liabilities for the scheme are recognized on the basis of an actuarial valuation using the Projected Unit Credit Method. The latest actuarial valuation was performed on June 30, 2022 details of which are given in note 15.3.

Remeasurement gains and losses for the gratuity are recognized in full in the periods in which they occur in other comprehensive income and are not reclassified to income and expenditure account in subsequent periods. The past service costs are recognized at the earlier of when the amendment or curtailment occurs and when the Company has recognized related restructuring or terminations.

5.7 Restricted Funds and Grant Income

Grants are recognized as deferred income, when there is a reasonable assurance that the grant will be received and the Company will comply with the conditions associated with the grant. Amounts received from the Ministry of Information Technology are included in the balance of the restricted funds. Any income earned on these funds is also included in the fund. Any excess of expenditure incurred by the Company over the grant received is recognised as funds receivable in the statement of financial position, when the amount to be received can be reasonably estimated; and ultimate collection is reasonably assured.

Grants that compensate the Company for expenses incurred are recognized in income and expenditure in the same period in which the expenses are recognized. Grants that compensate the Company for cost of an asset are transferred to deferred capital grant and recognized in income and expenditure on a systematic basis over the expected useful life of the related asset, upon capitalization.

5.8 Expenditure on projects / programs activities

Grants received from Ministry of Information Technology, Government of Pakistan, are allocated to the projects / programs based on an evaluation of the envisaged projects' budget. Company recognises expenditure on projects / programs activities on accrual basis of accounting i.e. when expense is incurred by the implementing partner organization in accordance with the relevant agreements.

5.9 Taxation

The grant income of the Company is exempted under clause 102 (A) of the Second Schedule to the Income Tax Ordinance, 2001. Therefore, no provision for taxation has been made in these financial statements.

5.10 Provisions and contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and 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.

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation as a result of the past event but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with suffcient relaibility.

5.11 Leases

Right of use asset

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses incremental borrowing rate as the discount rate.

Lease payments in the measurement of the lease liability comprise the following:

i) fixed payments including in-substance fixed payments;

ii) variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;

iii) amounts expected to be payable by the lessee under residual value guarantees; and

iv) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

Variable lease payments are recognised in the statement of comprehensive income in the period in which the condition that triggers those payments occurs.

The Company has opted not to recognize right of use assets for short-term leases i.e. leases with a term of twelve (12) months or less. The payments associated with such leases are recognized in the statement of comprehensive income when incurred.

6 PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture and fittings	Vehicles	Office equipment	Computer equipment	Total
	Rs '000					
As at July 1, 2020						
Cost	-	6,685	111	3,247	33,397	43,440
Accumulated depreciation	-	(4,082)	(111)	(2,268)	(28,884)	(35,345)
Net book value	-	2,603	-	979	4,513	8,095
Year ended June 30, 2021						
Opening net book value	-	2,603	-	979	4,513	8,095
Additions	24,226	674	-	97	7,502	32,499
Disposals						
Cost	-	1,606	-	-	158	1,764
Accumulated depreciation	-	(1,242)	-	-	(158)	(1,400)
	-	(364)	-	-	-	(364)
Depreciation charge	(2,019)	(416)	-	(178)	(3,260)	(5,873)
Closing net book value	22,207	2,497	-	898	8,755	34,357
As at July 1, 2021						
Cost	24,226	5,753	111	3,344	40,741	74,175
Accumulated depreciation	(2,019)	(3,256)	(111)	(2,446)	(31,986)	(39,818)
Net book value	22,207	2,497	-	898	8,755	34,357
Year ended June 30, 2022						
Opening net book value	22,207	2,497	-	898	8,755	34,357
Additions	-	1,589	-	2,631	484	4,704
Disposals						
Cost	-	987	8	1,298	9,079	11,372
Accumulated depreciation	-	(892)	(8)	(1,269)	(9,079)	(11,248)
	-	(95)	-	(29)	-	(124)
Depreciation charge	4,845	437	-	337	4,086	9,705
Closing net book value	17,362	3,554	-	3,163	5,153	29,232
As at June 30, 2022						
Cost	24,226	6,355	103	4,677	32,146	67,507
Accumulated depreciation	(6,864)	(2,801)	(103)	(1,514)	(26,993)	(38,275)
Net book value	17,362	3,554	-	3,163	5,153	29,232
Annual rate of depreciation (%)	20	10	20	10	33	

7 INTANGIBLE ASSETS - SOFTWARES

	2022 Rs '000	2021 Rs '000
As at July 1,		
Cost	-	-
Accumulated amortisation	-	-
Net book value	-	-
Year ended June 30,		
Opening net book value	-	-
Additions	2,333	-
Amortisation charge	(647)	-
Closing net book value	1,686	-
As at June 30,		
Cost	2,333	-
Accumulated amortisation	(647)	-
Net book value	1,686	-
Annual rate of amortisation (%)	33	

8 RIGHT OF USE ASSET

	2022 Rs '000	2021 Rs '000
Cost		
Balance at the beginning of the year	197,842	-
Additions during the year	71,825	197,842
Balance at the end of the year	269,667	197,842
Accumulated depreciation		
Balance at the beginning of the year	(26,379)	-
Depreciation charge for the year	(42,700)	(26,379)
Balance at the end of the year	(69,079)	(26,379)
Net book value	200,588	171,463
Annual rate of depreciation (%)	19-20	20

8.1 Depreciation for the year is allocated as follows

	2022 Rs '000	2021 Rs '000
Project / program activities	(3,132)	-
Operating costs	(39,568)	(26,379)
	(42,700)	(26,379)

8.2 Right of use asset represents office premises, obtained on rent, by the Company. During the year, the Company had entered into agreements with its related parties i.e. University of Agriculture Faisalabad and University of Sindh for rental of office premises for National Incubation Centre Faisalabad and National Incubation Centre Hyderabad respectively.

9 LONG TERM SECURITY DEPOSIT

This represents payment made to Telecom Foundation as security deposit equivalent to one month rent for office premises against lease term of five years.

10 LOANS AND ADVANCES - CONSIDERED GOOD

	Note	2022 Rs '000	2021 Rs '000
Unsecured - considered good			
Advances to implementing partners	10.1	106,499	6,010
Secured - considered good			
Loans and advances to employees against:			
Salaries	10.2 & 10.3	16,609	12,956
Expenditure		1	1,008
		16,610	13,964
		123,109	19,974
Less: long term portion of loans and advances shown under non-current assets	10.4	(4,857)	(1,028)
		118,252	18,946

10.1 This represents advances for implementation of different projects which will be adjusted against actual expenditure as per the provisions of the relevant project implementation agreements.

10.2 Salaries loan includes interest free loan given to Chief Executive Officer / director in accordance with the Company's policy, with repayment term of nineteen months. Details are as follows:

	2022 Rs '000	2021 Rs '000
Balance at the beginning of the year	-	-
Disbursement during the year	1,000	-
Repayments during the year	(105)	-
Balance at the end of the year	895	-
Less: current portion of loan to director	632	-
	263	-

10.3 This represents loans and advances given to employees against their salaries in accordance with the Company's policy with repayment terms of maximum twenty four (24) months and carry no markup.

10.4 Management considers that the impact of recognizing long term loans and advances at present value of future cash flows would be immaterial, in context of overall financial statements.

11 FUNDS RECEIVABLE

	Note	2022 Rs '000	2021 Rs '000
Funds receivable at the beginning of the year		429,685	275,730
Add:			
Recognized as grant income	17	1,149,033	839,252
Transferred to deferred capital grant	14	6,913	32,135
		1,155,946	871,387
Less:			
Grant received during the year		(1,240,000)	(707,298)
Interest income		(209)	(9,941)
Gain on disposal of property and equipment		(1,012)	-
Refund of scholarship / unspent funds		(2,057)	(193)
		(1,243,278)	(717,432)
Funds receivable at the end of the year	11.1	342,353	429,685

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11.1 Operations of the Company are funded by Ministry of Information and Technology and Telecommunication (MoITT). This represents excess of expenditure already incurred by the Company over the grant received from MoITT. The Company is confident that the amount will be received in the ensuing period.

	Note	2022 Rs '000	2021 Rs '000
12 BANK BALANCE			
Cash at bank in:			
Current account	12.1	18,989	207,298
Saving account	12.2	-	476
		18,989	207,774

12.1 This represents balance held in non-lapsable assignment account maintained with National Bank of Pakistan in compliance with Cash Management and Treasury Single Account Rules 2020 issued by Ministry of Finance, Government of Pakistan.

12.2 This represents bank balance in saving account and carries mark-up of 5.75% to 12.25% (2021: 5.5%) per annum.

	Note	2022 Rs '000	2021 Rs '000
13 LEASE LIABILITIES			
Balance at the beginning of the year		181,437	-
Additions during the year		71,825	197,842
Unwinding of interest on lease liabilities	13.2	13,819	9,346
Payments during the year		(41,202)	(25,751)
Balance at the end of the year		225,879	181,437
Less: current portion of lease liabilities shown under current liabilities		(47,648)	(29,415)
		178,231	152,022

13.1 The undiscounted maturity analysis of lease liabilities at June 30, 2022 is as follows:

	Up to 1 year	Between 2 to 5 years	Over 5 years	Total
	-----------------------Rs '000		-----------------------	
Lease payments 2022	64,822	201,544	-	266,366
Lease payments 2021	41,202	168,866	-	210,068

13.2 The unwinding of interest on lease liabilities is allocated as follows:

	2022 Rs '000	2021 Rs '000
Project / program activities - National Incubation Centres	2,032	-
Finance costs	11,787	9,346
	13,819	9,346

14	DEFERRED CAPITAL GRANT	Note	2022 Rs '000	2021 Rs '000
	Balance at the beginning of the year		34,357	8,095
	Property and equipment			
	Additions during the year	6	4,704	32,499
	Net book value of assets disposed off		(124)	(364)
			4,580	32,135
	Intangible Assets			
	Additions during the year	7	2,333	-
		14.1	6,913	32,135
	Amortization of deferred capital grant			
	Depreciation charge for the year	19	(9,705)	(5,873)
	Amortization charge for the year	19	(647)	-
			(10,352)	(5,873)
	Balance at the end of the year		30,918	34,357

14.1 This represents property and equipment and intangible assets purchased and diposed off during the year from the funds received from MoITT as disclosed in note 11.

15	TRADE AND OTHER PAYABLES	Note	2022 Rs '000	2021 Rs '000
	Payable to implementing partners	15.1	363,209	588,460
	Payable to suppliers		8,115	10,579
	Rent payable to National Information Technology Board		17,511	-
	Leave encashment payable	15.2	-	9,640
	Payable to gratuity fund	15.3	50,002	13,465
	Accrued liabilities		22,348	23,247
	Withholding tax payable		211	-
			461,396	645,391

15.1 This represents payable to different parties for expenses incurred on implementation of different projects as per the provisions of the relevant project implementation agreements.

15.2	Leave encashment payable	Note	2022 Rs '000	2021 Rs '000
	Balance at the beginning of the year		9,640	9,534
	Charge for the year		8,967	10,106
	Benefits paid during the year		(18,607)	(10,000)
	Balance at the end of the year		-	9,640

15.3 Payable to gratuity fund

15.3.1 The amount recognized in the statement of financial position is as follows:

	Note	2022 Rs '000	2021 Rs '000
Present value of defined benefit obligation	15.3.5	85,116	82,584
Payables		5,303	6,844
Fair value of plan assets	15.3.6	(40,417)	(75,963)
Net liability at end of the year		50,002	13,465

		Note	2022 Rs '000	2021 Rs '000
15.3.2	**The movement of amounts recognised in the statement of financial position is as follows:**			
	Net liability at the beginning of the year		13,465	11,009
	Cost for the year recognised in statement of comprehensive income	15.3.3	12,572	8,729
	Payments / contributions made during the year		(18,028)	(12,269)
	Receivable from the Company		19,025	-
	Adjustment against payable		-	(148)
	Remeasurement loss recognised in statement of comprehensive income	15.3.4	22,968	6,144
	Net liability at the end of the year		50,002	13,465
15.3.3	**The amounts recognised in statement of comprehensive income are as follows:**			
	Current service cost		11,763	8,772
	Net interest income		809	(43)
			12,572	8,729
15.3.4	**Remeasurements recognised in other comprehensive income are as follows:**			
	Remeasurement loss on defined benefit obligation		20,811	3,976
	Remeasurement loss on plan assets		2,157	2,168
			22,968	6,144
15.3.5	**Changes in the present value of defined benefit obligation are as follows:**			
	Present value of defined benefit obligation as at beginning of the year		82,584	70,910
	Current service cost		11,763	8,772
	Interest cost		6,588	6,746
	Benefits paid		(36,630)	(6,905)
	Increase in payables by the fund		-	(915)
	Remeasurement loss on defined benefit obligation		20,811	3,976
	Present value of defined benefit obligation as at end of the year		85,116	82,584
15.3.6	**Changes in fair value of plan assets are as follows:**			
	Fair value of plan assets as at beginning of the year		75,963	71,342
	Expected return on plan assets		5,779	6,789
	Contributions during the year		13,464	6,905
	Receivable from the Company		(19,025)	-
	Benefits paid		(33,607)	(6,905)
	Remeasurement (loss) on plan assets		(2,157)	(2,168)
	Fair value of plan assets as at end of the year		40,417	75,963

	2022 Rs '000	2021 Rs '000
15.3.7 Plan assets comprise of		
Bank balance - saving account	27,411	75,964
Advance gratuity payment to employees	13,006	-
	40,417	75,964
15.3.8 Actual return on plan assets	3,623	4,621
15.3.9 Expected contribution for the next year	19,386	10,350

The Company contributes to the gratuity fund on the advice of the fund's actuary. The contributions are equal to the current service cost with the adjustment for any deficit.

15.3.10 Significant actuarial assumptions used were as follows:

	2022	2021
Withdrawal rate	Moderate	Moderate
Mortality rate	Adjusted SLIC (2001-05)	Adjusted SLIC (2001-05)
Discount rate per annum	13.50%	10.25%
Salary increase rate per annum	12.50%	9.25%
Weighted average duration of the obligation	14 years	13 years

15.3.11 Sensitivity analysis

The calculation of defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions.

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption Rs '000	Decrease in assumption Rs '000
Discount	1%	(9,509)	11,389
Salary increase	1%	11,473	(9,765)

15.3.12 Projected benefit payments from gratuity fund are as follows:

	2022 Rs '000	2021 Rs '000
For the year 2023	2,382	2,347
For the year 2024	2,796	2,375
For the year 2025	3,056	2,346
For the year 2026	3,372	2,484
For the year 2027	24,825	2,658
For the year 2028-32	39,200	43,973

The impact of changes in assumptions has been determined by revaluation of the obligation on different rates.

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

There are no known material contingencies at June 30, 2022 (2021: Rs Nil).

	Note	2022 Rs '000	2021 Rs '000
16.2 Commitments to disburse funds in respect of:			
National incubation centers		1,864,991	1,213,603
Digiskills project		660,173	105,149
Technical research and development projects		-	61,876
16.3 Capital Expenditure Commitments:			
Capital expenditure		4,294	-

17 GRANT INCOME RECOGNIZED

	Note	2022 Rs '000	2021 Rs '000
Amortization of deferred capital grant	14	10,352	5,873
Funds receivable recognized as grant income during the year			
Operating costs	19.2	268,042	243,759
Finance costs	20	11,787	9,346
Project / program activities	18	846,236	580,003
Remeasurement loss on defined benefit scheme	15.3.4	22,968	6,144
		1,149,033	839,252
		1,159,385	845,125

18 PROJECT / PROGRAM ACTIVITIES

	2022	2021
National incubation centers	550,027	343,906
Digiskills project	194,629	171,972
Technical research and development projects	51,981	58,511
Conferences, seminars and scientific events	49,599	5,614
	846,236	580,003

	Note	2022 Rs '000	2021 Rs '000
19 OPERATING COSTS			
Salaries and benefits	19.1	175,825	164,544
Rent and utilities		1,616	18,331
Travelling expenses		15,268	6,969
Communication charges and IT support		4,268	4,608
Printing and stationery		2,598	1,673
Repairs and maintenance		1,014	1,291
Janitorial services		1,926	2,264
Advertising expenses		7,978	6,366
Auditors' remuneration	19.3	775	660
Legal and professional charges		1,899	777
Depreciation on property and equipment	6	9,705	5,873
Amortization on intangble assets	7	647	-
Depreciation on right of use asset	8	39,568	26,379
External evaluator's fee		-	1,193
Director fees and other expenses		13,362	7,638
Training, workshop and seminars		724	27
Miscellaneous		1,221	1,039
		278,394	249,632

19.1 This includes post retirement staff benefits amounting to Rs 12,572 thousand (2021: Rs 8,729 thousand).

	Note	2022 Rs '000	2021 Rs '000
19.2 Operating cost charged to funds receivable			
Operating cost	19	278,394	249,632
Less:			
Depreciation / amortisation charged to deferred capital grant		(10,352)	(5,873)
		268,042	243,759
19.3 Auditors' remuneration			
Statutory audit fee		600	500
Review fee of statement of compliance		108	100
Out of pocket expenses		67	60
		775	660

20 FINANCE COSTS

This represents unwinding of interest on lease liabilities recognised during the year, as disclosed in note 13.2 to the financial statements.

21 FINANCIAL INSTRUMENTS

21.1 Financial assets and liabilities

	2022 Rs '000	2021 Rs '000
Financial assets at amortised cost		
Maturity up to one year		
Loans and advances - considered good	11,752	11,928
Funds receivable	342,353	429,685
Accrued interest on bank balance	124	4,026
Bank balance	18,989	207,774
	373,218	653,413
Maturity after one year		
Long term loans and advances - considered good	4,857	1,028
	4,857	1,028
Financial liabilities at amortised cost		
Maturity up to one year		
Lease liabilities	47,648	29,415
Trade and other payables	411,183	631,926
	458,831	661,341
Maturity after one year		
Lease liabilities	178,231	152,022
	178,231	152,022

21.2 Credit quality of financial assets

The credit quality of Company's financial assets has been assessed below by reference to external credit ratings of counterparties determined by The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited (VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on historical information for any defaults in meeting obligations.

	Long term Rating	2022 Rs '000	2021 Rs '000
Counterparties with external credit rating			
Accrued interest on bank balance	AAA	124	4,026
Bank balance	AAA	18,989	207,774
Counterparties without external credit rating			
Loans and advances - considered good		16,609	12,956
Funds receivable - Government of Pakistan		342,353	429,685

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21.3 FINANCIAL RISK MANAGEMENT

21.3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring Company's risk management policies.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Company's credit risk is primarily attributable to balances at bank. The management believes that the Company is not exposed to major concentration of credit risk as the exposure is limited and the major exposure is with a bank with reasonably high credit rating.

b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with its financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company applies prudent risk management policies by maintaining sufficient cash and bank balances. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the maturity date. The amount disclosed in the table below are undiscounted cash flows:

	2022			2021		
	Maturity up to one year	**Maturity after one year**	**Total**	**Maturity up to one year**	**Maturity after one year**	**Total**
	----------Rs '000----------			**----------Rs '000----------**		
Trade and other payables	411,183	-	411,183	631,926	-	631,926
Lease liabilities	47,648	178,231	225,879	29,415	152,022	181,437

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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c) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. The Company is not exposed to currency risk as there are no foreign currency assets and liabilities.

ii) 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.

Financial assets of Rs Nil (2021: Rs 476 thousand) and financial liabilities of Rs 225,879 thousand (2021 : Rs 181,473 thousand) are subject to interest rate risk.

iii) Price risk

Price risk represents the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. At the year end, the Company is not exposed to price risk since there are no financial instruments, whose fair value or cash flows will fluctuate because of changes in market prices.

21.3.2 Capital risk management

The Company is not subject to externally imposed capital requirement.

21.3.3 Fair value of financial assets and liabilities

All financial assets and financial liabilities are initially recognised at fair value of consideration paid or received, net of transaction costs, as appropriate. The carrying values of financial assets and financial liabilities not carried at fair value is a reasonable approximation of their fair values.

22 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2022 Rs '000	2021 Rs '000
Chief Executive		
Managerial remuneration	12,495	5,397
Bonus	895	894
Perquisites	2,246	1,100
Company's contribution to gratuity fund	217	41
	15,853	7,432
Number of person(s)*	1	2
Executives		
Managerial remuneration	81,492	78,492
Bonus	7,943	11,509
Perquisites	29,734	33,095
Company's contribution to gratuity fund	11,680	7807
	130,849	130,903
Number of persons	32	29

22.1 In addition to the above, the employees are provided with medical and life insurance benefits, as per Company's Policy.

22.2 The aggregate amount charged in the financial statements for the year as fees to Directors is Rs. 11,700 thousand (2021: Rs. 6,820 thousand) for attending Board of Directors meetings and sub-committee meetings. Rs. 62.5 thousand (2021: Rs. 50 thousand) per director per meeting was paid during the year.

** including those who worked part of the year*

23 RELATED PARTY TRANSACTIONS

23.1 The Company is wholly owned and sponsored by Ministry of Information Technology and Telecommunication (MoITT), Government of Pakistan. Its related parties comprise of those companies which are owned and operated by Ministry of Information Technology and Telecommunication, Government of Pakistan, and have a relationship with the Company by virtue of common directorship.

Aggregate transactions with related parties, other than remuneration to the chief executive, directors and executives of the Company under their terms of employment disclosed in note 22, were as follows:

	2022 Rs '000	2021 Rs '000
Grant received during the year:		
From MoITT	1,240,000	707,298
Disbursements made to / (refunds) from:		
National Telecommunication Corporation	369	419
Virtual University of Pakistan	338,598	157,612
Universal Service Fund	-	60
Nayatel (Private) Limited	71	3
Pakistan Mobile Communication Limited	124,707	107,723
Employees' Gratuity Fund	13,464	6,905
Pakistan Telecommunication Company Limited	47,006	-
Telecom Foundation	44,421	25,751
Amount (payable) / receivable as at June 30,		
National Telecommunication Corporation	(21)	(22)
Nayatel (Private) Limited	7	-
Universal Service Fund	(84)	-
Virtual University of Pakistan	99,969	(44,249)
Pakistan Mobile Communication Limited	(24,427)	(52,414)
Pakistan Telecommunication Company Limited	(2,219)	-
National Information Technology Board	(17,511)	-

23.2 Following are the associated companies and related parties with whom the Company had entered into transactions during the year:

	Basis of Association	Number of shares held in the Company	Aggregate %age of Holding
National Telecommunication Corporation	Common Control	N/A	N/A
National Information Technology Board	Common Control	N/A	N/A
Universal Service Fund	Common Control	N/A	N/A
Pakistan Telecommunication Company Limited	Common Control	N/A	N/A
University of Sindh	Common Control	N/A	N/A
University of Agriculture Faisalabad	Common Control	N/A	N/A
Pakistan Mobile Communication Limited	Common Directorship	N/A	N/A
Nayatel (Private) Limited	Common Directorship	N/A	N/A
Virtual University of Pakistan	Common Control	N/A	N/A
Mr. Asim Shahryar Husain	Chief Executive and Director	N/A	N/A
Syed Junaid Imam	Director	N/A	N/A

	Basis of Association	Number of shares held in the Company	Aggregate %age of Holding
Syed Hussnain Abbas Kazmi	Director	N/A	N/A
Mr. Zia-ul Mustafa Awan	Director	N/A	N/A
Mr. Rizwan Ahmad Sheikh	Director	N/A	N/A
Mr. Muhammad Omar Malik	Director	N/A	N/A
Mr. Ali Sher Mahsud	Director	N/A	N/A
Mr. Aamir Hafeez Ibrahim	Director	N/A	N/A
Mr. Malik Riaz Ahmed	Director	N/A	N/A
Mr. Amir Azeem Bajwa	Director	N/A	N/A
Mr. Khawaja Saad Saleem	Director	N/A	N/A
Dr. Shahid Qureshi	Director	N/A	N/A
Dr. Faisal Ahmed Khan	Director	N/A	N/A
Mr. AttahUllah Khattak	Director	N/A	N/A
Ms. Aisha Humera Ch	Director	N/A	N/A
Employees' Gratuity Fund	Employees' Gratuity Fund	N/A	N/A

24 IMPACT OF COVID - 19 ON THE FINANCIAL STATEMENTS

The spread of COVID - 19 as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) caused an overall economic slow down and disruption to various businesses. The Company has taken appropriate measures to keep its personnel and assets safe and secure and is continually monitoring the situation to counter act the changed environment. Based on management's assessment there is no material impact on the carrying values of assets and liabilities as of June 30, 2022 and on its operations for the year then ended. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

25 NUMBER OF EMPLOYEES

Number of persons employed as on June 30, 2022 are 51 (2021: 43). Average number of employees during the year were 48 (2021: 44).

26 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 27th September 2023

CHIEF EXECUTIVE OFFICER

DIRECTOR