



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, 2019, 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, 2019 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).

Other Matter

Prior Year Financial Statements Audited by Predecessor Auditor

The financial statements of the Company for the year ended June 30, 2018 were audited by another auditor, KPMG Taseer Hadi & Co. Chartered Accountants, who expressed an unmodified opinion on those statements on July 22, 2019.

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


Chartered Accountants
Islamabad
Date: June 11, 2020

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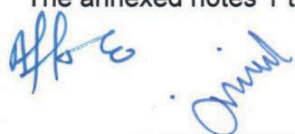
(A Company incorporated under section 42 of the Companies Act, 2017)

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

		2019	(Restated) 2018	(Restated) 2017
	Note	-----Rupees-----		
<u>ASSETS</u>				
NON CURRENT ASSETS				
Property and equipment	7	12,173,012	12,335,841	9,831,063
Intangible assets	8	-	959,238	2,022,818
		<u>12,173,012</u>	<u>13,295,079</u>	<u>11,853,881</u>
CURRENT ASSETS				
Advances - considered good	9	60,243,739	171,494,169	82,245,778
Short term prepayment		12,003,200	18,073,000	-
Accrued interest on bank balance		11,417,867	9,870,937	7,309,136
Other receivables	10	-	3,483,365	8,740
Bank balance	11	461,712,768	410,723,983	538,343,501
		<u>545,377,574</u>	<u>613,645,454</u>	<u>627,907,155</u>
TOTAL ASSETS		<u>557,550,586</u>	<u>626,940,533</u>	<u>639,761,036</u>
<u>FUNDS AND LIABILITIES</u>				
FUNDS				
Unrestricted funds		6,709,285	6,709,285	6,709,285
NON CURRENT LIABILITIES				
Restricted funds	12	882,343	146,643,966	295,180,042
Deferred capital grant	13	12,173,012	13,295,079	11,853,881
		<u>13,055,355</u>	<u>159,939,045</u>	<u>307,033,923</u>
CURRENT LIABILITIES				
Trade and other payables	14	537,785,946	460,292,203	326,017,828
TOTAL FUNDS AND LIABILITIES		<u>557,550,586</u>	<u>626,940,533</u>	<u>639,761,036</u>
CONTINGENCIES AND COMMITMENTS				
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The annexed notes 1 to 24 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, 2019**

			(Restated) 2018
	Note	2019 ----- Rupees -----	
<u>INCOME</u>			
Grant income recognized	16	1,166,199,472	1,390,451,457
<u>EXPENDITURE</u>			
Project/ program activities	17	957,792,383	1,180,607,857
Operating costs	18	206,571,296	223,206,956
		1,164,363,679	1,403,814,813
SURPLUS / (DEFICIT) FOR THE YEAR		1,835,793	(13,363,356)
<u>OTHER COMPREHENSIVE INCOME</u>			
Other comprehensive (loss) / income not to be reclassified to income and expenditure in subsequent periods:			
Re-measurement (loss) / gain on staff gratuity	14.3.4	(1,835,793)	13,363,356
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-

The annexed notes 1 to 24 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, 2019**

	Unrestricted Funds Rupees
Balance at July 01, 2017	6,709,285
Deficit for the year	(13,363,356)
Other comprehensive income for the year	13,363,356
Total comprehensive income for the year	-
Balance at June 30, 2018	6,709,285
Surplus for the year	1,835,793
Other comprehensive loss for the year	(1,835,793)
Total comprehensive income for the year	-
Balance at June 30, 2019	6,709,285

The annexed notes 1 to 24 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, 2019**

	2019	(Restated) 2018
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus / (Deficit) for the year	1,835,793	(13,363,356)
Adjustments for:		
Depreciation	6,159,926	4,983,767
Amortization of intangible assets	959,238	1,063,580
Amortization of deferred capital grant	(7,119,164)	(6,047,347)
Amortization of restricted funds	(1,159,080,307)	(1,384,404,110)
Provision for staff gratuity	6,839,248	8,436,564
	<u>(1,150,405,266)</u>	<u>(1,389,330,902)</u>
Changes in:		
Advances - considered good	105,978,905	(83,997,650)
Short term prepayment	6,069,800	(18,073,000)
Other receivables	3,483,365	(3,474,625)
Trade and other payables	74,090,227	156,116,150
	<u>189,622,297</u>	<u>50,570,875</u>
Cash used in operating activities	<u>(960,782,969)</u>	<u>(1,338,760,027)</u>
Contribution made to staff gratuity fund	-	(22,165,724)
Restricted funds received during the year	990,000,000	1,227,000,000
Interest income received on bank balance	18,833,967	13,794,778
Refund of scholarship	8,934,884	-
Net cash flow generated from / (used in) operating activities	<u>56,985,882</u>	<u>(120,130,973)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	<u>(5,997,097)</u>	<u>(7,488,545)</u>
Net cash flows used in investing activities	<u>(5,997,097)</u>	<u>(7,488,545)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Increase / (decrease) in cash and cash equivalents	50,988,785	(127,619,518)
Cash and cash equivalents at the beginning of the year	<u>410,723,983</u>	<u>538,343,501</u>
Cash and cash equivalents at the end of the year	<u><u>461,712,768</u></u>	<u><u>410,723,983</u></u>

The annexed notes 1 to 24 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, 2019

1. THE COMPANY AND ITS OPERATIONS

"Ignite" (the "Company") was incorporated in Pakistan on 20 November 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 6th Floor, HBL Tower, Jinnah Avenue, Blue Area, 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 (MoIT), 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.

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 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.

SECP through its SRO 888(1)/2019 dated July 29, 2019 notified certain amendments in disclosure requirements of fifth schedule to the Companies Act, 2017. The SRO has been notified to be applicable on companies preparing financial statements as on June 30, 2019 and onwards by SECP through SRO 961(1)/2019 dated August 23, 2019. Accordingly, the financial statements have been prepared to reflect the amendments of the said SRO.



- 2.1 Subsequent to the statement of financial position date, the COVID – 19 has spread throughout the country and measures to reduce its spread has caused an overall economic slowdown and disruptions to various businesses. The Company has determined that these events are non-adjusting subsequent event in accordance with the requirements of IAS-10. While this is still an evolving situation at the time of issuing these financial statements, to date no discernible impact is attracted on the amounts being reported in the Company's statement of financial position as at June 30, 2019. Due to the overall uncertain situation about the impacts and duration for which the above mentioned measures will continue, the overall impact on the entity's financial position and financial performance cannot be predicted with reasonable certainty. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

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 PKR, 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:

	Notes
- Estimated useful life and residual value of property & equipment	7
- Estimated useful life and residual value of intangible assets	8
- Estimated value of staff retirement benefits obligations	14.3
- Impairment of financial and non-financial assets	6.3 and 6.4
- Contingencies and Commitments	15

4. NEW AND REVISED STANDARDS AND INTERPRETATIONS

- 4.1 IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" became applicable to the Company from July 1, 2018. For related changes in accounting policies and impact on Company's financial statements refer note 5 to these financial statements.

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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, 2020
IAS 8 Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2020
IAS 12 Income Taxes (Amendments)	January 1, 2019
IAS 19 Employee benefits (Amendments)	January 1, 2019
IAS 23 Borrowing Costs (Amendments)	January 1, 2019
IAS 28 Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IFRS 3 Business combinations (Amendments)	January 1, 2020
IFRS 9 Financial instruments (Amendments)	January 1, 2020
IFRS 16 Leases	January 1, 2019
IFRIC 23 Uncertainty Over Income Tax Treatment	January 1, 2019

The management anticipates, except as given below, 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 on presentation / disclosures. The management is in the process of assessing the impact of changes laid down by the IFRS 16 on its financial statements.

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 14 Regulatory Deferral Accounts
- IFRS 17 Insurance Contracts

The following interpretations issued by the IASB have been waived of by SECP:

- IFRIC 4 Determining whether an arrangement contains lease
- IFRIC 12 Service concession arrangements

5. CHANGES IN ACCOUNTING POLICIES

Consequent to adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" w.e.f July 1, 2018, changes in accounting policies and impact on the Company's financial statements are explained below:

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5.1 Financial Instruments

IFRS 9 "Financial Instruments" (IFRS 9) replaces IAS 39 "Financial Instruments: Recognition and Measurement" (IAS 39).

IFRS 9 introduces new requirements for i) the classification and measurement of financial assets and financial liabilities ii) Impairment of financial assets and iii) hedge accounting.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in accumulated fund as of July 1, 2018 and comparatives are not restated. Details of these new requirements as well as their impact on the Company's policies and disclosures to the financial statements are described below:

i) Classification and measurement of financial assets and financial liabilities

This new standard requires the Company to assess the classification of financial assets in its statement of financial position in accordance with the cash flow characteristics of the financial assets and the relevant business model that the Company has for a specific class of financial asset.

IFRS 9 no longer has an "Available for Sale" classification for financial assets. IFRS 9 has different requirements for debt and equity financial assets.

Debt instruments should be classified and measured either at:

- amortised cost, where the effective interest rate method will apply;
- fair value through other comprehensive income, with subsequent recycling to the profit or loss upon disposal of the financial asset; or
- fair value through profit or loss

Investments in equity instruments, other than those to which consolidation or equity accounting apply, should be classified and measured either at:

- fair value through other comprehensive income, with no subsequent recycling to the profit or loss upon disposal of the financial asset; or
- fair value through profit or loss

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Assessment of financial impact of classification and measurement requirements on adoption of IFRS 9 as at July 1, 2018 is as follows:

	Classification		Measurement		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original (IAS 39)	New (IFRS 9)	Original Rupees	New Rupees	Difference Rupees
Current financial assets							
Accrued interest on bank balance	Loans and Receivables	Amortised Cost	Amortised Cost	Amortised Cost	9,870,937	9,870,937	-
Other receivables	Loans and Receivables	Amortised Cost	Amortised Cost	Amortised Cost	3,483,365	3,483,365	-
Bank balance	Loans and Receivables	Amortised Cost	Amortised Cost	Amortised Cost	410,723,983	410,723,983	-
Current financial liabilities							
Trade and other payables	Other financial liabilities	Other financial liabilities	Amortised Cost	Amortised Cost	460,238,206	460,238,206	-

ii) Impairment of financial assets

IFRS 9 introduces the Expected Credit Loss (ECL) model, which replaces the incurred loss model of IAS 39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets carried at amortized cost as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective whether a loss event has occurred. The Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance while general 3-stage approach for other financial assets i.e to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

5.2 IFRS 15 Revenue from Contracts with Customers:

Effective July 1, 2018, the Company has applied IFRS 15 "Revenue from Contracts with Customers" for determining its revenue recognition policy. IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. IFRS 15 addresses revenue recognition for contracts with customers as well as treatment of incremental costs incurred in acquiring a contract with a customer.

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Specifically, the standard introduces a 5 - step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

IFRS 15 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach, which means that the cumulative impact of the adoption, if any, is recognized in accumulated fund in the period of initial application and comparatives are not restated.

The application of IFRS 15 has no material impact on the financial statements of the Company.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the changes as stated in note 5 to these financial statements:

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6.1 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 7 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.

6.2 Intangible 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 at the rate specified in note 8. 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.

6.3 Impairment of non-financial assets

The carrying value of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such condition exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount of an asset or a Cash Generating Unit (CGU) is the greater of its value in use and its fair value less costs of disposal.

6.4 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.

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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.

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Impairment

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortized cost and FVOCI. 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.

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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.

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 income and expenditure. 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.

(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.

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6.5 Cash and cash equivalents

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

6.6 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, 2019 details of which are given in note 14.3.

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.

6.7 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.

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 recognized in income and expenditure on a systematic basis over the expected useful life of the related asset, upon capitalization.

6.8 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.

6.9 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.

6.10 Provisions

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.



7. PROPERTY AND EQUIPMENT

	Furniture and fittings	Vehicles	Office equipment	Computer equipment	Total
	----- Rupees -----				
As at July 1, 2017					
Cost	4,397,675	110,913	2,911,616	21,799,233	29,219,437
Accumulated depreciation	(2,708,663)	(50,887)	(1,697,027)	(14,931,797)	(19,388,374)
Net book value	<u>1,689,012</u>	<u>60,026</u>	<u>1,214,589</u>	<u>6,867,436</u>	<u>9,831,063</u>
Year ended June 30, 2018					
Opening net book value	1,689,012	60,026	1,214,589	6,867,436	9,831,063
Additions	1,321,549	-	-	6,166,996	7,488,545
Disposals	-	-	-	-	-
Depreciation charge	(404,832)	(20,580)	(158,022)	(4,400,333)	(4,983,767)
Closing net book value	<u>2,605,729</u>	<u>39,446</u>	<u>1,056,567</u>	<u>8,634,099</u>	<u>12,335,841</u>
As at July 1, 2018					
Cost	5,719,224	110,913	2,911,616	27,966,229	36,707,982
Accumulated depreciation	(3,113,495)	(71,467)	(1,855,049)	(19,332,130)	(24,372,141)
Net book value	<u>2,605,729</u>	<u>39,446</u>	<u>1,056,567</u>	<u>8,634,099</u>	<u>12,335,841</u>
Year ended June 30, 2019					
Opening net book value	2,605,729	39,446	1,056,567	8,634,099	12,335,841
Additions	361,873	-	314,262	5,320,962	5,997,097
Disposals	-	-	-	-	-
Depreciation charge	(525,888)	(20,580)	(187,277)	(5,426,181)	(6,159,926)
Closing net book value	<u>2,441,714</u>	<u>18,866</u>	<u>1,183,552</u>	<u>8,528,880</u>	<u>12,173,012</u>
As at June 30, 2019					
Cost	6,081,097	110,913	3,225,878	33,287,191	42,705,079
Accumulated depreciation	(3,639,383)	(92,047)	(2,042,326)	(24,758,311)	(30,532,067)
Net book value	<u>2,441,714</u>	<u>18,866</u>	<u>1,183,552</u>	<u>8,528,880</u>	<u>12,173,012</u>
Annual rate of depreciation (%)	10	20	10	33	

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8. INTANGIBLE ASSETS - COMPUTER SOFTWARE

	2019	2018
	----- Rupees -----	
As at July 1,		
Cost	5,928,300	5,928,300
Accumulated amortisation	(4,969,062)	(3,905,482)
Net book value	<u>959,238</u>	<u>2,022,818</u>
Year ended June 30,		
Opening net book value	959,238	2,022,818
Additions	-	-
Amortisation charge	(959,238)	(1,063,580)
Closing net book value	<u>-</u>	<u>959,238</u>
As at June 30,		
Cost	5,928,300	5,928,300
Accumulated amortisation	(5,928,300)	(4,969,062)
Net book value	<u>-</u>	<u>959,238</u>
Annual rate of amortisation (%)	33	33

		2019	(Restated) 2018
	Note	----- Rupees -----	
9. ADVANCES - considered good			
Advances to implementing partners			
Unsecured - considered good			
Associated entities	9.1	3,206,138	59,710,889
Others		42,342,778	99,762,209
		<u>45,548,916</u>	<u>159,473,098</u>
Advances to employees against:			
Salaries		14,534,846	5,281,600
Expenditure		159,977	1,488,730
		<u>14,694,823</u>	<u>6,770,330</u>
Advance to Gratuity Fund	14.3.1	-	5,250,741
		<u>60,243,739</u>	<u>171,494,169</u>

9.1 Break up of advances to associated entities is as follows:

Virtual university of Pakistan	2,504,024	59,710,889
Pakistan Software Export Board	702,114	-
	<u>3,206,138</u>	<u>59,710,889</u>

9.1.1 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. Maximum aggregate amount outstanding at any time during the year is Rs. 59,710,889 (2018: Rs. 126,555,962) for Virtual University of Pakistan and Rs. 702,114 (2018: Rs. 43,287,771) for Pakistan Software Export Board.

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10. OTHER RECEIVABLES

The amount in 2018 represents receivable from University Service Fund, an associated Company for expenses incurred on jointly contributed conference / seminar. The opening balance also represents the maximum aggregate amount outstanding at any time during the year. This receivable was not past due and no provision / write off had been recognized for this receivable. During the year, this amount has been received in full by the Company.

11. BANK BALANCE

This represents bank balance in saving account and carries markup ranging from 4.5% to 10.25% (2018: 4.0%) per annum.

		2019	(Restated) 2018
	Note	----- Rupees -----	
12. RESTRICTED FUNDS			
Balance at the beginning of the year		146,643,966	295,180,042
Add:			
Grant received during the year		990,000,000	1,227,000,000
Interest income		20,380,897	16,356,579
Refund of scholarship	12.1	8,934,884	-
		1,019,315,781	1,243,356,579
Less:			
Recognized as grant income	16	(1,159,080,307)	(1,384,404,110)
Transferred to deferred capital grant	13	(5,997,097)	(7,488,545)
Balance at the end of the year	12.2	<u>882,343</u>	<u>146,643,966</u>

12.1 This represents voluntary refund of scholarship grant received from a candidate against scholarship expense incurred in the year 2007.

12.2 This represents unspent portion of funds received from Ministry of Information Technology, Government of Pakistan.

		2019	2018
	Note	----- Rupees -----	
13. DEFERRED CAPITAL GRANT			
Balance at the beginning of the year		13,295,079	11,853,881
Additions during the year:			
Property and equipment	7	5,997,097	7,488,545
	13.1	5,997,097	7,488,545
Amortization of deferred capital grant	13.2	(7,119,164)	(6,047,347)
Balance at the end of the year		<u>12,173,012</u>	<u>13,295,079</u>

13.1 This represents property and equipment purchased during the year from the funds received from Ministry of Information Technology as given in note 12.

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		2019	2018
	Note	----- Rupees -----	
13.2 Amortization of deferred capital grant			
Depreciation charge for the year	7	(6,159,926)	(4,983,767)
Amortization charge for the year	8	(959,238)	(1,063,580)
		<u>(7,119,164)</u>	<u>(6,047,347)</u>

		2019	(Restated) 2018
	Note	----- Rupees -----	
14. TRADE AND OTHER PAYABLES			
Payable to implementing partners	14.1	521,174,090	423,275,413
Payable to suppliers		3,138,858	16,543,680
Leave encashment payable	14.2	6,722,097	8,210,018
Payable to gratuity fund	14.3	3,403,516	-
Accrued liabilities		3,225,022	12,209,095
Withholding tax payable		122,363	53,997
		<u>537,785,946</u>	<u>460,292,203</u>

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

		2019	2018
	Note	----- Rupees -----	
14.2 Leave encashment payable			
Balance at the beginning of the year		8,210,018	7,031,839
Charge for the year		6,722,097	8,210,018
Benefits paid during the year		(8,210,018)	(7,031,839)
Balance at the end of the year		<u>6,722,097</u>	<u>8,210,018</u>

14.3 Payable to / (Receivable) from gratuity fund

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

Present value of defined benefit obligation	14.3.5	64,308,687	53,154,110
Payables		5,205,103	5,225,887
Fair value of plan assets	14.3.6	(66,110,274)	(63,630,738)
Net liability / (asset) at end of the year		<u>3,403,516</u>	<u>(5,250,741)</u>

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	Note	2019 ----- Rupees -----	2018 -----
14.3.2 The movement of amounts recognised in the statement of financial position are as follows:			
Net (asset) / liability at the beginning of the year		(5,250,741)	21,841,775
Cost for the year recognised in statement of comprehensive income	14.3.3	6,839,248	8,436,564
Contributions made during the year		-	(22,165,724)
Adjustment against payable		(20,784)	-
Remeasurement loss / (gain) recognised in statement of comprehensive income	14.3.4	1,835,793	(13,363,356)
Net liability / (asset) at the end of the year		<u>3,403,516</u>	<u>(5,250,741)</u>
14.3.3 The amounts recognised in statement of comprehensive income are as follows:			
Current service cost		7,886,911	7,956,314
Net interest (income) / cost		(1,047,663)	480,250
		<u>6,839,248</u>	<u>8,436,564</u>
14.3.4 Remeasurements recognised in other comprehensive income are as follows:			
Remeasurement gain on defined benefit obligation		(2,047,745)	(735,240)
Remeasurement loss / (gain) on plan assets		3,883,538	(12,628,116)
		<u>1,835,793</u>	<u>(13,363,356)</u>
14.3.5 Changes in the present value of defined benefit obligation are as follows:			
Present value of defined benefit obligation as at beginning of the year		53,154,110	42,354,204
Current service cost		7,886,911	7,956,314
Interest cost		5,315,411	3,902,781
Benefits paid		-	(323,949)
Remeasurement gain on defined benefit obligation		(2,047,745)	(735,240)
Present value of defined benefit obligation as at end of the year		<u>64,308,687</u>	<u>53,154,110</u>
14.3.6 Changes in fair value of plan assets are as follows:			
Fair value of plan assets as at beginning of the year		63,630,738	26,241,423
Expected return on plan assets		6,363,074	3,422,531
Contributions during the year		-	22,165,724
Benefits paid		-	(827,056)
Remeasurement (loss) / gain on plan assets		(3,883,538)	12,628,116
Fair value of plan assets as at end of the year		<u>66,110,274</u>	<u>63,630,738</u>

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	2019	2018
	----- Rupees -----	
14.3.7 Plan assets comprise of		
Bank balance - saving account	<u>66,110,274</u>	<u>63,630,738</u>
14.3.8 Actual return on plan assets	<u>2,479,536</u>	<u>1,606,003</u>
14.3.9 Expected contribution for the next year	<u>8,769,283</u>	<u>7,321,236</u>

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.

14.3.10 Significant actuarial assumptions used were as follows:

	2019	2018
Withdrawal rate	Moderate	Moderate
Mortality rate	Adjusted SLIC (2001-05)	Adjusted SLIC (2001-05)
Discount rate per annum	14.50%	10.00%
Salary increase rate per annum	13.50%	9.00%
Weighted average duration of the obligation	14.82 years	14.45 Years

14.3.11 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	Decrease in assumption
		----- Rupees -----	----- Rupees -----
Discount	1%	55,652,275	74,716,027
Salary increase	1%	74,782,243	55,456,197

14.3.12 Projected benefit payments from gratuity fund are as follows:

	2019	2018
	----- Rupees -----	
For the year 2020	1,437,383	2,695,227
For the year 2021	1,610,059	2,553,859
For the year 2022	1,674,404	2,591,815
For the year 2023	1,863,679	2,396,293
For the year 2024	2,053,281	2,395,075
For the year 2025-29	92,418,308	31,681,182

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

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		2019	(Restated) 2018
		----- Rupees -----	
15. CONTINGENCIES AND COMMITMENTS			
15.1 Contingencies			
There are no contingencies at June 30, 2019 (2018: Rs Nil).			
15.2 Commitments to disburse funds in respect of:			
National incubation centers		<u>1,899,463,465</u>	<u>2,247,645,283</u>
Technical research and development projects		<u>438,121,202</u>	<u>607,193,128</u>
Digiskills		<u>532,284,113</u>	<u>643,017,519</u>
		2019	(Restated) 2018
		----- Rupees -----	
16. GRANT INCOME RECOGNIZED	Note		
Amortization of deferred capital grant	13.1	7,119,164	6,047,347
Restricted funds recognized as grant income during the year			
Operating costs	18.2	199,452,131	217,159,609
Project/ program activities	17	957,792,383	1,180,607,857
Remeasurement of loss / (gain) on defined benefit scheme	14.3.4	1,835,793	(13,363,356)
		1,159,080,307	1,384,404,110
		<u>1,166,199,472</u>	<u>1,390,451,457</u>
17. PROJECT/ PROGRAM ACTIVITIES			
National incubation centers		371,578,295	455,555,322
Digiskills project		247,120,199	78,805,216
Technical research and development projects		333,888,717	303,387,326
Human resource development projects		3,033,335	229,019,363
National ICT scholarship program		-	107,355,412
Conferences, seminars and scientific events		2,171,837	6,485,218
		<u>957,792,383</u>	<u>1,180,607,857</u>

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	Note	2019 ----- Rupees -----	2018
18. OPERATING COSTS			
Salaries and benefits	18.1	134,099,709	141,078,621
Rent		29,701,100	27,001,000
Travelling expenses		11,910,872	16,222,331
Communication charges		1,971,974	953,150
Entertainment		572,610	1,609,188
Printing and stationery		1,528,132	1,582,191
Utilities		1,268,374	1,090,049
Repairs and maintenance		6,532,811	5,161,356
Advertising expenses		3,227,079	14,322,970
Auditors' remuneration	18.3	605,000	423,500
Legal and professional charges		3,403,757	1,226,525
Depreciation and amortization	7 & 8	7,119,164	6,047,347
External evaluators' fee		936,500	1,463,500
Director fees and other expenses		575,685	1,631,572
Training, workshop, seminars		2,650,520	2,933,824
Miscellaneous		468,008	459,832
		<u>206,571,296</u>	<u>223,206,956</u>

18.1 This includes staff benefits amounting to Rs. 6,839,248 (2018: Rs. 8,436,564).

	Note	2019 ----- Rupees -----	2018
18.2 Operating cost charged to restricted funds			
Operating cost	18	206,571,296	223,206,956
Less:			
Depreciation and amortization charged to deferred capital grant	13.1	<u>(7,119,164)</u>	<u>(6,047,347)</u>
		<u>199,452,131</u>	<u>217,159,609</u>
18.3 Auditors' remuneration			
Statutory audit fee		450,000	300,000
Review fee of Statement of Compliance		100,000	85,000
Out of pocket expenses		55,000	38,500
		<u>605,000</u>	<u>423,500</u>

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19.	FINANCIAL INSTRUMENTS	(Restated)	
		2019	2018
19.1	Financial assets and liabilities	----- Rupees -----	
	Financial assets at amortised cost		
	Maturity upto one year		
	Accrued interest on bank balance	11,417,867	9,870,937
	Other receivables	-	3,483,365
	Bank balance	461,712,768	410,723,983
		<u>473,130,635</u>	<u>424,078,285</u>
	Financial liabilities at amortised cost		
	Maturity upto one year		
	Trade and other payables	534,260,067	460,238,206

19.2 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	2019	2018
		----- Rupees -----	
Counterparties with external credit rating			
Bank balance	AAA	461,712,768	410,723,983
Accrued interest on bank balance	AAA	11,417,867	9,870,937
Counterparties without external credit rating and no defaults in the past			
Other receivables		-	3,483,365

19.3 FINANCIAL RISK MANAGEMENT

19.3.1 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 other receivables and balance 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 banks with reasonably high credit ratings.

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(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:

	2019			(Restated) 2018		
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total
	----- Rupees -----			----- Rupees -----		
Trade and other payables	534,260,067	-	534,260,067	460,238,206	-	460,238,206

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

(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.

The Company has no significant long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

Financial assets include Rs 461,712,768 (2018: Rs 410,723,983) which are subject to interest rate risk. Applicable interest rates for financial assets have been indicated in respective notes.

(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.

19.3.2 Capital risk management

The Company is not subject to externally imposed capital requirement.

19.3.3 Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

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20. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executives		Total	
	2019	(Restated) 2018	2019	(Restated) 2018	2019	(Restated) 2018
	Rupees					
Managerial remuneration	11,395,161	10,261,290	62,239,004	56,982,288	73,634,165	67,243,578
Transport monetization	1,150,920	1,150,920	14,511,120	15,130,560	15,662,040	16,281,480
Medical allowance	69,996	69,996	1,533,328	1,459,992	1,603,324	1,529,988
Communication reimbursement	108,000	108,000	1,792,000	1,728,000	1,900,000	1,836,000
Performance bonus	-	1,800,000	-	8,214,837	-	10,014,837
Leave encashment	500,872	834,786	5,013,631	6,056,787	5,514,503	6,891,573
Honorarium	-	-	3,941,953	1,815,794	3,941,953	1,815,794
Conveyance allowance	-	-	936,000	684,000	936,000	684,000
	13,224,949	14,224,992	89,967,036	92,072,258	103,191,985	106,297,250
Number of person(s)	1	1	26	24	27	25

20.1 The aggregate amount charged in the financial statements for the year as fees to Directors is Rs.160,000 (2018: Rs.680,000) for attending Board of Directors meetings and sub-committee meetings. Rs.10,000 per director per meeting was paid during the year.

21. RELATED PARTY TRANSACTIONS

21.1 The Company is wholly owned and sponsored by Ministry of Information Technology (MoIT), Government of Pakistan. Its related parties comprise of those companies which are owned and operated by Ministry of Information Technology, 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 20, were as follows:

	2019	(Restated) 2018
	----- Rupees -----	
Grant received during the year:		
From MoIT	990,000,000	1,227,000,000
Disbursements made to/ (refunds) from:		
National Telecommunication Corporation	471,607	530,631
Pakistan Software Export Board	68,977,144	115,506,465
Virtual University of Pakistan	110,251,209	126,562,172
Universal Service Fund	(3,483,365)	-
Nayatel (Private) Limited	-	5,568
Employees' Gratuity Fund	-	22,165,724
Amount (payable)/receivable as at June 30, 2019:		
National Telecommunication Corporation	(58,089)	(18,262)
Pakistan Software Export Board	702,114	(65,411,146)
Universal Service Fund	-	3,483,365
Virtual University of Pakistan	2,504,024	59,710,889

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21.2 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
Pakistan Software Export Board	Common Control	N/A	N/A
Universal Service Fund	Common Control	N/A	N/A
Nayatel (Private) Limited	Common	N/A	N/A
	Directorship		
Virtual University of Pakistan	Common Control	N/A	N/A
Mr. Yusuf Hussain	Chief Executive	N/A	N/A
Mr. Khawaja Saad Saleem	Director	N/A	N/A
Dr. Shahid Qureshi	Director	N/A	N/A
Dr. Khalid Maqbool Siddiqui	Director	N/A	N/A
Mr. Maroof Afzal	Director	N/A	N/A
Maj. Gen. Amir Azeem Bajwa	Director	N/A	N/A
Dr. Nawaz Ahmad	Director	N/A	N/A
Mr. Akbar Jamal Shaukat	Director	N/A	N/A
Employees' Gratuity Fund	Employees'	N/A	N/A
	Gratuity Fund		

22. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

Project/ program expenses relating to National incubation centers, Digiskills project, Human resource development project and National ICT scholarship program were erroneously under / over recorded in the prior year and bonus expense was recorded on payment basis, which has been adjusted retrospectively in these financial statements and the corresponding figures have been restated. To reflect the changes in information in the statement of financial position at the beginning of the preceding period, a third statement of financial position has been presented. The effect of restatement is summarised below:

	As previously reported	Adjustments	As restated
		-----Rupees-----	
Statement of Financial Position			
As at June 30, 2018			
Current assets			
Advances - considered good	212,643,196	(41,149,027)	171,494,169
Current liabilities			
Trade and other payables	344,485,191	115,807,012	460,292,203
Non Current liabilities			
Restricted funds	303,600,005	(156,956,039)	146,643,966
As at June 30, 2017			
Current liabilities			
Trade and other payables	315,307,884	10,709,944	326,017,828
Non Current liabilities			
Restricted funds	305,889,986	(10,709,944)	295,180,042
Statement of Comprehensive Income			
For the year ended June 30, 2018			
Income			
Grant income recognized	1,244,205,362	146,246,095	1,390,451,457
Expenditure			
Project/ program activities	1,034,812,028	145,795,829	1,180,607,857
Operating costs - Salaries and benefits	222,756,690	450,266	223,206,956
Statement of Cash Flows			
For the year ended June 30, 2018			
Cash flows from operating activities			
Amortization of restricted funds	(1,238,158,015)	(146,246,095)	(1,384,404,110)
Changes in Advances - considered good	(125,146,677)	41,149,027	(83,997,650)
Changes in Trade and other payables	51,019,082	105,097,068	156,116,150

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23. NUMBER OF EMPLOYEES

Number of persons employed as on June 30, 2019 are 43 (2018: 44). Average number of employees during the year were 43 (2018: 45).

24. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 30 APR 2020



**CHIEF EXECUTIVE
OFFICER**


DIRECTOR