KPMG Taseer Hadi & Co.

Ignite

Financial Statements

For the year ended

30 June 2018

KPMG Taseer Hadi & Co.
Chartered Accountants
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INDEPENDENT AUDITORS' 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 30 June 2018, and the statement of comprehensive income, the statement of changes in funds, 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 funds 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 30 June 2018 and of the income and expenditure and other comprehensive income, the changes in funds and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditors' Report Thereon

The management is responsible for the other information.
The other information comprises the directors' report, but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in

Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Riaz Pesnani.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

22 July 2019

Ignite
Statement of Financial Position
As at 30 June 2018

	Note	2018 (Rupees)	2017 (Rupees)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	**12,335,841**	9,831,063
Intangible assets	7	**959,238**	2,022,818
		13,295,079	11,853,881
CURRENT ASSETS			
Advances - considered good	8	**212,643,196**	82,245,778
Short term prepayment		**18,073,000**	-
Accrued interest on bank balance		**9,870,937**	7,309,136
Other receivables	9	**3,483,365**	8,740
Bank balance	10	**410,723,983**	538,343,501
		654,794,481	627,907,155
TOTAL ASSETS		**668,089,560**	639,761,036
FUNDS AND LIABILITIES			
FUNDS			
Fund Balance		**6,709,285**	6,709,285
NON-CURRENT LIABILITIES			
Restricted funds	11	**303,600,005**	305,889,986
Deferred capital grant	12	**13,295,079**	11,853,881
		316,895,084	317,743,867
CURRENT LIABILITIES			
Trade and other payables	13	**344,485,191**	315,307,884
TOTAL FUNDS AND LIABILITIES		**668,089,560**	639,761,036
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes from 1 to 22 form an integral part of financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Ignite

Statement of Comprehensive Income

For the year ended 30 June 2018

	Note	2018 (Rupees)	2017 (Rupees)
INCOME			
Grant income recognized	*15*	**1,244,205,362**	771,755,828
EXPENDITURE			
Project / program activities	*16*	**(1,034,812,028)**	(570,738,757)
Operating costs	*17*	**(222,756,690)**	(184,956,934)
		(1,257,568,718)	(755,695,691)
(DEFICIT) / SURPLUS FOR THE YEAR		**(13,363,356)**	16,060,137
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to statement of comprehensive income in subsequent periods:			
Remeasurement gain / (loss) on defined benefit scheme	*13.3.4*	**13,363,356**	(16,060,137)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-

The annexed notes from 1 to 22 form an integral part of financial statements.

Yusuf Hussain

CHIEF EXECUTIVE

DIRECTOR

Ignite

Statement of Cash Flows

For the year ended 30 June 2018

	Note	2018 (Rupees)	2017 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit) / Surplus for the year		**(13,363,356)**	16,060,137
Adjustments for:			
Depreciation	*6*	**4,983,767**	4,352,128
Amortization of intangible assets	*7*	**1,063,580**	1,161,830
Amortization of deferred capital grant	*12*	**(6,047,347)**	(5,513,958)
Amortization of restricted funds	*11*	**(1,238,158,015)**	(766,241,870)
Provision for staff gratuity	*13.3.3*	**8,436,564**	7,221,783
		(1,243,084,807)	(742,959,950)
Changes in:			
Advances - considered good		**(125,146,677)**	(69,051,368)
Short term prepayments		**(18,073,000)**	14,365,016
Other receivables		**(3,474,625)**	90,000
Trade and other payables		**51,019,082**	7,579,365
		(95,675,220)	(47,016,987)
Cash used in operating activities		**(1,338,760,027)**	(789,976,937)
Contribution made to staff gratuity fund	*13.3.2*	**(22,165,724)**	(14,301,439)
Restricted funds received during the year	*11*	**1,227,000,000**	718,000,000
Interest income received on bank balance		**13,794,778**	18,818,430
Net cash used in operating activities		**(120,130,973)**	(67,459,946)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	*6*	**(7,488,545)**	(1,659,077)
Net cash used in investing activities		**(7,488,545)**	(1,659,077)
CASH FLOWS FROM FINANCING ACTIVITIES		**-**	-
Decrease in cash and cash equivalents		**(127,619,518)**	(69,119,023)
Cash and cash equivalents at beginning of the year		**538,343,501**	607,462,524
Cash and cash equivalents at end of the year	*10*	**410,723,983**	538,343,501

The annexed notes from 1 to 22 form an integral part of financial statements.

Yusuf Hussain

CHIEF EXECUTIVE

DIRECTOR

Ignite

Statement of Changes in Funds

For the year ended 30 June 2018

	Fund Balance (Rupees)
Balance at 01 July 2016	**6,709,285**
Surplus for the year	16,060,137
Other comprehensive loss for the year	(16,060,137)
Total comprehensive income for the year	-
Balance at 30 June 2017	**6,709,285**
Balance at 01 July 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 30 June 2018	**6,709,285**

The annexed notes from 1 to 22 form an integral part of financial statements.

CHIEF EXECUTIVE | **DIRECTOR**

1 THE COMPANY AND ITS OPERATIONS

1.1 "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 the repealed Companies Ordinance, 1984 (now Companies Act, 2017, with effect from 30 May 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.

1.2 Summary of significant events and transactions in the current reporting period

- During the year, the Company launched following programs:

  Large scale National Digital Skills (DigiSkills) Training Program across the country, to train one (1) million people in the future of work using technology. The program has total budget of Rs. 694 million.

  National Incubation Centers in Karachi, Lahore, Quetta and Peshawar having total budget of Rs. 2.25 billion.

- During the year, grant of Rs.1.227 billion was received from Ministry of Information Technology.

- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fifth schedule of the Companies Act, 2017, some of the amounts reported for the previous year have been reclassified.

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 ;

- Provisions of and directives issued under the Companies Act, 2017; and

- Accounting Standard for Not for profit Organisations issued by the Institute of Chartered Accountants of Pakistan.

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

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

3.1 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (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.

3.2 Significant estimates

The preparation of financial statements is in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value 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 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.

Judgments made by the management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

Property and equipment

The Company reviews the useful life and residual value of property and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on depreciation charge.

Intangible assets

The Company reviews the residual values and useful lives of intangible assets on a regular basis. Any change in the estimates in future years might affect the carrying amounts of the intangible assets with a corresponding effect on the amortization charge and impairment.

Provisions against advances and other receivables

The Company reviews the recoverability of its advances and other receivables to assess amount of bad debts and provision required there against, on a regular basis.

Impairment of financial assets

In making an estimate of future cash flows of the Company's financial assets, the management considers estimated cash flows and their terminal values for impairment testing.

Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

Provision and contingencies

Estimates of the amount of provisions recognized are based on current, legal and constructive obligations. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

Where 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 sufficient reliability, it is disclosed as contingent liability.

Staff Retirement benefit - gratuity

The Company has staff retirement benefit obligations, which are determined through actuarial valuations using various assumptions as disclosed in note 13. Any change in these assumptions will impact the carrying amount of obligations for gratuity.

4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO THE APPROVED ACCOUNTING STANDARDS

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Company's financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. Application of this standard is not likely to have an impact on the Company's financial statements.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The amendments are not likely to have an impact on Company's financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of changes required on adoption of the standard.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements

- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

  IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

  IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

  The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company's financial statements.

5 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 below.

- Amendments to IAS 7 'Statement of Cash Flow' became effective during the year. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. Adoption of this requirement has not resulted in any change as currently there were no changes in liabilities arising from financing activities.

- The Companies Act, 2017 specified certain disclosures to be included in the financial statements. The Company has presented the required disclosures in these financial statements and reclassified certain comparatives. However, there was no change in the reported amounts of profit and other comprehensive income and the amounts presented in the statement of financial position due to these reclassifications.

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 depréciable 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 becomes available for the 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 the statement of comprehensive income as and when incurred. Major extensions, renewals and improvements are capitalized.

5.2 Intangible assets

These are recognized if it is probable that future economic benefits that are attributable to such assets will flow to the Company and the cost of the assets can also be measured reliably. These are stated at cost less accumulated amortization and any 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 7. 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

The carrying value of the Company's assets is 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.

5.4 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

5.4.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity investments, loans and receivables and available for sale investments. The classification depends on the purpose for which the financial assets were acquired. All financial instruments held by the Company have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements based on the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: observable inputs; and
- Level 3: unobservable inputs.

Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade date; the date on which the Company commits to purchase or sell the asset. The Company's financial assets as at 30 June 2018 comprised of "loans and receivables".

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Company's loans and receivables comprise advances, accrued interest on bank balance, other receivables and bank balance in the statement of financial position. Loans and receivables are carried at amortized cost using the effective interest method less allowance for any uncollectible amounts.

5.4.2 Impairment of financial assets

The Company assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event(s) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

5.4.3 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest rate method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of comprehensive income.

5.4.4 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to setoff the recognized amounts and the Company intends to settle on a net basis, or realize the asset and settle the liability simultaneously.

5.5 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank. Cash and cash equivalents are carried in the statement of financial position at cost.

5.6 Staff 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 30 June 2018 details of which are given in note 13.3.

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 statement of comprehensive income 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.

Grants that compensate the Company for expenses incurred are recognized in the statement of comprehensive income in the same period in which the expenses are recognized. Grants that compensate the Company for cost of an asset are recognized in the statement of comprehensive income on a systematic basis over the expected useful life of the related asset, upon capitalization.

5.8 Expenditure on project / program 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' budgets. The Company recognizes expenditure on project / program activities on the basis of verified cost statements received from the implementing partners.

5.9 Taxation

The 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 Provision

Provision is 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.

6 PROPERTY AND EQUIPMENT

	Furniture and fittings	Vehicles	Office equipment	Computer equipment	Total
			(Rupees)		
Cost					
Balance at 01 July 2016	4,397,675	110,913	2,502,373	20,549,399	27,560,360
Additions	-	-	409,243	1,249,834	1,659,077
Balance at 30 June 2017	4,397,675	110,913	2,911,616	21,799,233	29,219,437
Balance at 01 July 2017	**4,397,675**	**110,913**	**2,911,616**	**21,799,233**	**29,219,437**
Additions	**1,321,549**	**-**	**-**	**6,166,996**	**7,488,545**
Balance at 30 June 2018	**5,719,224**	**110,913**	**2,911,616**	**27,966,229**	**36,707,982**
Accumulated depreciation					
Balance at 01 July 2016	2,275,009	30,307	1,460,697	11,270,233	15,036,246
Depreciation	433,654	20,580	236,330	3,661,564	4,352,128
Balance at 30 June 2017	2,708,663	50,887	1,697,027	14,931,797	19,388,374
Balance at 01 July 2017	**2,708,663**	**50,887**	**1,697,027**	**14,931,797**	**19,388,374**
Depreciation	**404,832**	**20,580**	**158,022**	**4,400,333**	**4,983,767**
Balance at 30 June 2018	**3,113,495**	**71,467**	**1,855,049**	**19,332,130**	**24,372,141**
Carrying amounts - 2018	**2,605,729**	**39,446**	**1,056,567**	**8,634,099**	**12,335,841**
Carrying amounts - 2017	1,689,012	60,026	1,214,589	6,867,436	9,831,063
Depreciation rate per annum	**10%**	**20%**	**10%**	**33%**	

7 INTANGIBLE ASSETS

	Note	2018 (Rupees)	2017 (Rupees)
Cost			
Balance at 01 July		**5,928,300**	5,928,300
Additions		**-**	-
Balance at 30 June		**5,928,300**	5,928,300
Accumulated amortization			
Balance at 01 July		**3,905,482**	2,743,652
Amortization	*7.1*	**1,063,580**	1,161,830
Balance at 30 June		**4,969,062**	3,905,482
Carrying amounts		**959,238**	2,022,818

7.1 Annual rate of amortisaton is 33%.

		Note	2018 (Rupees)	2017 (Rupees)
8	**ADVANCES - unsecured, considered good**			
	Advances to implementing partners			
	Unsecured - considered good			
	Associated entities	*8.1*	**110,047,082**	34,440,770
	Others		**90,575,043**	40,675,053
			200,622,125	75,115,823
	Advances to employees against:			
	- Salaries		**5,281,600**	6,902,700
	- Expenditure		**1,488,730**	227,255
			6,770,330	7,129,955
	Advance to Gratuity Fund	*13.3.1*	**5,250,741**	-
			212,643,196	82,245,778

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

	Note	2018 (Rupees)	2017 (Rupees)
Virtual University of Pakistan		**104,484,081**	-
Pakistan Software Export Board		**5,563,001**	34,440,770
	8.1.1	**110,047,082**	34,440,770

8.1.1 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. 121,037,992 and Rs. 40,415,691 for Virtual University of Pakistan and Pakistan Software Export Board respectively.

9 OTHER RECEIVABLES - unsecured, considered good

This represents receivable from Universal Service Fund, an associated Company for expenses incurred on jointly contributed conference / seminar. The year-end balance also represents the maximum aggregate amount outstanding at any time during the year. This receivable is not past due and no provision / write off has been recognized for this receivable.

10 BANK BALANCE

This represents bank balance in saving account and carries markup at 4% (2017: 3.75%) per annum.

			Note	2018 (Rupees)	2017 (Rupees)
11	**RESTRICTED FUNDS**				
	Balance at 01 July			**305,889,986**	339,847,847
	Add:	Received during the year		**1,227,000,000**	718,000,000
		Interest income		**16,356,579**	15,943,086
	Less:	Recognized as grant income	*15*	**(1,238,158,015)**	(766,241,870)
		Transferred to deferred capital grant	*12*	**(7,488,545)**	(1,659,077)
	Balance at 30 June		*11.1*	**303,600,005**	305,889,986

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

		Note	2018 (Rupees)	2017 (Rupees)
12	**DEFERRED CAPITAL GRANT**			
	Balance at 01 July		**11,853,881**	15,708,762
	Additions during the year:			
	Property and equipment	*6*	**7,488,545**	1,659,077
		12.1	**7,488,545**	1,659,077
	Amortization of deferred capital grant	*12.2*	**(6,047,347)**	(5,513,958)
	Balance at 30 June		**13,295,079**	11,853,881

12.1 This represents property and equipment purchased during the year from the funds received from Ministry of Information Technology as given in note 11.

		Note	2018 (Rupees)	2017 (Rupees)
12.2	**Amortization of deferred capital grant**			
	Depreciation charge for the year	*6*	**(4,983,767)**	(4,352,128)
	Amortization charge for the year	*7*	**(1,063,580)**	(1,161,830)
			(6,047,347)	(5,513,958)
13	**TRADE AND OTHER PAYABLES**			
	Payable to implementing partners	*13.1*	**318,628,611**	272,309,873
	Payable to suppliers		**16,543,680**	11,818,664
	Payable to gratuity fund	*13.3.1*	**-**	21,841,775
	Leave encashment payable	*13.2*	**8,210,018**	7,031,839
	Accrued liabilities		**1,048,885**	2,183,370
	Withholding tax payable		**53,997**	122,363
			344,485,191	315,307,884

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

		2018 (Rupees)	2017 (Rupees)
13.2	**Leave encashment payable**		
	Balance at 01 July	**7,031,839**	5,858,149
	Charge for the year	**8,210,018**	7,031,839
	Benefits paid during the year	**(7,031,839)**	(5,858,149)
	Balance at 30 June	**8,210,018**	7,031,839

		Note	2018 (Rupees)	2017 (Rupees)
13.3	**(Receivable) / Payable to gratuity fund**			
13.3.1	**The amount recognized in the statement of financial position**			
	Present value of defined benefit obligation	*13.3.5*	**53,154,110**	42,354,204
	Payables		**5,225,887**	5,728,994
	Fair value of plan assets	*13.3.6*	**(63,630,738)**	(26,241,423)
	Net (asset) / liability at 30 June	*13.3.2*	**(5,250,741)**	21,841,775
13.3.2	**Movement in liability recognized in statement of financial position is as follows:**			
	Balance at 01 July		**21,841,775**	12,861,294
	Cost for the year recognised in income and expenditure statement	*13.3.3*	**8,436,564**	7,221,783
	Total amount of re-measurement (gain) / loss recognised in other comprehensive income	*13.3.4*	**(13,363,356)**	16,060,137
	Employer's contribution during the year		**(22,165,724)**	(14,301,439)
	Balance at 30 June (asset) / liability		**(5,250,741)**	21,841,775
13.3.3	**The amount recognized in income and expenditure statement is as follows:**			
	Current service cost		**7,956,314**	6,965,636
	Net interest cost		**480,250**	256,147
			8,436,564	7,221,783
13.3.4	**Re-measurement (gain) / loss recognized in other comprehensive income is as follows:**			
	Remeasurement (gain) / loss on defined benefit obligation		**(735,240)**	2,506,355
	Remeasurement (gain) / loss on plan assets		**(12,628,116)**	13,553,782
			(13,363,356)	16,060,137
13.3.5	**The movement in the present value of defined benefit obligation is as follows:**			
	Balance at 01 July		**42,354,204**	32,644,913
	Current service cost		**7,956,314**	6,965,636
	Interest cost		**3,902,781**	2,586,019
	Benefits payable		**-**	(254,981)
	Benefits paid		**(323,949)**	(2,093,738)
	Remeasurement (gain) / loss on defined benefit obligation		**(735,240)**	2,506,355
	Balance at 30 June		**53,154,110**	42,354,204

		2018 (Rupees)	2017 (Rupees)
13.3.6	**The movement in the fair value of plan assets is as follows:**		
	Balance at 01 July	**26,241,423**	25,257,632
	Expected return on plan assets	**3,422,531**	2,329,872
	Company's contribution	**22,165,724**	14,301,439
	Benefits paid	**(827,056)**	(2,093,738)
	Remeasurement gain / (loss) on plan assets	**12,628,116**	(13,553,782)
	Balance at 30 June	**63,630,738**	26,241,423
13.3.7	**Actual return on plan assets**	**1,606,003**	973,522
13.3.8	**Plan assets comprise of:**		
	Cash at bank - saving account (Unquoted)	**63,630,738**	26,241,423
13.3.9	**Expected contribution for the next year**	**7,321,236**	29,798,089

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.

13.3.10 Significant actuarial assumptions used were as follows:

	2018	2017
Withdrawal rate	**Moderate**	Very High
Mortality rate	**Adjusted SLIC (2001-05)**	Adjusted SLIC (2001-05)
Discount rate per annum	**10.00%**	9.25%
Salary increase rate per annum	**9.00%**	8.25%
Weighted average duration of the obligation	**14.45 Years**	12.64 Years

13.3.11 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 by one percent.

		Impact on defined benefit obligation	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
		(Rupees)	
Discount	1%	46,890,983	62,273,203
Salary increase	1%	62,346,299	46,566,244

		Note	2018 (Rupees)	2017 (Rupees)
13.3.12	**Distribution of timing of benefit payments**			
	Year 1		**2,695,227**	4,149,228
	Year 2		**2,553,859**	4,136,374
	Year 3		**2,591,815**	3,651,572
	Year 4		**2,396,293**	3,490,354
	Year 5		**2,395,075**	3,008,769
	Year 6 - 10		**31,681,182**	30,402,036

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

There are no contingencies at 30 June 2018 (2017: Rs. Nil).

14.2 Commitments

Commitments to disburse funds in respect of:

	2018 (Rupees)	2017 (Rupees)
National incubation centers	**2,282,089,299**	516,851,727
Technical research and development projects	**607,193,128**	641,792,414
Human resource and development programs	**66,822,877**	20,523,868
National ICT scholarship programs	**117,635,684**	624,770,178
Digiskills	**568,141,001**	-

15 GRANT INCOME RECOGNIZED

	Note	2018 (Rupees)	2017 (Rupees)
Amortization of deferred capital grant	*12.2*	**6,047,347**	5,513,958
Restricted funds recognized as grant income during the year			
Operating costs	*17.2*	**216,709,343**	179,442,976
Project / program activities	*16*	**1,034,812,028**	570,738,757
Remeasurement gain / (loss) on defined benefit scheme	*13.3.4*	**(13,363,356)**	16,060,137
	11	**1,238,158,015**	766,241,870
		1,244,205,362	771,755,828

	Note	2018 (Rupees)	2017 (Rupees)
16 PROJECT / PROGRAM ACTIVITIES			
National incubation centers		421,233,306	105,484,230
Digiskills project		22,249,944	-
Technical research and development projects		303,387,326	120,754,357
Human resource development projects		168,477,194	85,771,756
National ICT scholarship program		112,979,040	249,494,756
Conferences, seminars and scientific events		6,485,218	9,233,658
		1,034,812,028	570,738,757
17 OPERATING COSTS			
Salaries and benefits	*17.1*	140,628,355	133,663,739
Rent		27,001,000	23,975,016
Travelling expenses		16,222,331	6,146,516
Communication charges		953,150	1,467,200
Entertainment		1,609,188	1,267,991
Printing and stationery		1,582,191	1,065,367
Utilities		1,090,049	1,893,824
Repairs and maintenance		5,161,356	1,865,999
Advertising expenses		14,322,970	1,131,916
Auditors' remuneration - statutory audit	*17.3*	423,500	350,000
Legal and professional charges		1,226,525	609,750
Depreciation and amortization	*6 & 7*	6,047,347	5,513,958
External evaluators' fee		1,463,500	2,852,500
Director fees and other expenses		1,631,572	2,024,080
Training, workshop and seminars		2,933,824	1,111,912
Miscellaneous		459,832	17,166
		222,756,690	184,956,934

17.1 This includes staff benefits amounting to Rs. 8,436,564 (2017: Rs.7,221,783).

	Note	2018 (Rupees)	2017 (Rupees)
17.2 Operating cost charged to restricted funds			
Operating costs	*17*	222,756,690	184,956,934
Less: Depreciation and amortization charged to deferred capital grant	6 & 7	(6,047,347)	(5,513,958)
	15	216,709,343	179,442,976
17.3 Auditors' remuneration			
Statutory audit fee		385,000	350,000
Out of pocket expenses		38,500	-
		423,500	350,000

18 FINANCIAL INSTRUMENTS

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

18.1 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 advances, 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. The carrying amount of financial assets represents the maximum credit exposure at the reporting date as follows:

	2018 (Rupees)	2017 (Rupees)
Accrued interest on bank balance	**9,870,937**	7,309,136
Other receivables	**3,483,365**	8,740
Bank balance	**410,723,983**	538,343,501
	424,078,285	545,661,377

18.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities:

	Carrying value	Less than 1 year	Between 1 and 5 years
		(Rupees)	
At 30 June 2018			
Trade and other payables	336,221,176	336,221,176	-
At 30 June 2017			
Trade and other payables	286,311,907	286,311,907	-

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

18.3 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 risk comprises of three types of risk: currency risk, interest rate risk and other price risk. The Company is not exposed to any market risk.

18.4 Fair values

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

18.5 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

Non-derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

However, the fair value approximates to their carrying values.

18.6 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amounts				Fair value			
Financial assets and liabilities	**Held to maturity**	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
30 June 2018	(Rupees)				(Rupees)			
Financial assets not measured at fair value								
Accrued interest on bank balance	-	9,870,937	-	9,870,937	-	-	-	-
Other receivables	-	3,483,365	-	3,483,365	-	-	-	-
Bank balance	-	410,723,983	-	410,723,983	-	-	-	-
Total financial assets	-	424,078,285.00	-	424,078,285.00	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	-	-	336,221,176	336,221,176	-	-	-	-
Total financial liabilities	-	-	336,221,176	336,221,176	-	-	-	-
30 June 2017								
Financial assets not measured at fair value								
Accrued interest on bank balance	-	7,309,136	-	7,309,136	-	-	-	-
Other receivables	-	8,740	-	8,740	-	-	-	-
Bank balance	-	538,343,501	-	538,343,501	-	-	-	-
Total financial assets	-	545,661,377	-	545,661,377	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	-	-	286,311,907	286,311,907	-	-	-	-
Total financial liabilities	-	-	286,311,907	286,311,907	-	-	-	-

The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

19 REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVES AND DIRECTORS

2018

	Chief Executive	Executives	Total
		(Rupees)	
Managerial remuneration	10,261,290	64,624,080	74,885,370
Transport monetization	1,150,920	15,130,560	16,281,480
Medical allowance	69,996	1,939,992	2,009,988
Communication reimbursement	108,000	2,184,000	2,292,000
Performance bonus	1,600,000	8,475,812	10,075,812
Leave encashment	834,786	6,742,099	7,576,885
Honorarium	-	2,126,742	2,126,742
Conveyance allowance	-	1,633,392	1,633,392
	14,024,992	102,856,677	116,881,669
Number of persons including those who worked part of the year	1	32	33

2017

	Chief Executive	Executives	Total
		(Rupees)	
Managerial Remuneration	6,058,278	59,360,289	65,418,567
Transport Monetization	634,244	13,878,524	14,512,768
Medical allowance	38,573	1,709,640	1,748,213
Communication reimbursement	59,516	1,849,615	1,909,131
Performance bonus	-	2,121,300	2,121,300
Leave encashment	488,444	6,472,160	6,960,604
Honorarium	-	1,738,524	1,738,524
Conveyance allowance	-	6,476,649	6,476,649
	7,279,055	93,606,701	100,885,756
Number of persons including those who worked part of the year	2	31	33

19.1 Managerial remuneration for year 2017 of Chief Executive included additional charge allowance paid to the acting chief executive appointed by the Board of Directors of the Company.

19.2 The aggregate amount charged in the financial statements for the year as fees to Directors is Rs.680,000 (2017: Rs.540,000) for attending Board of Directors meetings and sub-committee meetings. Rs.10,000 per director per meeting was paid during the year.

19.3 Staff retirement benefit - gratuity is paid to Chief Executive and Executives as per the policy of the Company. Charge for the year is recognized in the financial statements on the basis of actuarial valuation.

20 RELATED PARTY TRANSACTIONS

20.1 The Company is wholly owned and sponsored by Ministry of Information Technology, Government of Pakistan. Therefore, all entities owned and controlled by the Government of Pakistan are related parties of the Company. Other related parties comprise companies with common directorship, key management personnel and employees' gratuity fund.

Transactions of the Company with related parties and balances outstanding at year end, other than remuneration of key management personnel, are as follows:

	2018 (Rupees)	2017 (Rupees)
Grant received during the year		
From Ministry of Information Technology	1,227,000,000	718,000,000
Disbursements made to:		
National Telecommunication Corporation	530,631	741,854
Pakistan Software Export Board	115,506,465	64,125,935
Universal Service Fund	-	413,644
Virtual University of Pakistan	126,562,172	4,399,370
Nayatel (Private) Limited	5,568	427,249
Employees' Gratuity Fund	22,165,724	14,301,439
Amount payable as at year end:		
National Telecommunication Corporation	18,262	43,838
Nayatel (Private) Limited	-	9,028
Amount receivable at the year end (Advances)		
Pakistan Software Export Board	5,563,001	34,440,770
Universal Service Fund	3,483,365	-
Virtual University of Pakistan	104,484,081	-

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

Associated Company	Basis Of Relationship	Number of Shares held in 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

Associated Company	Basis Of Relationship	Number of Shares held in Company	Aggregate %age of Holding
Nayatel (Private) Limited	Common Directorship	N/A	N/A
Virtual University of Pakistan	Common Control	N/A	N/A
Mr. Yusuf Hussain	Chief Executive	N/A	N/A
Syed Raza Shah	Director	N/A	N/A
Mr. Mudassar Hussain	Director	N/A	N/A
Mr. Zahoor Ahmed	Director	N/A	N/A
Khawaja Saad Saleem	Director	N/A	N/A
Engr. Shahab Afroz Khan	Director	N/A	N/A
Mr. Akbar Jamal Shaukat	Director	N/A	N/A
Dr. Shahid Qureshi	Director	N/A	N/A
Mr. Muhammad Naveed	Director	N/A	N/A
Employees' Gratuity Fund	Employees' Gratuity Fund	N/A	N/A

21 GENERAL

21.1 Number of employees

Number of persons employed as on 30 June 2018 are 44 (2017: 46). Average number of employees during the year were 45 (2017: 49).

21.2 Figures have been rounded off to the nearest rupee.

22 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 21 MAY 2019.

CHIEF EXECUTIVE

DIRECTOR