Punjab Skills Development Fund

Financial statements for the
year ended 30 June 2019

KPMG Taseer Hadi & Co.
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the members of Punjab Skills Development Fund

Report on the audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Punjab Skills Development Fund ("the Company"), which comprise the statement of financial position as at 30 June 2019, and the statement of income and expenditure account, 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 income and expenditure account, 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 30 June 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. Other information comprises the information included in the director's report for the year ended 30 June 2019, but does not include the financial statements and our auditor's report thereon.

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

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

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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.

- 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.

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is M. Rehan Chughtai.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore

Date: 07 November 2019

Punjab Skills Development Fund
Statement of Financial Position
As at 30 June 2019

	Note	2019 Rupees	2018 Rupees
Funds and Liabilities			
Capital fund	5	**1,800,000**	1,800,000
Accumulated fund		**82,104,184**	61,861,538
		83,904,184	63,661,538
Non-current liabilities			
Deferred contribution / grant	6	**-**	463,897,757
Deferred contribution - capital assets	7	**72,729,104**	67,868,570
Deferred liability	8	**2,122,402**	26,686,016
		74,851,506	558,452,343
Current liabilities			
Creditors, accrued and other liabilities	9	**990,718,754**	960,358,475
		1,149,474,444	1,582,472,356
Contingencies and commitments	10		

	Note	2019 Rupees	2018 Rupees
Assets			
Non-current assets			
Property and equipment	11	**59,927,704**	57,226,006
Intangibles	12	**12,801,400**	10,642,564
Long term deposits		**5,596,180**	3,528,000
		78,325,284	71,396,570
Current assets			
Advances, deposits, prepayments and other receivables	13	**63,528,052**	59,414,307
Tax refunds due from tax authorities		**20,199,994**	19,872,272
Balance of excess of expenditure over receipt under deferred contribution / grant	6	**310,201,405**	-
Cash and bank balances	14	**677,219,709**	1,431,789,207
		1,071,149,160	1,511,075,786
		1,149,474,444	1,582,472,356

The annexed notes from 1 to 25 form an integral part of these financial statements.

Chief Financial Officer **Chief Executive officer** **Director**

Punjab Skills Development Fund
Statement of Income And Expenditure Account
For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
Income			
Deferred contribution / grant income		**3,427,367,359**	3,626,038,749
Amortization of deferred contribution - capital assets		**20,251,457**	15,235,652
Project management services		**20,685,096**	27,685,087
Income from placement services		**374,000**	-
Profit on bank deposits		**4,755,456**	1,735,681
		3,473,433,368	3,670,695,169
Expenditure			
Tribal Area Development Project ("TADP")	*16*	**(935,170)**	(35,265,464)
Punjab Skills Development Project ("PSDP")	*17*	**(307,777,502)**	(347,194,999)
IRMNCH Program	*18*	**(5,184,000)**	(5,052,664)
Skills Development Programme (SDP) - Training	*19*	**(2,999,550,574)**	(3,140,733,251)
Skills Development Programme (SDP) - Technical Assistance	*20*	**(130,882,243)**	(112,472,277)
Operational expenses		**(5,570,399)**	-
		(3,449,899,888)	(3,640,718,655)
Finance cost		**(175,549)**	(62,818)
Surplus of income over expenditure		**23,357,931**	29,913,696

The annexed notes from 1 to 25 form an integral part of these financial statements.

Chief Financial Officer | **Chief Executive officer** | **Director**

Punjab Skills Development Fund
Statement of Comprehensive Income
For the year ended 30 June 2019

	2019 Rupees	2018 Rupees
Surplus of income over expenditure	**23,357,931**	29,913,696
Other comprehensive loss for the year		
Item that will never be reclassified to income or expenditure statement:		
-'Remeasurement of deferred liability	(3,115,285)	(493,279)
Total comprehensive income for the year	**20,242,646**	29,420,417

The annexed notes from 1 to 25 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive officer

Director

Punjab Skills Development Fund
Statement of Changes in Fund
For the year ended 30 June 2019

	Capital Fund	Accumulated Fund	Total
	-----------------	Rupees	-----------------
At 30 June 2017	1,800,000	32,441,121	34,241,121
Total comprehensive income for the year			
Surplus of income over expenditure	-	29,913,696	29,913,696
Other comprehensive loss for the year ended 30 June 2018	-	(493,279)	(493,279)
	-	29,420,417	29,420,417
At 30 June 2018	1,800,000	61,861,538	63,661,538
Total comprehensive income for the year			
Surplus of income over expenditure	-	**23,357,931**	**23,357,931**
Other comprehensive loss for the year ended 30 June 2019	-	**(3,115,285)**	**(3,115,285)**
	-	**20,242,646**	**20,242,646**
At 30 June 2019	**1,800,000**	**82,104,184**	**83,904,184**

The annexed notes from 1 to 25 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive officer	Director

Punjab Skills Development Fund

Cash Flow Statement

For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
Cash flows from operating activities			
Receipts			
Deferred contribution / grant received		**2,619,951,723**	3,075,980,000
Placement services		**374,000**	-
Profit on bank deposits		**78,258,092**	65,896,070
		2,698,583,815	3,141,876,070
Payments			
Paid to suppliers		**(3,171,581,283)**	(3,052,279,432)
Paid to employees		**(217,150,782)**	(183,578,819)
Finance cost paid		**(175,549)**	(62,818)
Taxes paid		**(327,722)**	(3,864,206)
Contribution made to the gratuity fund / payment of gratuity		**(41,750,486)**	(3,591,010)
		(3,430,985,822)	(3,243,376,285)
Net cash used in operating activities		**(732,402,007)**	(101,500,215)
Cash flows from investing activities			
Capital expenditure		**(19,023,526)**	(21,310,738)
Acquisition of intangibles		**(3,143,965)**	(9,258,577)
Net cash used in investing activities		**(22,167,491)**	(30,569,315)
Net decrease in cash and cash equivalents		**(754,569,498)**	(132,069,530)
Cash and cash equivalents at beginning of the year		**1,431,789,207**	1,563,858,737
Cash and cash equivalents at end of the year	14	**677,219,709**	1,431,789,207

The annexed notes from 1 to 25 form an integral part of these financial statements.

Chief Financial Officer **Chief Executive Officer** **Director**

1 Reporting entity

1.1 Punjab Skills Development Fund ("the Company") was incorporated on 11 October 2010 under section 42 of the repealed Companies Ordinance, 1984 (now under section 42 of the Companies Act, 2017). It is sponsored by the Government of the Punjab ("GoP") and funded by Department for International Development, UK ("DFID"). The Company is a funding organization which acts as a financer of skills development / vocational training projects and intends to stimulate the market for skills development. The registered office of the Company is situated at 21 - A, H Block, Dr. Mateen Fatima Road, Gulberg II, Lahore.

1.2 Accountable Grant Arrangement Project ("AGA") was funded by DFID and managed by the Company. Its objective was to assist the Company's operations by generating labor market intelligence and capacity building of the Company. The total allocated fund for the project was GBP 1.5 million from DFID, which was revised to GBP 0.84 million and remaining funds were transferred into DFID assisted Technical Assistance Component of upcoming programme "Skills Development Programme 2015-21". AGA project was completed on 15 September 2016.

1.3 A skills provision contract was entered between the Company and Tribal Area Development Project ("TADP") of Planning and Development Department, Government of Punjab, on 23 October 2014. As per the agreement, the Company was to engage vocational training service providers to train 1,000 residents of tribal area of Punjab till December 2017 with total fund allocation of Rs. 60 million. The contract was completed in June 2019. The Company has received Rs.51.48 million out of allocated funds till 30 June 2019.

1.4 Punjab Skills Development Project ("PSDP") was launched through a contract between the World Bank and Islamic Republic of Pakistan on 30 April 2015. Its core objective is to improve the quality, labor market relevance of, and access to skills and vocational training programs in priority sectors in Punjab. As per Project Appraisal Document, 50,000 individuals (at least 15% females) will be enrolled out of which 40,000 will be completed till 2020 with total fund allocation of USD 32.2 million under said Project. The Company has received Rs. 1,079 million out of the allocated funds till 30 June 2019.

1.5 The Company and Integrated Reproductive Maternal New Born & Child Health & Nutrition (IRMNCH) Program Punjab signed a contract on 18 January 2016 for the provision of capacity enhancement of Lady Health Visitors/ workers. The contract between IRMNCH & PSDF was valid till 31 December 2016. As per the contract the Company will engage service provider for the provision of Skill Enhancement (Training of Trainers) of 720 Lady Health Visitors (LHV) nominated by the IMRNCH. These master trainers will then conduct the training of other Lady Health Workers approximately 48,000. The training of 720 Lady Health Visitors & 48,000 Lady Health Workers was completed by June 30, 2017. However, report on quality assurance is yet to be prepared and submitted by training service provider after which this project will be considered as complete. Approximate cost of the Project was PKR 36 million. The Company has received Rs. 31 million till 30 June 2019.

1.6 Skills Development Programme ("SDP") was launched through a contract between the Department for International Development ("DFID") and Government of Punjab ("GOP") on 02 August 2016. Under this Programme, technical and vocational skills training will be provided to 330,000 poor and vulnerable people (40% women) across all districts of Punjab to enhance their employment prospects and incomes. The Programme also aims to support institutional development of the Punjab Skills Development Fund (PSDF), policy, regulatory and institutional reforms in the skills sector in Punjab to improve the quality and market relevance of skills development initiatives. The overall budget of the SDP is GBP 127.5 million. DFID's share is 30% (GBP 38.4 million) of this total amount including both vocational Training (GBP 31.4 million) and Technical Assistance (GBP 7 million) and GOP will provide funding for the remaining 70% (GBP 89.1 million) of the overall programme budget. The contract is for five years and will expire in 2021. The vocational training activities under this agreement were started from October 2016. DFID has contributed GBP 19.338 million equivalent to Rs. 2,850.429 million and Government of the Punjab has contributed Rs. 4,700.000 million equivalent to GBP 33.992 million (as per conversion rate of project document) to the programme till 30 June 2019.

2 Basis of preparation

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017;
- Accounting Standards for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS or the Accounting Standards for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the recognition of staff retirement gratuity at present value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees ("Rs.") which is the Company's functional currency. All financial information presented in Rupees has been rounded off to the nearest rupee, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements 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, and 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.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

2.4.1 Property and equipment

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

2.4.2 Intangibles

The Company reviews the rate of amortization and value of intangibles for possible impairment, on an annual basis. Any change in estimates in future years might affect the carrying amounts of intangibles with a corresponding effect on the amortization charge and impairment.

2.4.3 Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date.

2.4.4 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.4.5 Impairment

2.4.5.1 Impairment of financial assets - other than financial assets due from the Government of Pakistan

The Company estimates loss allowances for Expected Credit Losses (ECLs) on financial assets, other than financial assets due from the Government of Pakistan, measured at amortised cost after considering the pattern of receipts from and future financial outlook of the counterparty and is reviewed by the management on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding effect on the profit and loss.

2.4.5.2 *Impairment of financial assets due from the Government of Pakistan*

The management of the Company reviews carrying amounts of its financial assets due from the Government of Pakistan for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.4.5.3 *Impairment of non-financial assets*

The carrying amounts of the Company's assets are reviewed at each balance sheet 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.

2.4.6 Employee benefits

The Company operates a funded gratuity scheme for its confirmed employees who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. The most recent valuation of the scheme was carried out as at 30 June 2019. Remeasurement changes which comprise actuarial gains and losses are recognized immediately in the statement of other comprehensive income.

3 Summary of significant accounting policies

The significant accounting policies set out below have been consistently applied to all periods presented in these financial statements, except as disclosed in note 3.1.

3.1 Change in accounting policy

During the year, the Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018. Securities and Exchange Commission of Pakistan vide its S.R.O985/(1)/2019 dated 02 September 2019 notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable to Companies holding financial assets due from the Government of Pakistan till 30 June 2021. Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

3.1.1 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time requires judgment. Being a "Not for Profit" organization recognizing mainly deferred contribution / grant income equal to the amount of expenditure incurred in projects, the adoption of IFRS - 15 has no impact on the timing and amount of revenue recognition of the Company.

3.1.2 IFRS 9 Financial Instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

3.1.2.1 *Classification and measurement of financial instruments*

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through Other Comprehensive Income (FVOCI), or through profit or loss (FVTPL); and
- those to be measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

3.1.2.2 *Impact of change in classification and measurement of financial assets due to adoption of IFRS 9*

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets at 01 July 2018:

Financial Assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Cash and bank balances	Loans and receivable	Amortized cost	1,431,789,207	1,431,789,207
Deposits and other receivables	Loans and receivable	Amortized cost	1,241,642	1,241,642
Long term deposits	Loans and receivable	Amortized cost	3,528,000	3,528,000
Funds receivable for SDF	Loans and receivable	Amortized cost	44,502,133	44,502,133

3.1.2.3 *Impairment of financial assets - other than financial assets due from the Government of Pakistan*

The adoption of IFRS 9 has changed the Company's impairment model by replacing the IAS 39 'incurred loss model' with a forward looking 'expected credit loss' (ECL) model when assessing the impairment of financial assets in the scope of IFRS 9, other than financial assets due from the Government of Pakistan. IFRS 9 requires the Company to recognize ECLs for financial assets earlier than IAS 39. The Company has cash and bank balances, deposits and other receivables which are subject to ECLs model but there was not material expected credit loss on these financial assets on initial application at 01 July 2018 and for the year ended 30 June 2019.

3.2 Property and equipment

3.2.1 Operating fixed assets

Property and equipment of the Company are stated at cost less accumulated depreciation and impairment loss, if any. Cost in relation to property and equipment comprises acquisition and other directly attributable costs.

Depreciation charge is based on straight line method whereby the cost of an asset is written off to income and expenditure account at the rates prescribed in note 11 to these financial statements. Depreciation on additions and deletions is charged on the month in which the addition / deletion is made.

Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

Maintenance and normal repairs are charged to income as and when incurred. Renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company.

Gain / loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and is recognized in income and expenditure account.

3.2.2 Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labor and appropriate directly attributable overheads. These costs are transferred to property and equipment as and when assets are available for their intended use.

3.3 Intangibles

Expenditure incurred on intangible asset is capitalized as intangibles and stated at cost less accumulated amortization and any identified impairment loss, if any. Intangible asset with finite useful life is amortized using the straight-line method over the estimated useful life. Amortization on additions to intangible asset is charged from the month in which an asset is available for use and on disposal upto the month of disposal.

3.4 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents mainly comprise cash and bank balances which are stated in the balance sheet at cost.

3.5 Financial instruments

3.5.1 Recognition and initial measurement

All financial assets or financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

3.5.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances and other receivables.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. However, the Company has no such instrument at the balance sheet date.

Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. However, the Company has no such instrument at the balance sheet date.

Financial assets – Business model assessment:

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial liabilities comprise of creditors, accrued and other liabilities.

3.5.3 Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3.5.4 Deposits and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

3.5.5 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.5.6 Impairment

3.5.6.1 Financial assets - other than financial assets due from the Government of Pakistan

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.5.6.2 *Financial assets due from the Government of Pakistan*

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

All impairment losses are recognised in the profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non-financial assets

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

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

3.6 Foreign currency translations

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at exchange rates prevailing on the balance sheet date. All exchange differences are charged to income or expenditure statement.

3.7 Employee benefits

Salaries, wages and other benefits are accrued in the period in which the associated services are rendered by employees of the Company and measured on an undiscounted basis. The accounting policy for employee retirement benefits is described below.

3.7.1 Post employment benefit

The Company operates a funded defined benefit gratuity covering all permanent employees, who complete prescribed qualifying period of service. The Company recognizes expense in accordance with IAS 19 "Employee Benefits".

The Company's net obligation in respect of defined benefit gratuity is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit obligation are recognised in income and expenditure account.

3.8 Creditors, accrued and other liabilities

Liabilities for creditors, accrued and other liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3.9 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 obligation can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.10 Revenue recognition

Contributions / grants, including the non monetary contributions / grants at fair value are recognized when there is reasonable assurance that:

a) the Company will comply with the conditions attaching to them, if any; and

b) the contributions / grants will be received.

3.10.1 Deferred contributions / grants related to income

The Company follows deferral method of accounting and accordingly, deferred contributions / grants are recognized as income over the periods necessary to match them with the related cost which they are intended to compensate on a systematic basis. Contributions / grants receivable as compensation for expenses or loss already incurred or for the purpose of giving immediate financial support with no future related cost is recognized as income in the period in which it becomes receivable.

3.10.2 Deferred contributions / grants related to capital assets

Deferred contributions / grants related to property and equipment and intangibles received are recognized as deferred income and amortized over the useful lives of asset from the date the asset is available for intended use. Balance amount is recognized as "deferred contribution - capital assets" in the balance sheet.

3.10.3 Deferred contributions / grants

Funds received as deferred contributions / grants for specific purposes are classified as deferred contributions / grants. Deferred contribution / grant is transferred to income to the extent of expenditures incurred out of these funds in a particular accounting year. Balance amount is recognized as deferred contribution / grant in the balance sheet.

3.10.4 Project management services fee

Fee for project management services is recognized over time by reference to funds utilized in respect of specific project.

3.10.5 Other income

Income on bank deposits is recognized on accrual basis.

3.11 Taxation

The Company is registered under section 42 of the Companies Act, 2017 and have status of Non-Profit Organization under section 2(36) of the Income Tax Ordinance, 2001 with the approval of Commissioner. Further, 100% tax credit is allowed under section 100C of the Income Tax Ordinance, 2001 against the tax payable on taxable income.

4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

4.1 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 2019:

- 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 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 its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

- 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.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements. The application of amendments is not likely to have an impact on Company's financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

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. The amendment, is not likely to have an impact on the Company's financial statements.

- 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 the Company's financial statements.

5 Capital fund

This represents initial amount contributed by subscribers to the Memorandum of Association of the Company.

6 **Deferred contribution / grant**

	Note	AGA	TADP	PSDP	IRMNCH	SDP	SDP-TA	Total
		Rupees						
At 30 June 2017		-	12,201,088	187,024,170	6,437,825	751,997,290	55,154,572	1,012,814,945
Funds received during the year	15	-	33,480,000	251,000,000	-	2,678,500,000	113,000,000	3,075,980,000
Funds transferred to deferred contribution - capital assets		-	-	-	-	(30,569,315)	-	(30,569,315)
Expenditure during the year (net of depreciation and amortization)		(316)	(35,266,942)	(347,197,191)	(5,052,981)	(3,126,416,315)	(112,104,297)	(3,626,038,042)
Project management services		-	(1,800,000)	(25,885,087)	-	-	-	(27,685,087)
Profit on bank deposits		160,643	604,113	9,218,004	202,105	45,673,498	3,697,220	59,555,583
Surplus of receipt over expenditure		160,327	9,218,259	74,159,896	1,586,949	319,185,158	59,747,495	464,058,084
Transferred to payable to DFID on account of AGA	9	(160,327)	-	-	-	-	-	(160,327)
At 30 June 2018		-	9,218,259	74,159,896	1,586,949	319,185,158	59,747,495	463,897,757
Funds received during the year	15	-	-	230,000,000	-	2,330,562,000	59,389,723	2,619,951,723
Funds transferred to deferred contribution - capital assets		-	-	-	-	(22,167,491)	-	(22,167,491)
Expenditure during the year (net of depreciation and amortization)		-	(935,172)	(307,824,450)	(5,184,000)	(2,982,689,081)	(130,734,656)	(3,427,367,359)
Project management services		-	-	(20,685,096)	-	-	-	(20,685,096)
Profit on bank deposits		212,484	864,654	8,330,064	50,278	60,201,884	3,843,272	73,502,636
Deductions against TSP's claims reversed		-	-	-	-	8,479,877	-	8,479,877
Surplus of receipt over expenditure / (Excess of expenditure over receipt)		**212,484**	**9,147,741**	**(16,019,586)**	**(3,546,773)**	**(286,427,653)**	**(7,754,166)**	**(304,387,953)**
Transferred to receivable on account of excess expenditure in project	13	-	-	-	3,546,773	-	-	3,546,773
Transferred to payable to DFID on account of AGA	9	(212,484)	-	-	-	-	-	(212,484)
Transferred to payable on account of TADP	9	-	(9,147,741)	-	-	-	-	(9,147,741)
At 30 June 2019		-	-	**(16,019,586)**	-	**(286,427,653)**	**(7,754,166)**	**(310,201,405)**

		2019 Rupees	2018 Rupees
7	**Deferred contribution - capital assets**		
	Balance at beginning of the year	**67,868,570**	52,534,907
	Asset received during the year	**2,944,500**	-
	Funds transferred from deferred contribution / grant for capital expenditure	**22,167,491**	30,569,315
	Adjustment of depreciation / amortization recognized in income or expenditure statement	**(20,251,457)**	(15,235,652)
	Balance at end of the year	**72,729,104**	67,868,570

8 Deferred liability

The actuarial valuation of the Company's defined benefit obligation was conducted on 30 June 2019 using projected unit credit method. Details of obligation for defined benefit gratuity are as follows:

		Note	2019 Rupees	2018 Rupees
	The amount recognized in the balance sheet is as follows:			
	Present value of defined benefit obligation	*8.1*	**40,281,673**	26,686,016
	Fair value of plan assets	*8.2*	**(38,159,271)**	-
	Liability as at 30 June		**2,122,402**	26,686,016
8.1	**Movement in liability for funded defined benefit obligation**			
	Present value of defined benefit obligation at beginning of the year		**26,686,016**	18,200,532
	Current service cost for the year		**11,591,034**	10,311,825
	Interest cost for the year		**2,480,553**	1,271,390
	Benefit payments from plan		**(3,760,970)**	(3,591,010)
	Actuarial loss on present value of defined benefit obligation		**3,285,040**	493,279
	Balance at end of the year		**40,281,673**	26,686,016
8.2	**Movement in fair value of plan assets**			
	Contributions made during the year		**41,750,486**	-
	Benefits paid		**(3,760,970)**	-
	Return on plan assets, excluding interest income		**169,755**	-
	Balance at end of the year		**38,159,271**	-
8.3	**The amounts recognized in the income and expenditure account are as follows:**			
	Current service cost		**11,591,034**	10,311,825
	Interest cost		**2,480,553**	1,271,390
	Net charge to income and expenditure account		**14,071,587**	11,583,215

		2019 Rupees	2018 Rupees
8.4	**Included in other comprehensive income**		
	Remeasurement of plan obligation		
	- Actuarial loss from changes in financial assumptions	514,232	178,537
	- Experience adjustment on obligation	2,770,808	314,742
	- Return on plan assets, excluding interest income	(169,755)	-
		3,115,285	493,279
8.5	**Estimated expense to be charged to income and expenditure account next year**		
	Current service cost	14,665,886	11,591,034
	Interest cost	5,608,035	2,538,340
	Interest income on plan assets	(6,389,800)	-
	Net charge to income or expenditure statement	13,884,121	14,129,374

8.6 **The principal actuarial assumptions at the reporting date were as follows:**

	2019	2018
Discount rate used for interest cost in income or expenditure statement	10.00%	7.75%
Discount rate used for year end obligation	14.50%	10.00%
Expected per annum growth rate in salaries	13.50%	9.00%
Expected mortality rate	SLIC (2001-2005)	SLIC (2001-2005)

As at 30 June 2019, the weighted average duration of the defined benefit obligation was 10 years.

Sensitivity analysis

8.7 If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation would have been as follows:

8.7.1 **Carrying amount of present value of defined benefit obligation at year end**

	Due to increase in assumption Rupees	Due to decrease in assumption Rupees
As at 30 June 2019:		
Discount rate	36,513,966	44,706,615
Salary increase	44,787,327	36,379,667
As at 30 June 2018:		
Discount rate	24,102,490	29,747,315
Salary increase	29,803,320	24,008,464

	Note	2019 Rupees	2018 Rupees
9 Creditors, accrued and other liabilities			
Creditors	9.1	**209,871,964**	592,223,217
Accrued liabilities		**745,045,556**	348,542,120
Tax deducted at source		**20,207,130**	11,768,180
Balance of AGA payable to DFID fund		**3,486,871**	3,274,385
Balance of TADP restricted fund payable		**9,147,741**	-
Other payables		**2,959,492**	4,550,573
		990,718,754	960,358,475

9.1 This amount represents the balance payable to various training service providers against the monthly invoices.

10 Contingencies and commitments

10.1 Contingencies

10.1.1 In 2017 certain petitioners of the civil society filed a petition In the Lahore High Court against legal incorporation of the Company along with other Companies operating under section 42 or the Companies Act, 2017. Currently, proceedings of the court are in process and the management on the basis of the legal opinion believes that such petition against the Company would be dismissed.

10.1.2 Proceedings under rule 44(4) of the Income Tax Rules, 2002 were initiated against the Company for tax year 2016, wherein various heads of accounts were alleged. In compliance thereof, the Company furnished a detailed reply confronting all the objections/allegations raised along with all necessary documents, however., no show cause notice has been served on the Company till date. The management based on the advice of its tax advisor expects a favorable outcome in this case.

10.1.3 Proceedings under section 161(1) of the Income Tax Ordinance, 2001 were initiated against the Company for tax year 2017, wherein various heads of accounts were alleged and the Company was required to furnish reconciliations of expenses under each head to the amounts reported in the withholding statements u/s 165 of the Ordinance. In compliance thereof, the Company furnished a detailed reply confronting all the objections/allegations raised along with all necessary documents, however, no hearing notice has been served on the Company till date. The management based on the advice of its tax advisor expects a favorable outcome in this case.

10.1.4 Proceedings under section 161(1) of the Income Tax Ordinance, 2001 were initiated against the Company for tax year 2018, wherein various heads of accounts were alleged and the Company was required to furnish reconciliations of expenses under each head to the amounts reported in the withholding statements u/s 165 of the Ordinance. In compliance thereof, the Company furnished a detailed reply confronting all the objections/allegations raised along with all necessary documents, however, no hearing notice has been served on the Company till date. The management based on the advice of its tax advisor expects a favorable outcome in this case.

10.2 Commitments

There were no commitments as at 30 June 2019 (2018: Nil).

11 Property and equipment

	Improvements on leasehold buildings	Vehicles	Generator and other electrical equipment	Computer equipment	Furniture and fixtures	Capital work-in-progress	Total
	----------	----------	----------	Rupees	----------	----------	----------
30 June 2019							
Cost							
At 01 July 2018	25,853,379	29,510,179	9,713,643	29,461,582	8,698,333	-	103,237,116
Additions during the year	4,556,983	2,855,000	425,000	12,319,712	1,811,331	-	21,968,026
At 30 June 2019	**30,410,362**	**32,365,179**	**10,138,643**	**41,781,294**	**10,509,664**	**-**	**125,205,142**
Depreciation							
At 01 July 2018	5,293,744	23,418,329	3,618,507	10,909,051	2,771,479	-	46,011,110
Charge for the year	5,346,825	3,114,679	978,434	8,899,185	927,205	-	19,266,328
At 30 June 2019	**10,640,569**	**26,533,008**	**4,596,941**	**19,808,236**	**3,698,684**	**-**	**65,277,438**
Net book value at 30 June 2019	**19,769,793**	**5,832,171**	**5,541,702**	**21,973,058**	**6,810,980**	**-**	**59,927,704**
30 June 2018							
Cost							
At 01 July 2017	21,750,000	29,510,179	9,690,360	12,646,786	8,329,053	-	81,926,378
Additions during the year	4,103,379	-	23,283	16,814,796	369,280	-	21,310,738
At 30 June 2018	**25,853,379**	**29,510,179**	**9,713,643**	**29,461,582**	**8,698,333**	**-**	**103,237,116**
Depreciation							
At 01 July 2017	366,764	19,194,588	2,647,155	6,996,073	1,927,734	-	31,132,314
Charge for the year	4,926,980	4,223,741	971,352	3,912,978	843,745	-	14,878,796
At 30 June 2018	**5,293,744**	**23,418,329**	**3,618,507**	**10,909,051**	**2,771,479**	**-**	**46,011,110**
Net book value at 30 June 2018	**20,559,635**	**6,091,850**	**6,095,136**	**18,552,531**	**5,926,854**	**-**	**57,226,006**
Depreciation rate %	**20%**	**20%**	**10%**	**33.33%**	**10%**		

12 Intangibles

	Software	License	Software under development	Total
30 June 2019	-----------------------	----------------------- Rupees	-----------------------	
Cost				
At 01 July 2018	3,989,492	706,990	7,002,609	11,699,091
Additions during the year	9,696,574	-	1,940,191	11,636,765
Transfers during the year	-	-	(8,492,800)	(8,492,800)
At 30 June 2019	13,686,066	706,990	450,000	14,843,056
Amortization				
At 01 July 2018	929,026	127,501	-	1,056,527
Amortization for the year	914,425	70,704	-	985,129
At 30 June 2019	1,843,451	198,205	-	2,041,656
Net book value at 30 June 2019	11,842,615	508,785	450,000	12,801,400
30 June 2018				
At 01 July 2017	1,733,524	706,990	-	2,440,514
Additions during the year	2,255,968	-	7,002,609	9,258,577
At 30 June 2018	3,989,492	706,990	7,002,609	11,699,091
Amortization				
At 01 July 2017	642,874	56,797	-	699,671
Amortization for the year	286,152	70,704	-	356,856
At 30 June 2018	929,026	127,501	-	1,056,527
Net book value at 30 June 2018	3,060,466	579,489	7,002,609	10,642,564
Amortization rate per annum (%)	10%	10%		

13 Advances, deposits, prepayments and other receivables

	Note	2019 Rupees	2018 Rupees
Advances to employees against salaries and expenses - unsecured, considered good		**12,592,796**	7,531,339
Advance to suppliers		**3,936,789**	2,760,152
Prepayments		**3,747,629**	3,379,041
Security deposits		-	1,206,000
Funds receivable for SDF	*13.1&13.2*	**37,425,195**	44,502,133
Funds receivable for IRMNCH Program	*6&13.1*	**3,546,773**	-
Other receivables		**2,278,870**	35,642
		63,528,052	59,414,307

13.1 The maximum aggregate amount outstanding during the year from Government of the Punjab (a related party) was Rs. 3.55 million (2018: Rs. 44.5 million).

13.2 This represents excess of expenditures over income under SDF. In the meeting of the Programme Steering Committee of SDP dated 24 October 2018 it was decided that to settle the liabilities of SDF towards the Company, markup earned from available funds with the Company shall be adjusted against the Company's receivable under SDF. Accordingly, markup of Rs.7.08 million earned during the year on SDF's deposit account with the Company has been adjusted against this balance.

		Note	2019 Rupees	2018 Rupees
14	**Cash and bank balances**			
	Cash in hand			
	- SDP		**15**	26,051
	- AGA		**-**	3,692
			15	29,743
	Cash at bank			
	current accounts - SDF		**403,647**	403,647
	saving accounts			
	- SDF		**83,740,081**	83,358,162
	- AGA		**3,801,939**	1,805,184
	-TADP		**9,226,089**	11,096,605
	- PSDF		**67,757,259**	36,365,110
	- PSDP		**99,575,938**	153,089,446
	- IRMNCH		**93,041**	1,542,763
	-SDP		**400,438,368**	1,078,411,799
	-SDP-TA		**12,183,332**	65,686,748
		14.1	**676,816,047**	1,431,355,817
		14.2	**677,219,709**	1,431,789,207

14.1 These carry mark-up at the rates ranging from 5.65 % to 10.0 % per annum (2018: 4.75 % to 5.65 % per annum).

14.2 It includes bank balances aggregating to Rs. 675.25 million (2018: Rs. 1,430.80 million) maintained with the Bank of Punjab (a related party).

		2019 Rupees	2018 Rupees
15			
	Funds received		
	PSDP		
	Government of Punjab - Industries Department	**230,000,000**	251,000,000
	TADP		
	Tribal Area Development Project	**-**	33,480,000
	SDP		
	Government of Punjab - Planning and Development Department ("PDD")	**1,000,000,000**	1,798,951,639
	Department for International Development ("DFID")	**1,330,562,000**	879,548,361
		2,330,562,000	2,678,500,000
	SDP-TA		
	Department for International Development - UK ("DFID")	**59,389,723**	113,000,000
		2,619,951,723	3,075,980,000

		Note	2019 Rupees	2018 Rupees
16	**TADP**			
	Program cost - Training cost		**935,170**	35,265,464
17	**PSDP**			
	Program cost	*17.1*	**307,777,502**	347,194,999

17.1 Program cost

	Note	2019 Rupees	2018 Rupees
Training cost		**291,613,751**	330,663,848
Monitoring cost	*17.1.1*	**14,569,703**	10,358,021
Advertisement and communication cost		**1,594,048**	6,173,130
		307,777,502	347,194,999

17.1.1 This amount includes Rs. 0.23 million (2018: Rs.0.27 million) in respect of expense recognized against provision for gratuity during the year.

		Note	2019 Rupees	2018 Rupees
18	**IRMNCH**			
	Program cost - Training cost		**5,184,000**	5,052,664
19	**SDP - Training**			
	Program cost	*19.1*	**2,753,657,504**	2,927,994,339
	Non-program cost	*19.2*	**245,893,070**	212,738,912
			2,999,550,574	3,140,733,251

19.1 Program cost

	Note	2019 Rupees	2018 Rupees
Training cost		**2,616,684,737**	2,828,576,849
Monitoring cost	*19.1.1*	**99,284,631**	78,410,731
Advertisement and communication cost		**37,688,136**	21,006,759
		2,753,657,504	2,927,994,339

19.1.1 This amount includes Rs. 1.56 million (2018: Rs. 1.8 million) in respect of expense recognized against provision for gratuity during the year.

19.2 Non-program cost	Note	2019 Rupees	2018 Rupees
Salaries and other benefits	19.2.1	**165,676,897**	130,782,980
Depreciation		**19,266,328**	14,878,796
Rent		**17,252,329**	15,528,000
Fuel		**927,769**	6,351,927
Utilities		**6,376,805**	6,013,348
Janitorial and security services		**5,710,564**	5,623,681
Postage and telephone		**1,609,753**	4,477,295
Advertisement		**1,710,089**	1,943,933
Travelling and conveyance		**8,755,554**	7,558,952
Vehicle insurance		**850,306**	755,752
Printing and stationery		**799,780**	3,433,907
Repair and maintenance		**3,775,251**	3,363,550
Legal and professional charges		**5,005,783**	6,988,390
Auditors' remuneration	19.2.2	**1,204,500**	994,500
Amortization		**985,129**	356,856
Entertainment		**952,800**	1,353,770
Miscellaneous expenses		**5,033,433**	2,333,275
		245,893,070	212,738,912

19.2.1 This amount includes Rs. 11.45 million (2018: Rs. 8.86 million) in respect of expense recognized against provision for gratuity during the year.

19.2.2 Auditors' remuneration	Note	2019 Rupees	2018 Rupees
Annual audit fee		**800,000**	800,000
Punjab sales tax		**40,000**	40,000
Out of pocket expenses		**49,500**	49,500
Certifications and others		**315,000**	105,000
		1,204,500	994,500

20 SDP-Technical assistance

	Note	2019 Rupees	2018 Rupees
Program cost	20.1	**120,028,378**	102,384,661
Non-program cost	20.2	**10,853,865**	10,087,616
		130,882,243	112,472,277

20.1 Program cost	Note	2019 Rupees	2018 Rupees
Capacity building and institutional strengthening		**35,685,489**	22,949,980
Research and evaluations		**30,792,087**	77,880,632
Supporting innovative skill schemes		**50,195,242**	1,554,049
Policy - Regulatory and Institutional Reforms		**3,355,560**	-
		120,028,378	102,384,661

20.2 Non-program cost	Note	2019 Rupees	2018 Rupees
Salaries and other benefits	20.2.1	**9,221,743**	7,436,577
Fuel		-	7,414
Postage and telephone		-	17,196
Travelling and conveyance		**1,395,932**	2,099,622
Entertainment		**108,098**	74,001
Advertisement		**128,092**	452,806
		10,853,865	10,087,616

20.2.1 This amount includes Rs. 0.83 million (2018: Rs. 0.65 million) in respect of expense recognized against provision for gratuity during the year.

21 Financial risk management

The Company's activities expose it to a variety of financial risks:

- Credit risk
- Liquidity risk
- Market 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.

21.1 Risk management framework

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. 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'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 of Directors 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.

21.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the financial viability of all counterparties is regularly monitored and assessed.

21.2.1 Exposure to credit risk

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

	2019 Rupees	2018 Rupees
Long term deposits	**5,596,180**	3,528,000
Security deposits	**-**	1,206,000
Funds receivable for SDF	**37,425,195**	44,502,133
Funds receivable for IRMNCH Program	**3,546,773**	-
Other receivables	**2,278,870**	35,642
Balance of excess of expenditure over receipt under deferred contribution / grant	**310,201,405**	-
Cash at bank	**677,219,694**	1,431,759,464
	1,036,268,117	1,481,031,239

Credit risk is minimum as the bank accounts are maintained with reputable banks with good credit ratings. The credit rating of counterparty with external credit ratings is as follows:

	Rating		Rating Agency	Rs. 2019
	Short term	Long term		
Bank				
The Bank of Punjab	**A1+**	**AA**	**PACRA**	**675,246,401**
Habib Bank Limited	**A1+**	**AAA**	**JCR-VIS**	**88,520**
Telenor Microfinance Bank Limited	**A1**	**A+**	**JCR-VIS**	**1,884,773**
				677,219,694

	Rating		Rating Agency	Rs. 2018
	Short term	Long term		
Bank				
The Bank of Punjab	A1+	AA	PACRA	1,430,799,039
Habib Bank Limited	A1+	AAA	JCR-VIS	85,175
Telenor Microfinance Bank Limited	A1	A+	JCR-VIS	875,250
				1,431,759,464

21.3 Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The following analysis shows the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. The amount disclosed in the table are the contractual undiscounted cash flows and also include the impact of estimated future interest payments, if any.

	2019				
	Carrying amount	**Contractual cash flows**	**Maturity upto one year**	**Maturity from one to five years**	**Maturity more then five years**
	Rupees				
Creditors	209,871,964	209,871,964	209,871,964	-	-
Accrued liabilities	745,045,556	745,045,556	745,045,556	-	-
Balance of AGA payable to DFID fund	3,486,871	3,486,871	3,486,871	-	-
Balance of TADP restricted fund payable	9,147,741	9,147,741	9,147,741	-	-
Other payables	2,959,492	2,959,492	2,959,492	-	-
	970,511,624	970,511,624	970,511,624	-	-

	2018				
	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity from one to five years	Maturity more then five years
	Rupees				
Deferred contribution / grant	463,897,757	463,897,757	463,897,757	-	-
Creditors	592,223,217	592,223,217	592,223,217	-	-
Accrued liabilities	348,542,120	348,542,120	348,542,120	-	-
to DFID fund	3,274,385	3,274,385	3,274,385	-	-
Other payables	4,550,573	4,550,573	4,550,573	-	-
	1,412,488,052	1,412,488,052	1,412,488,052	-	-

21.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

21.4.1 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

21.4.1.1 Variable rate instruments	2019 Rupees	2018 Rupees
Cash at bank - saving account	676,816,047	1,431,355,817

21.4.1.2 Interest rate sensitivity of variable rate instruments

If the interest rates at the reporting date had been higher by 100 basis points with all other variables being constant, the balance of restricted fund at end of the year would have been higher by Rs. 6,768,160 (2018: Rs. 14,313,558).

21.4.2 Currency risk management

PKR is the functional currency of the Company and exposure arises from transactions and balances in currencies other than PKR as foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. The Company's potential currency exposure comprise:

(a) Transactional exposure in respect of non functional currency monetary items.
(b) Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below:

21.4.3 Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the income or expenditure statement. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

21.4.4 Transactional exposure in respect of non functional currency expenditure and revenues

There is no transactional exposure in respect of non functional currency expenditure and revenues.

21.4.5 Exposure to foreign currency risk

The Company is not exposed to any foreign currency risk as on balance sheet date.

21.5 Fair values

21.5.1 Fair value versus carrying amounts

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

21.5.2 Fair values of financial instruments

The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

		Carrying amount			Fair value		
		Financial assets at amortized cost	**Financial liabilities at amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**
On-Balance sheet financial instruments	*Note*	----------	----------	----------	Rupees	----------	----------
30 June 2019							
Financial assets not measured at fair value							
Long term deposits		5,596,180		5,596,180			
Funds receivable for SDF		37,425,195	-	37,425,195	-	-	-
Funds receivable for IRMNCH Program		3,546,773	-	3,546,773	-	-	-
Other receivables		2,278,870	-	2,278,870	-	-	-
Balance of excess of expenditure over receipt under deferred contribution / grant		310,201,405	-	310,201,405	-	-	-
Cash and bank balances		677,219,709	-	677,219,709	-	-	-
	21.5.3	1,036,268,132	-	1,036,268,132	-	-	-
Financial liabilities not measured at fair value							
Creditors		-	209,871,964	209,871,964	-	-	-
Accrued liabilities		-	745,045,556	745,045,556	-	-	-
Balance of restricted funds		-	12,634,612	12,634,612	-	-	-
Other payables		-	2,959,492	2,959,492	-	-	-
	21.5.3	-	970,511,624	970,511,624	-	-	-

	Note	Carrying amount			Fair value		
		Loans and receivables at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
		Rupees					
30 June 2018							
Financial assets not measured at fair value							
Long term deposits		3,528,000	-	3,528,000	-	-	-
Security deposits		1,206,000	-	1,206,000	-	-	-
Funds receivable for SDF		44,502,133	-	44,502,133	-	-	-
Other receivables		35,642	-	35,642	-	-	-
Cash at bank		1,431,789,207	-	1,431,789,207	-	-	-
	21.5.3	1,481,060,982	-	1,481,060,982	-	-	-
Financial liabilities not measured at fair value							
Deferred contribution / grant		-	463,897,757	463,897,757	-	-	-
Creditors		-	592,223,217	592,223,217	-	-	-
Accrued liabilities		-	348,542,120	348,542,120	-	-	-
Balance of restricted funds		-	3,274,385	3,274,385	-	-	-
Other payables		-	4,550,573	4,550,573	-	-	-
	21.5.3	-	1,412,488,052	1,412,488,052	-	-	-

21.5.3 Fair value versus carrying amounts

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

22 **Related party transactions**

The Company is a government sponsored entity, therefore all the government departments / agencies are the related parties of the Company. Other related parties comprise of directors and key management personnel. Balances and transactions with government departments relating to funds are disclosed in notes 6 and 7 to the financial statements. The remuneration to Chief Executive and Directors is disclosed in note 23 to the financial statements. Other significant and quantifiable transactions and balances with related parties not specifically disclosed elsewhere are as follows:

Name of parties	Relationship	Transactions / Balance	*Note*	2019 Rupees	2018 Rupees
a) Various training service providers	Common control	Training services provided to the Company	*22.1*	**309,224,691**	438,453,213
		Payable balance at the year end		**186,581,966**	247,387,095
b) Key management personnel	Key management personnel	Remuneration	*22.2*	**32,394,208**	23,229,265

22.1 Contracts relating to training services provided to the Company by the training service providers are awarded after evaluation of bids invited by the Company and all related party transactions are approved by the Board of Directors of the Company.

22.2 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers Chief Executive Officer, whole time Directors, Chief Financial Officer and Company Secretary to be its key management personnel.

23 **Remuneration of Directors, Chief Executive and Executives**

The aggregate amount charged in the financial statements for the year in respect of remuneration, including all benefits to the Directors, Chief Executive and Executives of the Company is as follows:

	2019			2018		
	Directors	**Chief Executive**	**Executives**	Directors	Chief Executive	Executives
		Rupees			Rupees	
Salary	-	**17,199,996**	**97,459,537**	-	14,199,999	76,149,349
Variable pay	-	**5,570,399**	-	-	-	-
Driver Allowance	-	-	**1,700,000**	-	-	1,678,710
Mobile allowance	-	-	**672,511**	-	-	1,218,347
Communication allowance	-	-	**1,470,387**	-	-	1,047,387
Leave encashment	-	-	-	-	165,000	278,459
Car Allowance	-	-	**5,307,580**	-	-	5,100,851
Gratuity expense	-	**1,433,333**	**8,121,628**	-	1,433,333	6,632,820
	-	**24,203,728**	**114,731,643**	-	15,798,332	92,105,923
Number of persons	**9**	**1**	**35**	10	1	29

23.1 Chief Executive and certain Executives are also provided with Company's maintained vehicle in accordance with the Company's policy.

24 **Number of employees**

The average number of employees during the year and total number of employees at 30 June 2019 and 2018 respectively are as follows:

	2019	2018
	Number of employees	
Total number of employees at 30 June	100	88
Average number of employees during the year	91	86

25 **Date of authorization for issue**

These financial statements have been authorized by the Board of Directors of the Company in their meeting held on 07 NOV 2019.

Chief Financial Officer **Chief Executive Officer** **Director**