

INDEPENDENT AUDITOR'S REPORT

**Grant Thornton Anjum
Rahman**

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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 **The Punjab Skills Development Fund** ("the Company") which comprise the statement of financial position as at **June 30, 2023**, and statement of income and expenditure, 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, statement of income and expenditure, 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 **June 30, 2023** and of the surplus, other comprehensive loss, 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the other information. The other information comprises the Directors' Report, 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.

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.

- 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, statement of income and expenditure, 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 auditor's report is Imran Afzal.


Chartered Accountants

Lahore

Dated: October 19, 2023

UDIN: AR202310212oqkzgdEle

(A company setup under section 42 of the repealed Companies Ordinance, 1984 (Now Companies Act, 2017))

As at June 30, 2023

The annexed notes from 1 to 31 form an integral part of these financial statements.



Chief Financial Officer

Shirley C. Davis

Director

[Signature]
Director

Director

The Punjab Skills Development Fund

(A company setup under section 42 of the repealed Companies Ordinance, 1984 (Now Companies Act, 2017))

Statement of Income & Expenditure

For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
<u>Income</u>			
Amortization of deferred grants related to income	5.2	1,176,610,024	768,790,326
Amortization of deferred grants - capital assets	6	16,222,312	23,658,759
Income from placement services & digital programs		7,465,841	5,386,843
Other income - profit on bank deposits and investments	15	79,535,943	9,870,612
Other income - Management fee		17,223,976	13,418,057
		1,297,058,096	821,124,597
<u>Expenditure</u>			
Skills Development Programme:			
Training Component ("SDP")	17	-	(186,805,652)
Technical Assistance ("SDP-TA")	18	-	(18,040,974)
Evidence Generation and Design Programme ("EGDP")	19	(71,700,927)	(23,360,935)
Skilling Youth for Income Generation ("SYIG")	20	(1,024,309,527)	(538,449,610)
Koh-e-Suleman Improvement Project (KSIP)	21	(64,628,005)	-
Exports Development Fund (EDF)	22	(606,967)	-
		(1,161,245,426)	(766,657,171)
Self Sustainable Initiatives	23	(33,478,722)	(13,076,174)
Finance cost		(83,171)	(204,226)
		(1,194,807,319)	(779,937,571)
Surplus for the year		102,250,777	41,187,026

The annexed notes from 1 to 31 form an integral part of these financial statements.

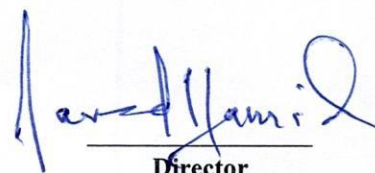
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Chief Financial Officer



Director



Director

The Punjab Skills Development Fund

(A company setup under section 42 of the repealed Companies Ordinance, 1984 (Now Companies Act, 2017))

Statement of Comprehensive Income

For the year ended June 30, 2023

	2023 Rupees	2022 Rupees
Surplus for the year	102,250,777	41,187,026
<u>Other comprehensive (loss) for the year</u>		
<i>Items that will never be reclassified to statement of income or expenditure:</i>		
Remeasurement of deferred liability	(3,202,169)	(5,481,716)
<i>Items that will be reclassified to statement of income or expenditure</i>	-	-
Total comprehensive income for the year	99,048,608	35,705,310

The annexed notes from 1 to 31 form an integral part of these financial statements.

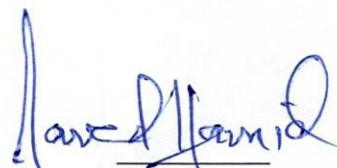
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Chief Financial Officer



Director



Director

The Punjab Skills Development Fund

(A company setup under section 42 of the repealed Companies Ordinance, 1984 (Now Companies Act, 2017))

Statement of Changes in Fund

For the year ended June 30, 2023

	Capital Fund	Accumulated Fund	Total
	----- Rupees -----		
At July 1, 2021	1,800,000	206,250,065	208,050,065
Surplus for the year	-	41,187,026	41,187,026
Other comprehensive loss for the year ended June 30, 2022	-	(5,481,716)	(5,481,716)
Total comprehensive income for the year	-	35,705,310	35,705,310
At June 30, 2022	1,800,000	241,955,375	243,755,375
Surplus for the year	-	102,250,777	102,250,777
Other comprehensive loss for the year ended June 30, 2023	-	(3,202,169)	(3,202,169)
Total comprehensive income for the year	-	99,048,608	99,048,608
At June 30, 2023	1,800,000	341,003,983	342,803,983

The annexed notes from 1 to 31 form an integral part of these financial statements.

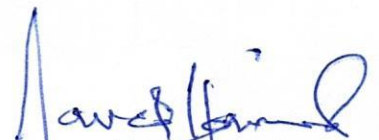
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Chief Financial Officer



Director



Director

The Punjab Skills Development Fund

(A company setup under section 42 of the repealed Companies Ordinance, 1984 (Now Companies Act, 2017))

Statement of Cash Flows

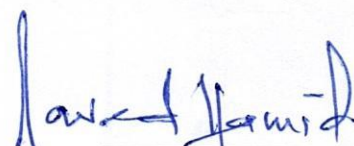
For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
<u>Cash flows from operating activities</u>			
Surplus of income over expenditure		102,250,777	41,187,026
Adjustments for:			
Depreciation for the year		11,025,451	19,334,570
Amortization for the year		5,196,859	4,324,188
Amortization of deferred grants		(16,222,312)	(23,658,759)
Amortization of grants related to income		(1,176,610,024)	(768,790,326)
Gratuity		11,679,298	14,526,839
Finance Income		(79,535,943)	(9,870,612)
Finance cost		83,171	204,226
		(1,244,383,500)	(763,929,874)
Grants received less repayments		471,860,822	503,324,972
		(670,271,901)	(219,417,876)
<u>Effect on cash flows due to working capital changes</u>			
<u>Decrease in assets:</u>			
Long term deposits		(500,000)	(453,912)
Advances, prepayments and other receivables		(4,584,933)	(14,255,622)
		(5,084,933)	(14,709,534)
<u>(Decrease) / Increase in current liabilities:</u>			
Creditors, accrued and other liabilities		(81,527,910)	(392,603,960)
Cash utilized in operations		(756,884,744)	(626,731,370)
Finance cost paid		(83,171)	(204,226)
Taxes paid		(5,369,373)	(3,167,372)
Contributions in employee benefit plan (gratuity trust)		(22,530,061)	(8,918,441)
		(27,982,605)	(12,290,039)
Net cash used in operating activities		(784,867,349)	(639,021,409)
<u>Cash flows from investing activities</u>			
Capital expenditure incurred during the year		(1,571,839)	(4,486,138)
Acquisition of Intangibles during the year		(253,433)	(16,200,000)
Increase in investments during the year		100,000,000	(15,000,000)
Profit on bank deposits received		140,242,229	103,776,671
Net cash from investing activities		238,416,957	68,090,533
Net decrease in cash and cash equivalents		(546,450,392)	(570,930,876)
Cash and cash equivalents at beginning of the year		1,111,546,717	1,682,477,593
Cash and cash equivalents at end of the year	14	565,096,325	1,111,546,717

The annexed notes from 1 to 31 form an integral part of these financial statements.


Chief Financial Officer


Director


Director

The Punjab Skills Development Fund

(A company setup under section 42 of the repealed Companies Ordinance, 1984 (Now Companies Act, 2017))

Notes to the Financial Statements

For the year ended June 30, 2023

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 ("GoPb") and funded by Foreign, Commonwealth & Development Office - GOV.UK (previously Department for International Development ("DFID")). The Company is a funding organization which acts as a financier 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. The Company has regional office in Bahawalpur.
- 1.2** 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 with total fund allocation of USD 32.2 million. The Company has received Rs. 1,568.8 million out of the allocated funds so far. Trainings under the project was completed in 2020 and the Company has trained 45,277 individuals out of which 14,315 individuals are females.
- 1.3** Skills Development Programme ("SDP") was launched through a contract between the Foreign, Commonwealth & Development Office - GOV.UK ("FCDO") and Government of Punjab ("GoPb") 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 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 was GBP 127.5 million. FCDO's share was 30% (GBP 38.4 million). GoPb provided funding for the remaining 70% (GBP 89.1 million) of overall programme budget. The contract was for five years and expired in 2021. The vocational training activities under this agreement were started from October 2016. FCDO has contributed GBP 28.280 million equivalent to Rs. 4,707.290 million and Government of the Punjab has contributed Rs. 9,112.000 million equivalent to GBP 65.900 million (as per conversion rate of the project document) to the Programme. Trainings under the programme had been completed in June 2021 and the company had trained 319,928 individuals out of which 148,579 individuals were females.
- 1.4** The Evidence Generation and Design of the 'Non-Formal Education to Job Placement' program for Out of School Adolescents (OOSA) of Punjab was launched on 30 November 2020 through a Programme Cooperation Agreement between Punjab Skills Development Fund (PSDF) and United Nations International Children's Emergency Fund (UNICEF). PSDF in partnership with UNICEF and with the technical support of Oxford Policy Management (OPM) and Achua developed and designed a cost-effective pilot programme for out of school adolescents in Punjab. This innovative program integrates accelerated learning with skills training and labor market linkages to create sustainable income-generating and self-employment opportunities for OOSAs in the region. Achua handled the awareness campaigns, registration, and consent-taking phase, visiting a total of 7,735 households and registering 14,186 OOSAs for the household survey. The household survey interviewed 9,595 registered OOSAs from 4,746 households across six districts of Punjab, namely Lahore, Faisalabad, Rajanpur, Dera Ghazi Khan, Rahim Yar Khan, and Bahawalpur. During the evidence generation phase, the program also focused on developing and designing a labor market linkage plan to connect beneficiaries with employment and self-employment opportunities. The project team conducted interviews with over 200 delivery partners and labor market stakeholders, including 45 Non-Formal Education partners, 62 skill development partners, and 119 potential employers. The total cost of the project was PKR 122.078 million, with UNICEF contributing PKR 103.350 million, and PSDF contributing PKR 18.728 million through time-based allocation of senior management involvement in the project. The project successfully completed on June 30, 2023. PSDF received PKR 84.424 million from UNICEF, and the remaining amount of PKR 18.013 million was received after the balance sheet date.

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The Punjab Skills Development Fund

(A company setup under section 42 of the repealed Companies Ordinance, 1984 (Now Companies Act, 2017))

Notes to the Financial Statements

For the year ended June 30, 2023

- 1.5** Skilling Youth for Income Generation (SYIG) is sponsored by the Government of the Punjab ("GoPb") for Company. The duration of the project is 5 years i.e 2021-2026. The total cost of this program is PKR 9,900 million for the training of 180,000 individuals to receive skills training (40% women) under the six brand pillars.
- 1. UMEED:** This pillar focuses on the inclusion of marginalized and underprivileged youth into mainstream economic activity.
 - 2. AGHAZ:** This pillar focuses to promote entrepreneurship and self-employment outcomes for income generation among the youth.
 - 3. URAAN:** This pillar focuses on women's training, across all sectors of the economy with the objective to attract more women to the labor force and help them become productive members of the economy.
 - 4. E-TAYYAR:** This pillar includes all the new and innovative programs being run in the digital space, from hybrid courses to digital courses.
 - 5. HARYALI:** Skilling programs under Harnail are focused on improving the productivity of farmers by adopting good farming practices and creating formal market linkages.
 - 6. MAHIR:** The focus of the program is to provide skills training in demand-driven trades through formal training institutes and industries.
- Trainings under the project were started in January 2022. The Company has received PKR 1,559.974 million till reporting date.
- 1.6** Koh-e-Suleman Improvement Project (KSIP) aims at provision of skills to youth of Koh-e-Suleman tribal Region. PSDF, in collaboration with KSIP, aims to train 2000 applicants till Dec 2023. With a fund of Rs. 150 million, demand driven trades will be offered to the residents of Koh-e-Suleman. Vocational institutes will be established in the tribal belt to encourage and ease out the training dissemination. To ensure women participation in the program, 20% seats have been dedicated for them under community programs. Further, PSDF is offering virtual trades namely Amazon Virtual Assistant and Virtual Accounting and Bookkeeping to promote E-lancing activities thereby promoting our efforts of self-employment. The Company has received PKR. 70 million till reporting date.
- 1.7** PSDF has received funding from Export Development Fund (EDF) - Ministry of Commerce, for the Skills Training Program in the Textile sector (Readymade Garments & Hosiery / Knitwear). This program has been designed in partnership with Pakistan Readymade Garments Manufacturers and Exporter Association (PRGMEA) and Pakistan Hosiery Manufacturers & Exporters Association (PHMA). The project aims to promote the exports by increasing the supply of skilled workforce in the textile sector, narrowing the wide gap in production requirement and availability of skilled labor. Under this program, PSDF will train in demand-driven and export-related trades. The duration of the contract is one year extendable for another year on the same terms & conditions. Trainees under this program will receive hands on experience and employment opportunities in the export related industries. The Company has received PKR. 100 million till reporting date which have not been utilised till reporting date.
- 1.8** PSDF has taken self sustainability initiatives and partnered with HBL to implement PM's Kamay Jawan Loan Scheme to youth with scalable and profitable business and entrepreneurial ideas. Further, PSDF is working with GIZ- Programme Migration for Development (PME) as part of a special initiative introduced to promote self-employment opportunities for vulnerable groups e.g. persons with disability, minorities including the local population and returnees. This specific intervention focuses on domestic tailoring and fashion designing leading to in-kind support including toolkit to secure self-employment in the field of commercial cloth stitching or employment opportunities. PSDF under this specific agreement trained 70 individuals in "Domestic Tailoring & Fashion Designing" trade. The duration of course was 1 month. These trainees were provided with industrial stitching machines along with all required tools leading to self-employment for 100% of trained trainees.

GPRC

The Punjab Skills Development Fund

(A company setup under section 42 of the repealed Companies Ordinance, 1984 (Now Companies Act, 2017))

Notes to the Financial Statements

For the year ended June 30, 2023

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 staff retirement benefits being carried at fair value.

2.3 New standards, interpretations and amendments applicable to the financial statements for the year ended 30 June, 2023

There are certain amendments in accounting standards which were mandatory for the Company's annual accounting period which began on July 1, 2022.

However, there is no significant implication of such amendments adopted during the year.

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

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

	Effective date (annual beginning on or after)
IAS 1 Presentation of Financial Statements (Amendments)	01-Jan-23
IAS 8 Accounting Policies, Changing in Accounting Estimates and Errors (Amendments)	01-Jan-23
IAS 12 Income Taxes (Amendments)	01-Jan-23
IFRS 4 Insurance Contracts (Amendments)	01-Jan-23
IAS 7 Statement of Cash Flows (Amendments)	01-Jan-23
IFRS 7 Financial Instruments	01-Jan-23
IFRS 16 Leases (Amendments)	01-Jan-24

The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.

Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2023;

IFRS 1 First-time Adoption of International Financial Reporting Standards
IFRS 17 Insurance Contracts
IFRIC 12 Service Concession Arrangement

The Company is in process of evaluating impact of the standards on following financial statement.

GM

The Punjab Skills Development Fund

(A company setup under section 42 of the repealed Companies Ordinance, 1984 (Now Companies Act, 2017))

Notes to the Financial Statements

For the year ended June 30, 2023

2.4 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.

2.5 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:

2.5.1 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.

2.5.2 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.

2.5.3 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.

2.5.4 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.

2.5.5 Impairment

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

The Company estimates loss allowances for Expected Credit Loss (ECL) 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 income and expenditure.

CDPC

The Punjab Skills Development Fund

(A company setup under section 42 of the repealed Companies Ordinance, 1984 (Now Companies Act, 2017))

Notes to the Financial Statements

For the year ended June 30, 2023

2.5.5.2 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.

2.5.5.3 Impairment of non-financial assets (including grants receivable)

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

2.5.6 Employee benefits

(a) Defined contribution plan

The Company operates an approved defined contributory provident fund for all employees. Obligations for contributions to defined contribution plan is expensed as the related service is provided. Equal contributions are made by the Company and employees at 5.55% of basic salary of employees.

(b) Defined benefit plan

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 2023. Remeasurement changes which comprise actuarial gains and losses are recognized immediately in the other comprehensive income.

3 Summary of significant accounting policies

3.1 Property and equipment

3.1.1 Operating fixed assets

Property and equipment of the Company are stated at cost less accumulated depreciation and impairment, 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 relevant note 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.

3.1.2 Capital work-in-progress

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

GPR

The Punjab Skills Development Fund

(A company setup under section 42 of the repealed Companies Ordinance, 1984 (Now Companies Act, 2017))

Notes to the Financial Statements

For the year ended June 30, 2023

3.2 Intangibles

Expenditure incurred on intangible asset is capitalized as intangibles and stated at cost less accumulated amortization and any identified impairment, 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 up to the month of disposal. Intangibles with an indefinite life are not amortised.

3.2.1 Capital work-in-progress

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

3.3 Leases

The Company assesses whether a contract is or contains a lease at the inception of the contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the entity obtains substantially all the economic benefits from the use of that asset, and whether the entity has the right to direct the use of that asset.

The Company recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date, except for short-term leases of 12 months or less and leases of low value items which are expensed in the income statement on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses an incremental borrowing rate specific to the entity, term and the currency of the contract. Lease payments represent the periodic fixed payments to lessor. The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in the future lease payments in case of renegotiation, change of an index or rate or in case of reassessment of options.

At inception, the ROU asset comprises the initial lease liability, initial direct costs and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of lease term or useful life of the asset. The ROU asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

ROU assets are included in the non-current assets, and the lease obligation is included in the current and non-current long term lease obligation.

3.4 Cash and cash equivalents

Cash and cash equivalents mainly comprise cash and bank balances which are stated in the statement of financial position at cost.

3.5 Investments

Investments comprise of Term Deposit Receipts (TDRs) and are recognized initially at fair value. Subsequently, the TDRs are measured at amortised cost. Markup on TDR is recognized on accrual basis.

3.6 Financial instruments

3.6.1 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.

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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.

3.6.2 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 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. Interest income, foreign exchange gains and losses and impairment are recognized in statement of income & expenditure. Any gain or loss on derecognition is recognized in statement of income & expenditure.

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 statement of income & expenditure. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of income & expenditure. However, the Company has no such instrument at the date of statement of financial position.

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.



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These assets are subsequently measured at fair values. Dividends are recognized as income in statement of income & expenditure 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 statement of income & expenditure.

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 statement of income & expenditure. 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 statement of income & expenditure. 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 statement of income & expenditure. Any gain or loss on derecognition is also recognized in statement of income & expenditure.

Financial liabilities comprise of creditors, accrued and other liabilities.

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3.6.3 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 statement of income & expenditure.

3.6.4 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.

3.6.5 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.

3.7 Impairment

3.7.1 Financial assets

The Company recognizes loss allowances for ECLs on:

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

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the followings, 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.

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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.

3.7.2 *Financial assets due from the Government of Pakistan*

All impairment losses are recognised in the statement of income & expenditure. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

3.7.3 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 is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment are recognized in statement of income & expenditure. Impairment 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 had been recognized.

3.8 **Foreign currency transactions**

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 statement of income & expenditure.

3.9 **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.



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3.9.1 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.

The Company also operates an approved funded contributory provident fund for all permanent employees. Equal monthly contributions are made by both the Company and the employees to the fund.

3.10 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.

3.11 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 date of statement of financial position and adjusted to reflect current best estimate.

3.12 Revenue recognition

3.12.1 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.

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.

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 statement of financial position.

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Notes to the Financial Statements

For the year ended June 30, 2023

3.12.2 Project management services fee

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

3.12.3 Other income

Income on bank deposits is recognized on accrual basis.

3.13 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemption available, if any, and tax paid on presumptive basis.

Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits, if any, to the extent that it is probable that taxable profits will be available against which such temporary differences and tax losses and credits can be utilized. Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited to the statement of income & expenditure, except in the case of items credited or charged to equity in which case it is included in equity.

GPDC

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4 Capital fund

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

5 Deferred grants related to income

Note	PSDP	SDP	SDP-TA	EGDP	Rupees		EDF	Total
					SYIG	KSIP		
At July 01, 2021								
Funds received during the year	-	302,439,202	-	(84,054)	-	-	-	302,355,148
Funds transferred to deferred grants for capital assets	-	-	-	24,412,873	650,000,000	30,000,000	-	704,412,873
Expenditure incurred during the year (net of depreciation and amortization)	-	-	(18,922,322)	-	(1,763,819)	-	-	(20,686,141)
Repayment of funds / lapsed	-	(176,951,235)	(16,066,196)	(23,362,676)	(544,280,359)	-	-	(760,660,466)
Other Income	(2,168,057)	-	-	-	(186,242,534)	-	-	(187,669,844)
Change in estimate of provision against unbilled trainings conducted by TSPs	37,397,629	187,486,339	1,274,004	-	-	(11,250,000)	-	(13,418,057)
Profit on bank deposits	9,083,639	49,587,277	23,479,861	792,806	613,324	941,403	-	226,157,972
Surplus of receipts over expenditure / (Excess of expenditure over receipts)	44,313,211	362,561,583	(10,234,653)	331,639	(81,673,388)	19,691,403	-	334,989,795
Transferred to other liabilities	(44,313,211)	(362,561,583)	10,234,653	-	-	-	-	(396,640,141)
Balance as at June 30, 2022	-	-	-	331,639	(81,673,388)	19,691,403	-	(61,650,346)
Funds received during the year	-	-	-	54,839,575	1,100,000,000	40,000,000	100,000,000	1,294,839,575
Funds transferred to deferred grants for capital assets	-	-	-	-	(1,630,272)	-	-	(1,630,272)
Expenditure incurred during the year (net of depreciation and amortization)	-	-	-	(71,700,927)	(1,026,796,213)	(64,635,994)	(608,017)	(1,163,741,151)
Funds lapsed during the year	-	-	-	-	(7,229,136)	-	-	(7,229,136)
Profit on bank deposits	-	-	-	5,962,737	3,670,710	1,964,556	5,458,446	17,056,449
Surplus of receipts over expenditure / (Excess of expenditure over receipt)	-	-	-	(10,566,976)	(13,658,299)	(2,980,035)	104,850,429	77,645,119
Balance as at June 30, 2023	-	-	-	(10,566,976)	(13,658,299)	(2,980,035)	104,850,429	77,645,119

5.1 It includes fee for execution of PSDP & KSIP project.

CPM

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Notes to the Financial Statements

For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
5.2 Amortization of grants relating to income			
SDF		11,883,739	412
AGA		-	608,182
IRMNCH		44,186	-
PSDP		940,571	637
TADP		-	213,070
SDP		377	183,255,187
SDP-TA		-	17,069,803
EGDP		71,700,927	23,362,676
SYIG		1,026,796,213	544,280,359
KSIP		64,635,994	-
EDF		608,017	-
Total		1,176,610,024	768,790,326
6 Deferred grants for capital assets			
Balance at beginning of the year		67,198,140	70,170,761
Funds transferred from deferred grants for purchase of depreciable / amortizable assets		1,630,272	20,686,138
Depreciation & amortization for the year		(16,222,312)	(23,658,759)
Balance at end of the year		52,606,100	67,198,140
7 Deferred liability			
The actuarial valuation of the Company's defined benefit obligation was conducted on 30 June 2023 using projected unit credit method. Details of obligation for defined benefit gratuity are as follows:			
	Note	2023 Rupees	2022 Rupees
The amount recognized in the Statement of Financial Position is as follows:			
Present value of defined benefit obligation	7.1	74,791,702	66,085,751
Fair value of plan assets	7.2	(72,686,483)	(56,331,938)
Liability as at 30 June		2,105,219	9,753,813
7.1 Movement in liability for funded defined benefit obligation			
Present value of defined benefit obligation at beginning of the year		66,085,751	65,332,623
Current service cost for the year		12,061,478	15,593,956
Interest cost for the year		7,767,364	4,980,138
Benefits paid during the year		(12,309,951)	(24,261,075)
Actuarial loss on present value of defined benefit obligation		1,187,060	4,440,109
Balance at end of the year		74,791,702	66,085,751
7.2 Movement in fair value of plan assets			
Fair value of plan assets at beginning of the year		56,331,938	66,668,924
Contribution made during the year		22,530,061	8,918,441
Interest income on plan assets		8,149,544	6,047,255
Benefits paid during the year		(12,309,951)	(24,261,075)
Return on plan assets (excluding interest income)		(2,015,109)	(1,041,607)
Balance at end of the year		72,686,483	56,331,938

GFA

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	Note	2023 Rupees	2022 Rupees
7.3	The amounts recognized in the statement of income & expenditure are as follows:		
	Current service cost	12,061,478	15,593,956
	Interest cost on liabilities	7,767,364	4,980,138
	Interest income on plan assets	(8,149,544)	(6,047,255)
	Net charge to statement of income & expenditure	11,679,298	14,526,839
7.4	Included in other comprehensive income		
	- Actuarial loss from changes in financial assumptions	472,270	1,924,123
	- Experience adjustment on obligation	714,790	2,515,986
	- Return on plan assets (excluding interest income)	2,015,109	1,041,607
		3,202,169	5,481,716
7.5	Estimated contribution to be made during next year		
	Current service cost	12,675,474	12,061,478
	Interest cost	11,375,040	8,351,570
	Interest income on plan assets	(12,863,509)	(7,636,800)
	Net charge to statement of income & expenditure	11,187,005	12,776,248
7.6	The principal actuarial assumptions at the reporting date were as follows:		
	Discount rate for interest cost	13.50%	10.25%
	Discount rate for year end obligation	16.25%	13.50%
	Expected growth rate in salaries	15.25%	12.08%
	Expected mortality rate	SLIC (2001-2005)	SLIC (2001-2005)
	As at June 30, 2023, the weighted average duration of the defined benefit obligation was 9.6 years (2022 : 10 years).		
7.7	Sensitivity analysis		
7.7.1	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:		

	Due to increase in assumptions Rupees	Due to decrease in assumptions Rupees
As at June 30, 2023:		
Discount rate	65,793,222	79,601,577
Salary increase	79,718,300	65,586,026
As at June 30, 2022:		
Discount rate	59,073,109	70,973,940
Salary increase	71,075,073	57,770,942

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Notes to the Financial Statements

For the year ended June 30, 2023

7.7.2 Historical information

Comparison of present value of defined benefit obligation, the fair value of plan assets and the deficit of gratuity fund for five years is as follows:

	June 2022	June 2021	June 2020	June 2019	June 2018
	-----Rupees-----				
Present value of defined benefit obligations	66,085,751	65,332,623	56,974,562	40,281,673	26,686,016
Fair value of plan assets	(56,331,938)	(66,668,924)	(50,775,843)	(38,159,271)	-
Deficit in the plan	9,753,813	(1,336,301)	6,198,719	2,122,402	26,686,016
Experience adjustment arising on plan liabilities	714,790	2,503,907	498,298	2,770,808	314,742
Experience adjustment arising on plan assets	-	-	-	-	-

7.7.3 Plan assets at year end

	Note	2023 Rupees	2022 Rupees
Bond		0%	0%
Equity		0%	0%
Cash and/or Deposits		100%	100%
Others		0%	0%
		100%	100%

8 Creditors, accrued and other liabilities

Creditors & accrued liabilities	8.1	262,653,524	435,847,567
Tax deducted at source		3,608,216	252,281
Payable balance of IRMNCH	8.2	139,445	-
Payable balance of PSDP	8.2	4,150,138	105,547,459
Payable balance of SDP - TA	8.2	-	259,607,760
Payable balance of SDP - Training	8.2	112,460,889	356,257,634
Payable to staff provident fund		7,817	17,590
Others		3,638,812	2,820,110
		386,658,841	1,160,350,401

8.1 This mainly includes balances payables to various training service providers engaged on different programs of PSDF. These include long outstanding balance amounting to Rs. 113 million relating to SDF whose funds have been surrendered during the year (Note 12.3).

8.2 These projects have been completed and funds received in excess of expenses are repayable to Government of Punjab (related party) and FCDO.

Note	Opening Payable Balance	Bank profit for the year	Repayments during the year	Change in estimate of provision against unbilled trainings conducted by TSPs	Others	Closing Payable Balance
	-----Rupees-----					
IRMNCH	(3,520,033)	19,666	-	-	3,639,812	139,445
PSDP	105,547,459	5,326,730	(104,712,087)	-	(2,011,964)	4,150,138
SDP-TA	259,607,760	17,175,990	(229,776,708)	-	(47,007,042)	-
SDP	356,257,634	52,640,568	(362,596,778)	66,159,842	(377)	112,460,889

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9 Contingencies and commitments

9.1 Contingencies

- 9.1.1 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 of the Companies Act, 2017. Currently, proceedings of the Court are in process and the management on basis of the legal opinion believes that such petition against the Company would be dismissed.

9.2 Commitments

- 9.2.1 There are no commitments for capital expenditures as at 30 June 2023 (2022: Rs. Nil).

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Notes to the Financial Statements

For the year ended June 30, 2023

10	Property and equipment	Rupees					Total
		Improvements on leasehold buildings	Vehicles	Generator and other electrical equipment	Computer equipment	Furniture and fixtures	
June 30, 2023							
Cost							
At July 01, 2022		32,304,232	32,365,179	12,450,238	66,103,386	13,251,263	156,474,298
Additions during the year		-	-	-	1,571,839	-	1,571,839
At June 30, 2023		32,304,232	32,365,179	12,450,238	67,675,225	13,251,263	158,046,137
Depreciation							
At July 01, 2022		29,741,193	31,461,058	7,953,226	55,793,860	7,363,814	132,313,151
Charge for the year		2,563,036	570,996	917,594	5,845,267	1,128,558	11,025,451
At June 30, 2023		32,304,229	32,032,054	8,870,820	61,639,127	8,492,372	143,338,602
Net book value at June 30, 2023		3	333,125	3,579,418	6,036,098	4,758,891	14,707,535
June 30, 2022							
Cost							
At July 01, 2021		33,430,432	32,365,179	12,025,038	61,617,248	12,550,263	151,988,160
Reclassification during the year		(1,126,200)	-	425,200	-	701,000	-
Additions during the year		-	-	-	4,486,138	-	4,486,138
At June 30, 2022		32,304,232	32,365,179	12,450,238	66,103,386	13,251,263	156,474,298
Depreciation							
At July 01, 2021		23,493,029	30,890,062	6,806,547	45,729,064	6,059,879	112,978,581
Reclassification during the year		(300,320)	-	113,387	-	186,933	-
Charge for the year		6,548,484	570,996	1,033,292	10,064,796	1,117,002	19,334,570
At June 30, 2022		29,741,193	31,461,058	7,953,226	55,793,860	7,363,814	132,313,151
Net book value at June 30, 2022		2,563,039	904,121	4,497,012	10,309,526	5,887,449	24,161,147
Depreciation rate %		20%	20%	10%	33.33%	10%	

10.1 Fixed assets include fully depreciated fixed assets amounting to Rs. 121,160,021 (2022: Rs. 78,062,371)

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Punjab Skills Development Fund

(A company setup under section 42 of the repealed Companies Ordinance, 1984 (Now Companies Act, 2017))

Notes to the Financial Statements

For the year ended June 30, 2023

11 Intangibles

	Softwares	Licenses	Content Development	Softwares under development	Total
	----- Rupees -----				
June 30, 2023					
Cost					
At July 01, 2022	51,800,566	706,990	57,300,000	-	109,807,556
Additions during the year	253,433	-	-	-	253,433
At June 30, 2023	52,053,999	706,990	57,300,000	-	110,060,989
Amortization					
At July 01, 2022	9,060,245	410,317	-	-	9,470,562
Amortization for the year	5,126,155	70,704	-	-	5,196,859
At June 30, 2023	14,186,400	481,021	-	-	14,667,421
Net book value at June 30, 2023	37,867,599	225,969	57,300,000	-	95,393,568
June 30, 2022					
At July 01, 2021	15,350,566	706,990	57,300,000	20,250,000	93,607,556
Additions during the year	-	-	-	16,200,000	16,200,000
Transfers during the year	36,450,000	-	-	(36,450,000)	-
At June 30, 2022	51,800,566	706,990	57,300,000	-	109,807,556
Amortization					
At July 01, 2021	4,806,761	339,613	-	-	5,146,374
Amortization for the year	4,253,484	70,704	-	-	4,324,188
At June 30, 2022	9,060,245	410,317	-	-	9,470,562
Net book value at June 30, 2022	42,740,321	296,673	57,300,000	-	100,336,994
Amortization rate per annum (%)	10%	10%	0%		

11.1 Content Development of three hybrid learning programs of amounting to Rs. 57.30 million (2022: Rs. 57.30 million) are included in intangibles assets with indefinite useful life.

11.2 Softwares include fully amortized intangibles amounting to Rs. 687,500 (2022: Rs. 620,500).

	Note	2023 Rupees	2022 Rupees
12 Advances, prepayments and other receivables			
Advances to employees against salaries - considered good	12.1	29,672,074	33,105,071
Prepayments		14,075,987	6,058,057
Other receivable for SDF Program- related party	12.2 & 12.3	106,274,218	9,949,182
Other receivable for IRMCH Program- related party	12.2	-	3,520,033
		150,022,279	52,632,343

12.1 These include advances to key management personnel amounting to Rs. 7,306,950 (2022: Rs. 3,310,375).

12.2 The maximum aggregate amount outstanding during the year at the end of any month from Government of the Punjab (a related party) was Rs. 106.27 million (2022: Rs. 22.88 million).

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Notes to the Financial Statements

For the year ended June 30, 2023

- 12.3** SDF project was completed in December 2016. However, few liabilities relating to such project are still appearing in books of the Company. During the year, the Finance Department of the Government of Punjab directed (Note 8.1) vide letter # FD.SO(P&D)2-37/2021 dated October 18, 2022 to surrender related bank balances to GoPb. Accordingly, the Company has surrendered related funds to the Government of Punjab and recognised a related receivable from GoPb. This will be received from GoPb when the Company will settle these liabilities of TSPs.

	Note	2023 Rupees	2022 Rupees
13 Short Term Investments - at amortized cost			
Investment in TDRs	13.1	-	100,000,000
		<u>-</u>	<u>100,000,000</u>

- 13.1** PKR 100 million with a maturity of 6 months having maturity date 31 December 2022 has been invested with the Bank of Punjab, a related party. This carried markup @ 14% (2022: 10%).

	Note	2023 Rupees	2022 Rupees
14 Cash and bank balances			
<i>Cash in hand</i>			
- SYIG		21,013	79,440
		<u>21,013</u>	<u>79,440</u>
<i>Cash at bank</i>			
- Saving accounts			
- SDF		7,581,084	10,629,399
- PSDF		263,501,137	229,271,909
- PSDP		8,026,130	108,542,763
- IRMNCH		139,445	119,779
-SDP		130,522,745	457,645,700
-SDP-TA		-	260,570,169
-EGDP		15,966,166	5,788,299
-SYIG		34,167,291	10,357,856
-KSIP		320,885	28,541,403
-EDF		104,850,429	-
	14.1&14.2	565,075,312	1,111,467,277
		<u>565,096,325</u>	<u>1,111,546,717</u>

- 14.1** These carry mark-up at the rates ranging from 12.25 % to 19.50 % per annum (2022: 6.60 % to 12.25 % per annum).

- 14.2** It includes bank balances aggregating to Rs. 544.240 million (2022: Rs. 1,033.232 million) maintained with National Bank of Pakistan and the Bank of Punjab (related parties).

	Note	2023 Rupees	2022 Rupees
15 Other income - profit on bank deposits and investments			
Profit on PSDP bank deposits	15.1	32,407,101	9,870,612
Profit transfer from SDP-TA project		47,128,842	-
		<u>79,535,943</u>	<u>9,870,612</u>

- 15.1** During the year, Programme Steering Committee of SDP has allowed transfer of interest income earned on surplus funds of SDP-TA project to PSDP. This also includes an amount of Rs.29 million relating to previous years which had been credited to other payables as on June, 30 2022 (Note 8.2).

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Notes to the Financial Statements

For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
16 Funds received			
<u>EGDP</u>			
Funds received from UNICEF		54,839,575	22,985,563
<u>SYIG</u>			
Government of Punjab - Planning and Development Board ("P&DB")		1,092,770,864	463,757,466
<u>KSIP</u>			
Government of Punjab - Planning and Development Board ("P&DB")		40,000,000	30,000,000
<u>EDF</u>			
Government of Pakistan - Exports Development Fund ("EDF")		100,000,000	-
		<u>1,287,610,439</u>	<u>516,743,029</u>
17 SDP - Training			
Program cost	17.1	-	32,626,588
Non-program cost	17.2	-	154,179,064
		<u>-</u>	<u>186,805,652</u>
17.1 Program cost			
Monitoring cost	17.1.1	-	26,900,524
Advertisement and communication		-	5,726,064
		<u>-</u>	<u>32,626,588</u>
17.1.1	No expense is recognized against gratuity and provident fund contribution during the year (2022: Rs. 1.04 million and Rs. 0.70 million) respectively.		
17.2 Non-program cost			
Salaries and other benefits	17.2.1	-	100,575,920
Depreciation		-	9,137,780
Rent		-	11,825,907
Fuel		-	1,132,011
Utilities		-	3,543,286
Janitorial and security services		-	2,717,867
Postage and telephone		-	1,787,033
Advertisement		-	534,749
Travelling and conveyance		-	2,502,178
Meeting Fee		-	952,000
Vehicle insurance		-	1,491,118
Printing and stationery		-	579,329
Repair and maintenance		-	2,162,879
Legal and professional		-	10,419,245
Fee & Subscription		-	1,699,036
Amortization		-	779,310
Entertainment		-	665,194
Miscellaneous		-	1,674,222
		<u>-</u>	<u>154,179,064</u>

17.2.1 No expense is recognized against gratuity and provident fund contribution during the year (2022: Rs. 5.55 million and Rs. 4.11 million) respectively.

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Notes to the Financial Statements

For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
18 SDP-Technical assistance			
Program cost	18.1	-	10,096,197
Non-program cost	18.2	-	7,944,777
		<u>-</u>	<u>18,040,974</u>
18.1 Program cost			
Capacity building and institutional strengthening		-	8,018,433
Supporting innovative skill schemes		-	2,077,764
		<u>-</u>	<u>10,096,197</u>
18.2 Non-program cost			
Salaries and other benefits	18.2.1	-	5,504,554
Travelling and conveyance		-	290,496
Advertisement		-	166,800
Depreciation		-	1,039,959
Amortisation		-	934,818
Miscellaneous		-	8,150
		<u>-</u>	<u>7,944,777</u>
18.2.1	No expense is recognized against gratuity and provident fund contribution during the year (2022: Rs. 0.88 million and Rs. 0.20 million) respectively.		
	Note	2023 Rupees	2022 Rupees
19 EGDP			
Program cost	19.1	67,052,209	16,633,406
Non-program cost	19.2	4,648,718	6,727,529
		<u>71,700,927</u>	<u>23,360,935</u>
19.1 Program cost			
Research activities		67,052,209	16,513,052
Advertisement		-	120,354
		<u>67,052,209</u>	<u>16,633,406</u>
19.2 Non-program cost			
Salaries and other benefits	19.2.1	4,242,048	6,058,377
Advertisement		-	633,279
Travelling and conveyance		406,670	35,873
		<u>4,648,718</u>	<u>6,727,529</u>
19.2.1	No expense is recognized against gratuity and provident fund contribution during the year (2022: Rs. 0.76 million and Rs. 0.22 million) respectively.		
	Note	2023 Rupees	2022 Rupees
20 SYIG			
Program cost	20.1	782,037,003	428,367,041
Non-program cost	20.2	242,272,524	110,082,569
		<u>1,024,309,527</u>	<u>538,449,610</u>

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Notes to the Financial Statements

For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
20.1 Program cost			
Training cost		691,614,904	388,239,997
Monitoring cost	20.1.1	78,984,229	31,977,721
Advertisement and communication		11,437,870	8,149,323
		<u>782,037,003</u>	<u>428,367,041</u>

20.1.1 This includes Rs. 2.23 million (2022: Rs. 0.88 million) and Rs. 1.22 million (2022: Rs. 0.63 million) in respect of expense recognized against gratuity scheme and P.Fund contribution for the year respectively.

	Note	2023 Rupees	2022 Rupees
20.2 Non-program cost			
Salaries and other benefits	20.2.1	165,657,223	78,451,648
Rent		19,742,151	10,816,700
Fuel		5,322,708	1,860,425
Utilities		8,787,852	3,339,421
Janitorial, security & data storage services		5,045,947	2,014,494
Postage and telephone		2,110,531	1,134,622
Travelling and conveyance		1,268,381	829,219
Meeting Fee		4,425,000	1,415,000
Repair and maintenance		4,020,843	1,975,740
Vehicle insurance		1,076,419	-
Fee & Subscription		4,503,554	234,854
IT support services		6,792,353	1,935,135
Office Supplies		5,033,781	1,942,709
Legal and professional		4,112,340	2,412,235
Auditors' remuneration	20.2.2	965,000	965,000
Printing and stationery		352,487	120,418
Advertisement		873,639	342,477
Depreciation		639,186	48,995
Amortization		10,559	-
Entertainment		880,550	196,977
Miscellaneous		652,020	46,500
		<u>242,272,524</u>	<u>110,082,569</u>

20.2.1 This includes Rs. 9.44 million (2022: Rs. 11.81 million) and Rs. 5.87 million (2022: Rs. 3.18 million) in respect of expense recognized against gratuity scheme and P.Fund for the year.

	Note	2023 Rupees	2022 Rupees
20.2.2 Auditors' remuneration			
Annual audit fee		825,000	825,000
Out of pocket expenses		35,000	35,000
Certifications and others		105,000	105,000
		<u>965,000</u>	<u>965,000</u>

21 KSIP

Program cost	21.1	64,317,630	-
Non-program cost	21.2	310,375	-
		<u>64,628,005</u>	<u>-</u>

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Notes to the Financial Statements

For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
21.1 Program cost			
Training cost		54,686,152	-
Monitoring cost	21.1.1	9,529,422	-
Advertisement and communication		102,056	-
		<u>64,317,630</u>	<u>-</u>
21.1.1	This includes Rs. 0.38 million (2022: Rs. Nil) in respect of expense recognized against provident fund contribution for the year.		
	Note	2023 Rupees	2022 Rupees
21.2 Non-program cost			
Travelling and conveyance		<u>310,375</u>	<u>-</u>
22 EDF			
Program cost	22.1	586,967	-
Non-program cost	22.2	20,000	-
		<u>606,967</u>	<u>-</u>
22.1 Program cost			
Advertisement and communication		<u>586,967</u>	<u>-</u>
22.2 Non-program cost			
Travelling and conveyance		<u>20,000</u>	<u>-</u>
23 Self Sustainable Initiatives			
Program cost		961,086	117,685
Non-program cost	23.1	32,517,636	12,958,489
		<u>33,478,722</u>	<u>13,076,174</u>
23.1 Non-program cost			
Salaries and other benefits	23.1.1	14,745,233	1,046,334
Depreciation		10,386,267	9,107,837
Travelling and conveyance		1,930,336	184,958
Legal and professional		269,500	-
Repair and maintenance		-	9,300
Amortization		5,186,300	2,610,060
		<u>32,517,636</u>	<u>12,958,489</u>
23.1.1	This includes Rs. 0.63 million (2022: Rs. Nil) and Rs. 0.34 million (2022: Rs. Nil) in respect of expense recognized against provision for gratuity scheme and P.Fund contribution for the year.		

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Punjab Skills Development Fund

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Notes to the Financial Statements

For the year ended June 30, 2023

24 Taxation

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for the taxation of the income. However, no provision for taxation has been considered necessary for the year as the Company is entitled for tax credit under section 2(36) / 100C of the Income Tax Ordinance, 2001.

25 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.

25.1 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.

25.2 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.

25.2.1 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:

	2023 Rupees	2022 Rupees
Long term deposits	6,919,000	6,419,000
Other receivable for SDF Program- related party	106,274,218	9,949,182
Other receivable for IRMCH Program- related party	-	3,520,033
Short term investments - at amortized cost	-	100,000,000
Cash at bank	565,075,312	1,111,467,277
Advances to employees	29,672,074	33,105,071
	<u>707,940,604</u>	<u>1,264,460,563</u>

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. 2023
	Short term	Long term		
Bank Balances				
The Bank of Punjab	A1+	AA+	PACRA	439,240,172
Bank Al-Habib	A1+	AAA	PACRA	15,966,166
National Bank of Pakistan	A1+	AAA	PACRA	104,850,429
Mobilink Microfinance Bank Limited	A1	A	PACRA	5,018,545
				<u>565,075,312</u>
TDRs				
The Bank of Punjab	A1+	AA+	PACRA	-
	Rating		Rating Agency	Rs. 2022
	Short term	Long term		
Bank Balances				
The Bank of Punjab	A1+	AA+	PACRA	1,033,348,481
Habib Bank Limited	A1+	AAA	PACRA	5,788,299
Mobilink Microfinance Bank Limited	A1	A	PACRA	72,330,497
				<u>1,111,467,277</u>
TDRs				
The Bank of Punjab	A1+	AA+	PACRA	100,000,000

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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 date of statement of financial position 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.

25.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest / markup 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.

25.4.1 Interest / Markup rate risk

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

	2023 Rupees	2022 Rupees
25.4.1.1 Variable rate instruments		
Cash at bank - saving accounts	565,075,312	1,111,467,277

25.4.1.2 Interest / markup rate sensitivity of variable rate instruments

If the interest / markup 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. 5,650,753 (2022: Rs. 11,114,672).

25.4.2 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; and
- (b) Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below:

25.4.3 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.

25.4.4 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.

25.4.5 Exposure to foreign currency risk

The Company is not exposed to any foreign currency risk as on the date of statement of financial position.

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25.5 Fair values

25.5.1 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).

25.5.2 Fair values of financial instruments

The following table shows the carrying amounts and fair values of 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
----- Rupees -----					
On-Balance sheet financial instruments					
<u>June 30, 2023</u>					
<u>Financial assets not measured at fair value</u>					
Long term deposits	6,919,000	-	6,919,000	-	-
Cash and bank balances	565,096,325	-	565,096,325	-	-
Other receivable for SDF Program- related party	106,274,218	-	106,274,218	-	-
Advances to employees	29,672,074	-	29,672,074	-	-
	<u>707,961,617</u>	<u>-</u>	<u>707,961,617</u>	<u>-</u>	<u>-</u>
<u>Financial liabilities not measured at fair value</u>					
Trade and other payables	-	383,042,808	383,042,808	-	-
	<u>-</u>	<u>383,042,808</u>	<u>383,042,808</u>	<u>-</u>	<u>-</u>

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For the year ended June 30, 2023

	Carrying amount		Fair value			
	Loans and receivables at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
June 30, 2022						
<u>Financial assets not measured at fair value</u>						
Long term deposits	6,419,000	-	6,419,000	-	-	-
Other receivable for SDF Program- related party	9,949,182	-	9,949,182	-	-	-
Other receivable for IRMNCH Program- related party	3,520,033	-	3,520,033	-	-	-
Short Term Investments - at amortized cost	100,000,000	-	100,000,000	-	-	-
Cash and bank balances	1,111,546,717	-	1,111,546,717	-	-	-
Advances to employees	33,105,071	-	33,105,071	-	-	-
	<u>1,264,540,003</u>	<u>-</u>	<u>1,264,540,003</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Financial liabilities not measured at fair value</u>						
Trade and other payables	-	1,160,080,530	1,160,080,530	-	-	-
	<u>-</u>	<u>1,160,080,530</u>	<u>1,160,080,530</u>	<u>-</u>	<u>-</u>	<u>-</u>

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Punjab Skills Development Fund

(A company setup under section 42 of the repealed Companies Ordinance, 1984 (Now Companies Act, 2017))

Notes to the Financial Statements

For the year ended June 30, 2023

26 Related party transactions and balances

The Company is a government sponsored entity, therefore government departments / agencies are related parties of the Company. Other related parties comprise of Provident Fund, Gratuity Fund, directors and key management personnel. Balances and transactions with government departments relating to funds are disclosed in Notes 5 and 6 to the financial statements. The remuneration to Chief Executive and Directors is disclosed in Note 26 to the financial statements. Other significant transactions and balances with related parties not specifically disclosed elsewhere are as follows:

Name of parties	Relationship	Transactions / Balance	Note	2023 Rupees	2022 Rupees
a) Various training service providers	Common control	Training services provided to the Company Payable balance at the year end	26.1	132,999,454 88,563,804	129,702,078 100,768,591
b) Key management personnel	Key management personnel	Remuneration	26.2	26,195,848	31,136,336
c) DGPR	Common control	Advertisement services provided to the Company Payable balance at the year end	26.3	2,279,991 187,103	1,914,353 -
d) Government of Punjab - Planning and Development Department	Common control	Grants & management fee received during the year		1,249,994,840	463,757,466
		Funds repaid during the year to GoPb		585,972,952	-
e) The Bank of Punjab	Common control	Profit on bank deposits		128,633,630	102,881,560
f) National Bank of Pakistan	Common control	Profit on bank deposits		5,458,446	-
g) Gratuity Fund Trust	Employees Fund	Expense for the year		11,679,298	14,526,839
h) Provident Fund Trust	Employees Fund	Contribution during the year		7,816,005	18,055,232
i) Meeting fee	Board of Directors	Paid during the year		4,425,000	2,376,000
26.1	Contracts relating to training services provided to the Company by 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.				
26.2	Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer & Company Secretary to be its key management personnel.				
26.3	All related party transactions are approved by the Board of Directors of the Company.				

27 Remuneration of Directors, Chief Executive Officer and Executives

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

	2023	2022	2022
	Directors	Chief Executive Officer/ Chief Operating Officer	Executives (Other than COO)
			Executives (Other than COO)
Meeting fee	4,425,000	-	-
Salary	-	11,639,280	18,163,466
Driver Allowance	-	360,000	240,000
Communication allowance	-	90,000	90,000
Car Allowance	-	-	-
Honorarium	-	6,943,118	-
Project allowance	-	6,089,999	-
Additional charge allowance	-	1,167,738	-
Provident Fund Contribution	-	384,096	-
Gratuity	-	645,980	1,092,331
	-	969,940	1,640,136
	-	14,314,296	21,225,933
	15	1	2
Number of persons			
27.1	The Board of Directors has delegated some powers of the Chief Executive Officer to the Chief Operating Officer till hiring of regular incumbent.		
27.2	Chief Executive Officer and certain executives are also provided with Company's maintained vehicles in accordance with the Company's policy.		

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Punjab Skills Development Fund

(A company setup under section 42 of the repealed Companies Ordinance, 1984 (Now Companies Act, 2017))

Notes to the Financial Statements

For the year ended June 30, 2023

28 Provident Fund Trust

The following information is based on latest audited financial statements of the Provident Fund Trust.

		30 June 2023	30 June 2022
Size of fund - total assets	<i>Rupees</i>	<u>24,074,736</u>	<u>28,947,687</u>
Cost of investments made	<i>Rupees</i>	<u>24,066,899</u>	<u>28,930,068</u>
Percentage of investments made	<i>Percentage</i>	<u>99.97%</u>	<u>99.94%</u>
Fair value of investments	<i>Rupees</i>	<u>24,066,899</u>	<u>28,930,068</u>

The breakup of fair value of investments is as follows:

	30-Jun-23		30-Jun-22	
	<i>Rupees</i>	<i>Percentage</i>	<i>Rupees</i>	<i>Percentage</i>
Cash at banks	<u>24,066,899</u>	<u>100%</u>	<u>28,930,068</u>	<u>100%</u>
	<u>24,066,899</u>	<u>100%</u>	<u>28,930,068</u>	<u>100%</u>

The investments out of provident fund have been made in accordance with provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

29 Number of employees

The average number of employees during the year and total number of employees at June 30, 2023 and 2022 respectively are as follows:

	2023	2022
	<i>Number of employees</i>	<i>Number of employees</i>
Total number of employees at 30 June	<u>62</u>	<u>61</u>
Average number of employees during the year	<u>60</u>	<u>73</u>

30 General


Corresponding figures have been re-arranged and re-classified, wherever necessary for the purpose of comparison only. However, no significant reclassifications have been made in these financial statements.

31 Date of authorization for issue

These financial statements have been authorized by the Board of Directors of the Company in their meeting held on 06 October 2023.




Chief Financial Officer


Director


Director