

INDEPENDENT AUDITORS' REPORT

To the members of Punjab Skills Development Fund Report on the Audit of the financial statements

Opinion

We have audited the annexed financial statements of Punjab Skills Development Fund (A company registered under section 42 of the Companies Act, 2017), which comprise the statement of financial position as at June 30, 2025, 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 material accounting policy information 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, 2025 and of the surplus, the other comprehensive income, the changes in funds and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the 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.

Responsibilities of Management and Those Charged with Governance 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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

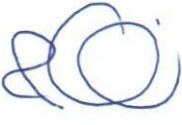
Based on our audit, we further report that in our opinion:

- 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).

Other matter

The financial statements of the Company for the year ended June 30, 2024, were audited by another auditor who expressed an unmodified opinion on those financial statements on October 17, 2024.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Yousaf, FCA.

Kreston Hyder Bhimji 

LAHORE: October 07, 2025
UDIN: AR202510141m97dJFW14

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

PUNJAB SKILLS DEVELOPMENT FUND

**FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2025**

The Punjab Skills Development Fund

(A company setup under section 42 of the repealed Companies Ordinance, 1984 (Now Companies Act, 2017))

Statement of Financial Position

As at June 30, 2025

	Note	2025 Rupees	2024 Rupees		Note	2025 Rupees	2024 Rupees
FUNDS AND LIABILITIES				ASSETS			
Capital fund	6	1,800,000	1,800,000	Non-current assets			
Accumulated fund		457,889,076	422,718,761	Property and equipment	12	29,531,778	28,372,702
		459,689,076	424,518,761	Intangibles	13	31,277,198	95,045,503
				Long term deposits		7,263,000	7,384,000
						68,071,976	130,802,205
Non-current liabilities				Current assets			
Deferred grants related to income	7	117,399,645	114,339,951	Advances, prepayments	14	152,935,926	170,675,794
Deferred grants for capital assets	8	51,501,588	65,867,120	and other receivables	7	19,085,003	75,121,793
		168,901,233	180,207,071	Grants receivable	9	22,834,842	-
				Defined benefit asset	15	350,000,000	242,000,000
Current liabilities				Short term investments	16	32,027,729	32,886,483
Defined benefit obligation	9	-	23,368,258	Income tax refunds due from tax authorities		379,827,920	482,962,886
Trade and other payables	10	396,193,087	506,355,071	Cash and bank balances		956,711,420	1,003,646,956
		396,193,087	529,723,329			1,024,783,396	1,134,449,161
TOTAL FUNDS AND LIABILITIES		1,024,783,396	1,134,449,161	TOTAL ASSETS			
CONTINGENCIES AND COMMITMENTS	11						

The annexed notes from 1 to 37 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



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 and Expenditure

For the year ended June 30, 2025

	Note	2025 Rupees	2024 Rupees
INCOME			
Amortization of deferred grants related to income	7.1	909,281,150	1,827,444,464
Amortization of deferred grants - capital assets	8	18,061,597	14,724,147
Income from placement services and digital programs		5,420,620	14,327,743
Management fee	17	50,688,952	22,316,510
Other income	18	54,303,255	70,751,194
		1,037,755,574	1,949,564,058
EXPENDITURE			
Skilling Youth for Income Generation ("SYIG")	19	(388,543,620)	(1,646,566,545)
Koh-e-Suleman Improvement Project ("KSIP")	20	-	429,350
Exports Development Fund (EDF)	21	(78,578,055)	(192,068,366)
National Vocational & Technical Training Commission ("NAVTTTC")	22	(60,046,392)	(38,227)
Oil and Gas Development Company ("OGDCL")	23	(5,245,548)	-
Chief Minister Skilled Punjab for International Placement ("CM-SPIP")	24	(44,729,269)	-
CM Skills Development Program for Transgender ("CM-TGP")	25	(252,106,486)	-
Empowering Women by way of IT Training Program ("EWIT")	26	(85,261,464)	-
UNDP's The Implementation of Youth Empowerment Through Skills ("UNDP-YES")	27	(37,628,030)	-
GIZ-Returnees	28	(3,652,363)	-
		(955,791,227)	(1,838,243,788)
SELF SUSTAINABLE INITIATIVES	29	(17,839,685)	(22,039,055)
IMPAIRMENT OF INTANGIBLE ASSETS	13.1	(57,300,000)	-
FINANCE COST		(123,689)	(67,338)
SURPLUS BEFORE INCOME TAX AND LEVY		6,700,973	89,213,877
INCOME TAX AND LEVY	30	-	-
SURPLUS AFTER INCOME TAX AND LEVY FOR THE YEAR		6,700,973	89,213,877

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

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, 2025

	Notes	2025 Rupees	2024 Rupees
SURPLUS AFTER INCOME TAX AND LEVY FOR THE YEAR		6,700,973	89,213,877
<u>OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</u>			
<i>Items that will never be reclassified to statement of income and expenditure:</i>			
Remeasurement of deferred liability	9.4	28,469,342	(7,499,099)
<i>Items that will be reclassified to statement of income and expenditure</i>			
		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>35,170,315</u>	<u>81,714,778</u>

The annexed notes from 1 to 37 form an integral part of these financial statements.

16/2/25



Chief Financial Officer



Chief Executive Officer



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 Funds

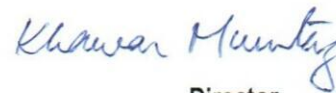
For the year ended June 30, 2025

	Capital Fund	Accumulated Fund	Total
	----- Rupees -----		
Balance as at July 1, 2023	1,800,000	341,003,983	342,803,983
Surplus for the year	-	89,213,877	89,213,877
Other comprehensive loss for the year ended June 30, 2024	-	(7,499,099)	(7,499,099)
Total comprehensive income for the year	-	81,714,778	81,714,778
Balance as at June 30, 2024	1,800,000	422,718,761	424,518,761
Surplus for the year	-	6,700,973	6,700,973
Other comprehensive income for the year ended June 30, 2025	-	28,469,342	28,469,342
Total comprehensive income for the year	-	35,170,315	35,170,315
Balance as at June 30, 2025	1,800,000	457,889,076	459,689,076

The annexed notes from 1 to 37 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive Officer


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, 2025

	Note	2025 Rupees	2024 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before income tax and levy		6,700,973	89,213,877
Adjustments for cash and non cash items:			
Depreciation for the year	12	11,068,305	9,400,334
Amortization for the year	13	6,993,292	5,337,351
Amortization of deferred grants	8	(18,061,597)	(14,724,147)
Amortization of grants related to income	7.1	(909,281,150)	(1,827,444,464)
Impairment of intangible assets	13	57,300,000	-
Gratuity	9.3	15,390,645	13,763,940
Profit on bank deposits and investments	18	(39,968,911)	(70,751,194)
Excess income tax refunds written off	29.1	2,881,659	-
Gain on disposal of property and equipment	18	(14,334,344)	-
Finance cost		123,689	67,338
		(887,888,412)	(1,884,350,842)
Grants received less repayments		928,613,094	1,784,898,764
		47,425,654	(10,238,201)
Effect on cash flows due to working capital changes			
Increase / (decrease) in assets:			
Long term deposits		121,000	(465,000)
Advances, prepayments and other receivables		17,739,868	(13,072,436)
		17,860,868	(13,537,436)
(Decrease) / increase in current liabilities:			
Trade and other payables		(99,130,166)	87,038,113
Cash (used in) / generated from operations		(33,843,644)	63,262,476
Finance cost paid		(123,689)	(67,338)
Income taxes paid		(2,022,905)	(3,205,928)
Contributions in employee benefit plan (gratuity fund)		(33,124,403)	-
		(35,270,997)	(3,273,266)
Net cash (used in) / generated from operating activities		(69,114,641)	59,989,210
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred during the year	12	(12,227,720)	(23,065,501)
Acquisition of intangibles during the year	13	(524,987)	(4,989,286)
Proceeds from disposal of property and equipment	12.2	14,334,683	-
Increase in investments during the year		(108,000,000)	(242,000,000)
Profit on bank deposits received		72,397,699	127,932,138
Net cash used in investing activities		(34,020,325)	(142,122,649)
CASH FLOW FROM FINANCING ACTIVITIES			
Net decrease in cash and cash equivalents		(103,134,966)	(82,133,439)
Cash and cash equivalents at beginning of the year		482,962,886	565,096,325
Cash and cash equivalents at end of the year	16	379,827,920	482,962,886

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

PUNJAB SKILLS DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

1. THE FUND AND ITS ACTIVITIES

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. These financial statements are of the individual entity i.e., Punjab Skills Development Fund.

2. GENERAL INFORMATION

2.1. 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 under a Programme Cooperation Agreement between PSDF and UNICEF. The initiative, with technical support from Oxford Policy Management (OPM), integrated accelerated learning, skills training, and labour market linkages, completed on June 30, 2023. The total project cost was PKR 122.078 million, of which UNICEF contributed PKR 103.350 million and PSDF PKR 18.728 million.

2.2. The Skilling Youth for Income Generation (SYIG) program was sponsored by the Government of the Punjab ("GoPb") for the Company. The project duration was five years (2021–2026) with an approved total cost of PKR 9,900 million, aimed at providing skills training to 180,000 individuals, including 40% women. Trainings under the project commenced in January 2022. Up to June 30, 2025, the Company had received PKR 3,941.54 million and successfully trained 73,952 individuals, including 40,998 females, representing 55.44% of the total trained. During FY 2024–25, the Government of the Punjab substituted SYIG with three new Chief Minister's initiatives, namely:

- Skills Development Program for Transgenders
- Skilled Punjab for International Placement
- Empowering Women by way of IT Trainings

During FY 2024-25, in order to facilitate the closure of the Project, the Government allocated PKR 393.54 million for settlement of program liabilities and coverage of PSDF's operational costs.

2.3. Chief Minister's Skills Development Program for Transgenders (CMSD_TGP) is a transformative initiative that embodies the Chief Minister's vision of empowering the transgender community and ensuring their dignified inclusion in society. The program aims to promote inclusive economic growth by integrating transgender individuals into the formal economy through targeted skills development. Its key objectives include poverty alleviation, facilitation in national registration, post-training financial assistance, and entrepreneurial support to enable sustainable livelihood opportunities across Punjab. For the financial year 2024–25, an allocation of PKR 278.50 million was received to support the training of 1,100 transgender trainees, out of which 1,054 have successfully completed their training as of the reporting date.

2.4. Chief Minister's Skilled Punjab Program (SPIP) is a high-impact initiative designed to empower Punjab's underserved youth by providing them with market-relevant skills aligned with international employment opportunities. The program aims to enhance employability and income generation for poor and vulnerable segments of the population, thereby contributing to inclusive economic growth. By focusing on quality skill development tailored to global market needs, the program supports participants in building financially sustainable futures while also contributing to an increase in the country's foreign exchange reserves. For the financial year 2024–25, an amount of PKR 385.316 million has been received to support the training of 2,250 trainees under this initiative.

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- 2.5. Women Skills for IT is a transformative initiative aligned with the Chief Minister's vision to empower women in rural Punjab by equipping them with digital skills and enhancing their access to self-sustainable economic opportunities. The program aims to bridge the digital divide by delivering doorstep IT training to rural women, enabling them to participate in the digital economy. Key features include the provision of desktop computers, internet connectivity, instructor-led online learning, development of specialized courses through modular digital content to facilitate income-generating activities. For the financial year 2024–25, an allocation of PKR 300 million has been received to support the training of 1,000 trainees under this program.
- 2.6. 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 260 million till reporting date which have not been utilised till reporting date.

2.7. **Self-sustainable Initiatives:**

PSDF has taken self-sustainable initiatives and partnered with various Donor Organizations like OGDCL, GIZ, UNDP etc.

OGDCL

Under this initiative, the Punjab Skills Development Fund (PSDF) is tasked with funding 150 trainees across three districts of Punjab Attock, Chakwal, and DG Khan. OGDCL has allocated a total of PKR 11.59 million to support the program. Additionally, PSDF received a management fee amounting to 15% of the total project cost. The project was successfully executed during the year.

GIZ Returnees

The objective of the project "Training Services for overseas returnees & disadvantaged groups in potential trades shortlisted by GiZ". The training is funded by GiZ for 1,000 overseas returnees in Punjab & KPK, Pakistan. The overall project size is EURO 494,156 for two years. The Project was started in January 2025 and PSDF received PKR 4.45 million. The Program activities under the project is expected to be started in FY 2025-26.

UNDP Youth Empowerment Through Skills:

The aim of the program was to address the lack of employment opportunities and skills development for youth, especially women and marginalized groups, in Khyber Pakhtunkhwa (KP). The program outlined a comprehensive skills development initiative to train 400 youth, including 50% women and marginalized groups, under the Stabilization & Inclusive Development Program (SIDP).

For this purpose, the United Nations Development Program (UNDP) had agreed to fund PKR 84.382 million to PSDF for execution of the intervention. However, in January 2025, following the discontinuation of US-Aid grants in Pakistan, the program was discontinued by UNDP. PSDF has received PKR 39.955 million for settlement of outstanding liabilities under this program.

- 2.8. PSDF has received funding from National Vocational and Technical Training Commission - Ministry of Federal Education and Professional training for provision of Skills Training to the youth of the country through Skills Training Voucher (STV). The duration of the contract is two years extendable for another term on the same terms & conditions. 50% of the Trainees from this program would be locally employed and 20% trainees would be employed internationally. The Company has received PKR 99.69 million till last year out of which the company has utilized PKR 60.818 million till reporting date.

10/3/25

3. 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 Standards 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.

4. BASIS OF MEASUREMENT

a) Accounting convention

These financial statements have been prepared following the accrual basis of accounting except for the statement of cash flows. These financial statements have been prepared under the historical cost convention, except for staff retirement benefits being carried at present value.

b) Functional and presentation currency

The financial statements are presented in Pakistani Rupee (Rs.) which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee unless otherwise indicated.

c) Critical accounting estimates, judgments and assumptions

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

Description	Note
Useful lives and residual values of property and equipment	5.1
Useful lives, residual values and amortization method of intangible assets	5.2
Provision against receivables	5.5
Expected Credit Losses (ECLs) of certain financial assets under IFRS 9	5.5
Incurred impairment losses of certain financial assets under IAS 39	5.6
Impairment loss of non-financial assets	5.5
Income tax expense	5.7
Estimation regarding determination of lease term, lease classification and incremental borrowing rate under IFRS 16	5.8
Defined benefits obligation	5.10
Estimation of provisions	5.11
Estimation of contingent liabilities and assets	5.13
Classifications	

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The revisions to accounting estimates (if any) are recognized in the period in which the estimate is 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.

d) Standards, interpretations and amendments to publish approved accounting standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

- New accounting standards interpretations and amendments to accounting standards that are effective and relevant**

There were certain amendments that became applicable for the Company during the year but are not considered to be relevant or did not have any significant effect on the Company's operations and have, therefore, not been disclosed in these financial statements.

- New accounting standards and amendments to standards not yet effective**

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2025 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

		Effective for the period beginning on or after
IAS 21	Amendments to IAS 21 'The effects of Changes in Foreign Exchange Rates' address situations where a currency may lack exchangeability, often due to government-imposed controls. In such cases, companies must estimate a spot exchange rate reflecting orderly transactions at the measurement date.	January 01, 2025
IFRS 7 and 9	'Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)' to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 'Financial Instruments'.	January 1, 2026
IFRS 7 and 9	The amendments in <i>Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)</i> are: - the own-use requirements in IFRS 9 are amended to include the factors an entity is required to consider when applying IFRS 9:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent; and - the hedge accounting requirements in IFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument: - to designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met; and - to measure the hedged item using the same volume assumptions as those used for the hedging instrument.	January 1, 2026
IFRS-10 / IAS-28	IFRS 10 - Consolidated Financial Statements and IAS 28 - Investment in Associates and Joint Ventures (Amendment regarding sale or contribution of assets between an investor and its associate or Joint Venture).	Deferred indefinitely

14/3/25

'Annual Improvements to IFRS Accounting Standards — Volume 11'	It contains amendments to five standards (IFRS 1, 7, 9, 10 and IAS 7) as result of the IASB's annual improvements project.	January 01, 2026
IFRS 17	Insurance Contracts (New standard)	January 01, 2026
IFRS S1	'General Requirements for Disclosure of Sustainability-related Financial Information'.	July 01, 2025
IFRS S2	'Climate-related Disclosures'.	July 01, 2025

New Standards issued by IASB but have not yet been notified/adopted by SECP

		Effective for the period beginning on or after as per IASB
IFRS 18	IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 01, 2027
IFRS 19	Subsidiaries without Public Accountability – Disclosures has been issued by IASB	January 01, 2027
IFRS – 1	First Time Adoption of IFRS 1 (restructured version)	July 01, 2009

These standards will become part of the Company's financial reporting framework upon adoption by the SECP.

The Company's management at present is in the process of assessing the full impacts of these new standards and the new amendments and is expecting to complete the assessment in due course

5. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

5.1. Property and equipment Operating fixed assets – tangible

Measurement

Items of operating fixed assets are measured at cost less accumulated depreciation and impairment loss (if any). Cost of property and equipment consists of acquisition and other directly attributable costs.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of income and expenditure during the period in which they are incurred.

De-recognition

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset is included in the statement of income and expenditure in the year the asset is de-recognized.

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Depreciation

Depreciation charge is based on straight line method whereby the cost of an asset is written off to statement of income and expenditure at the rates prescribed in relevant notes to these financial statements. Depreciation on additions is charged in the month in which the asset become available for use and no depreciation is charged in the month of disposal / derecognition.

Capital work in progress

Capital work-in-progress is stated at cost less any identified impairment loss and represents expenditure incurred on property and equipment during construction and installation. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing costs. Transfers are made to relevant property and equipment category as and when the assets are available for use.

Judgment and estimates

The Company reviews the useful lives and residual values of property and equipment annually by considering expected pattern of economic benefit that the Company expects to derive from the item and the maximum period up to which such benefits are expected to be available. Any change in estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge and impairment.

Capital grant related assets

Funds / grants relating to capital assets are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Fair value signifies the amount received in cash.

Funds utilized for capital expenses i.e. to purchase or acquire long-term assets are transferred to the deferred grant for capital assets, with an amount equal to the annual charge for depreciation on assets purchased being released from this account and recognized as income and reflected as 'Deferred capital grant released' / 'Amortization of deferred grant' in the statement of income and expenditure.

All other grants are recognized in the statement of income and expenditure in the year of receipt. Expenses incurred out of grant funds are reflected in the statement of income and expenditure, with an equal amount being recognized as income and reflected as 'Grant utilized'.

If the capital asset is not amortized (e.g. freehold land), it is recognized as a direct increase in net assets / net fund balances at fair value in the statement of changes in funds.

5.2. Intangibles

Measurement

Intangible assets (i.e., accounting software and licence), other than goodwill, are measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line method over the estimated useful life. Amortization on additions to intangible assets is charged from the month in which asset is available for use while no amortization is charged in the month of disposal. Intangibles with indefinite life are not amortized.

Research and development expenditure, if any, is charged to statement of income and expenditure as and when incurred.

Judgment and estimates

The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in the estimate is accounted for on a prospective basis.

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5.3. Trade debts, deposits and other receivables

These are classified / stated at amortized cost and are initially recognized when they are originated and measured at the fair value of the consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company.

5.4. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short-term highly liquid instruments that are readily convertible into known amounts of cash net of temporary bank or books overdrafts / overdrawn.

5.5. Impairment

Financial assets

As explained in note 3.6, amounts due from the Government of Pakistan are assessed in accordance with the provisions of IAS 39 at each reporting date to determine whether there is any objective evidence that one or more events have had a negative effect on the estimated future cash flows of these receivables.

However, for other financial assets, the Company recognizes loss allowances for ECLs on:

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

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

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

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

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

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The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovery 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.

Judgement and estimates

The Company uses a provision matrix to calculate ECLs for receivables (other than receivables from the Government). The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

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 amortized cost are deducted from the gross carrying amount of the assets.

Non-financial assets

The carrying amount of the Company's non-financial 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. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of income and expenditure. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the 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 the extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

Judgement and estimates

The management of the Company reviews carrying amounts of its non-financial assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

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5.6. Financial Instruments

Financial assets other than those due from the Government of Pakistan

Recognition and initial measurement

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

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

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).

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

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

Amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets measured at amortized cost comprise cash and bank balances, deposits, trade and other receivables, etc.

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.

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

Equity Instrument – FVOCI

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

These assets are subsequently measured at fair value. Dividends are recognized as income in a statement of income and 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 a statement of income and 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 and expenditure. Financial assets at fair value through profit or loss comprise of short term investment in listed equity securities and long term receivables.

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 assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan include other receivables against Skills Development Fund (SDF). SECP through S.R.O. 67 (I)/2023 dated January 20, 2023 has notified that, in respect of companies holding financial assets due or ultimately due from the Government of Pakistan in respect of circular debt, the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till December 31, 2025 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the same continues to be reported as per the following accounting policy.

The trade and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

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A provision for impairment is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. The Company assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired. The financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the trade receivable is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of income and expenditure. When the financial asset is uncollectible, it is written off against the provision.

Subsequent recoveries of amounts previously written off are credited to the statement of income and expenditure. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the trade receivable's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of income and expenditure.

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

Financial liabilities comprise contractual trade and other payables, etc.

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 and expenditure.

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The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through income and expenditure on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Off - setting of financial instruments

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention and ability to settle on a net basis, or realize the asset and settle the liability simultaneously.

5.7. Taxation

Income tax comprises of current tax and deferred tax. Income tax expense is recognized in the statement of income and expenditure, except to the extent that it relates to items recognized in other comprehensive income or directly in reserves (if any), and in which case the tax amounts are recognized directly in in other comprehensive income or reserves.

Current

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.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit / loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Current and deferred tax is recognised in income and expenditure, except to the extent that it relates to items recognised in other comprehensive income or directly in equity (in Statement of Changes in Funds). In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company recognizes deferred tax liability on surplus on revaluation of property, plant and equipment which is adjusted against the related surplus.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of property, plant and equipment) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Off-setting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Levy

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the ICAP, these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these financial statements, if any, except for taxes on dividends, if any, on the Company's investments in subsidiaries or associates which are specifically within the scope of IAS 12 and hence these continue to be categorized as current income tax.

The Company designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, is then recognised as a levy falling under the scope of IFRIC 21/IAS 37.

5.8. Leases

The Company is the lessee.

"At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions."

At initial recognition, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

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

Lease payments include fixed payments, variable lease payments that are based on an index or a rate expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

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The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of income and expenditure if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use assets are depreciated on a straight-line method over the shorter of lease term or estimated useful life of the assets. If ownership of the asset transfers to the Company at the end of lease term or the cost reflects the exercise of purchase option, depreciation is calculated over the estimated useful life of the asset. These methods most closely reflect the expected pattern of consumption of future economic benefits.

The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in income or expenditure. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Judgments and estimates

The Company applies judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

5.9. Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

5.10. Employees benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined benefit plan

The defined benefit plan represents an funded gratuity scheme for all permanent employees, other than contractual, subject to a minimum qualifying period of service according to the terms of employment. Defined benefit plans provide an amount of gratuity that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligations are calculated annually by an independent

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actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plans. The present values of the defined benefit obligations are determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or the market rates on government bond. These are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Remeasurement gains / losses are recognized in other comprehensive income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of income and expenditure.

Judgment and estimates

In determining the liability for long-service payments management must make an estimate of salary increases over the following five years, the discount rate for the next five years to use in the present value calculation, and the number of employees expected to leave before they receive the benefits.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of income and expenditure when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company operates defined contribution plan in the form of recognized provident fund for all employees. Contributions to fund are made monthly by the Company and employee at 5.55% of the basic salary. The Company's contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

5.11. Provisions

Recognition and measurement

Provisions for legal claims and make good obligations are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Judgement and estimates

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of income and expenditure unless the provision was originally recognised as part of cost of an asset.

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5.12. Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the income or expenditure over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property and equipment are included in non-current liabilities as deferred income and are credited to income or expenditure on a straight-line basis over the expected lives of the related assets.

5.13. Contingencies and commitments

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

A Contingent asset is disclosed when an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements since this may result in recognition of income that may never be realised.

Judgement and estimates

The Company reviews the status of all pending litigations and claims against the Company. Based on the 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 reporting date.

Capital commitments, unless those are actual liabilities, are not incorporated in the books of accounts.

5.14. Foreign currencies

Foreign currency transactions are translated into Pakistan Rupees which is the Company's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction.

All monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees using the exchange rate at the reporting date. Exchange gains and losses resulting from the settlement of such transactions and the translations at the yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income and expenditure. All non-monetary assets and liabilities are translated into Pakistan Rupees using the exchange rates prevailing on the date of the transaction or at the date when the fair value was determined.

5.15. Related party transactions

All transactions arising in the normal course of business and are conducted at arm's length at normal commercial rate on the same terms and conditions as third party transactions using valuation modes as admissible, except in rarely extreme circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so. Parties are said to be related if they are able to influence the operating and financial decisions of the Company and vice versa.

5.16. Comprehensive income

Comprehensive income is the change in reserves resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of surplus or deficit and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments that are not recognized in income and expenditure as required or permitted by approved accounting standards.

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5.17. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components.

The Company has only one reportable segment.

5.18. Revenue / income recognition - deferral method

The contributions and related income are recognised as follows:

Restricted contributions for expenses of current period

These are recognized as revenue in current period.

Restricted contributions for expenses of future periods

These are deferred and recognized as revenue in the same period(s) as the related expenses are recognized. When the only restriction on a contribution is that it cannot be used until a particular future period, the total amount of the contribution is recognized as revenue in that future period, whether or not it has been spent.

Restricted contributions for the purchase of capital assets

In case of depreciable assets, these are deferred and recognized as revenue on the same basis as the depreciation / amortization expense related to the acquired capital assets is recognized. In case of non-depreciable assets, recognized as a direct increase in net assets.

In order for a contribution to be accounted for as a contribution restricted for the purchase of a capital asset, the contributor must specify the portion of the contribution that is to be used to purchase capital assets. If the contributor does not so specify, then the contribution would be recognized as revenue when spent for the particular purpose covered by the restriction, regardless of the fact that some of the expenditures may relate to the purchase of capital assets.

Deferred contributions balances are presented in the statement of financial position outside net assets as liability.

Unrestricted contributions

These are recognized as revenue in the current period.

Return / mark-up

Return / mark-up on financial assets is accounted for on a time proportionate basis using the applicable rate of return / interest.

Foreign currency exchange differences, if any

Foreign currency gains and losses, if any, are reported on a net basis.

Management fee

Fee for project management services is recognized when services are performed, fee can be estimated reliably and it is probable that economic benefits associated will flow to the company.

Other income

Other income, if any, is recognized on an accrual basis.

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6 CAPITAL FUND

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

7 DEFERRED GRANTS RELATED TO INCOME

	EGDP	SYIG	KSIP	EDF	NAVITC	OGDCL	CM TGP	SPIP	EWIT	UNDP- YES	GIZ - Returnees	Total
Note												
At July 01, 2023	(10,566,976)	(13,658,299)	(2,980,035)	104,850,429	-	-	-	-	-	-	-	77,645,119
Funds received during the year	18,013,052	1,798,000,000	2,600,000	100,000,000	99,692,146	2,998,868	-	-	-	-	-	2,021,304,066
Funds transferred to deferred grants for capital assets	-	(27,985,167)	-	-	-	-	-	-	-	-	-	(27,985,167)
Expenditure incurred during the year (net of depreciation and amortization)	-	(1,635,761,393)	426,922	(192,071,566)	(38,227)	-	-	-	-	-	-	(1,827,444,464)
Change in estimate of provisions against unbilled trainings conducted by TSPs	-	-	953,941	-	-	-	-	-	-	-	-	953,941
Other income	-	-	-	-	(2,680,892)	(391,157)	-	-	-	-	-	(3,072,149)
Funds transferred during the year	(8,690,345)	-	-	-	-	-	-	-	-	-	-	(8,690,345)
Repayment of funds / lapsed	(1,307,083)	(202,433,296)	-	(13,728,759)	-	-	-	-	-	-	-	(217,469,140)
Profit on bank deposits	3,175,677	6,716,564	190,304	15,709,209	-	-	-	-	-	-	-	25,791,754
Transfer to other liabilities	(624,325)	-	(1,191,132)	-	-	-	-	-	-	-	-	(1,815,457)
(Excess of expenditure over receipts) / Surplus of receipts over expenditure	-	(75,121,793)	-	14,759,313	96,972,927	2,607,711	-	-	-	-	-	39,218,158
Balance as at June 30, 2024	-	(75,121,793)	-	14,759,313	96,972,927	2,607,711	-	-	-	-	-	39,218,158
Funds received during the year	-	393,540,000	-	60,000,000	-	6,997,358	278,500,000	385,315,000	300,000,000	39,954,653	4,452,221	1,468,760,232
Funds transferred to deferred grants for capital assets	-	(3,696,065)	-	-	-	-	-	-	-	-	-	(3,696,065)
Expenditure incurred during the year (net of depreciation and amortization)	-	(363,385,630)	-	(78,585,735)	(60,046,392)	(5,245,548)	(239,804,564)	(38,918,493)	(82,014,395)	(37,628,030)	(3,652,363)	(909,281,150)
Other income	-	-	-	-	(6,478,787)	(1,121,316)	-	-	-	(2,668,534)	(219,142)	(10,487,779)
Change in estimate of provisions	-	26,611,444	-	1,502,635	-	-	-	-	-	-	-	28,114,079
Funds lapsed during the year	-	(183,832)	-	-	-	-	(10,278,874)	(335,933,922)	(183,802,604)	-	-	(530,199,232)
Profit on bank deposits	-	3,150,873	-	3,094,549	8,425,977	390,871	-	-	-	824,129	-	15,886,399
(Excess of expenditure over receipts) / Surplus of receipts over expenditure	-	(19,085,003)	-	770,762	38,873,725	3,629,076	28,416,562	10,463,585	34,183,001	482,218	580,716	98,314,642
Balance as at June 30, 2025	-	(19,085,003)	-	770,762	38,873,725	3,629,076	28,416,562	10,463,585	34,183,001	482,218	580,716	98,314,642

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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, 2025

	Note	2025 Rupees	2024 Rupees
7.1 Amortization of grants relating to income			
Skilling youth for Income Generation (SYIG)		363,385,630	1,635,761,593
Koh-e-Suleman Improvement Project (KSIP)		-	(426,922)
Export Development Fund (EDF)		78,585,735	192,071,566
National Vocational and Technical Training Commission (NAVTTTC)		60,046,392	38,227
Oil & Gas Development Company (OGDCL)		5,245,548	-
Chief Minister's Skills Development Program for Transgenders (CM-TGP)		239,804,564	-
Chief Minister's Skills Punjab Program for International Placement (SPIP)		38,918,493	-
Empowering Women through Information Rtechnology (EWIT)		82,014,395	-
United Nations Development Programme (UNDP - YES)		37,628,030	-
GIZ Returnees		3,652,363	-
		<u>909,281,150</u>	<u>1,827,444,464</u>
7.2	This represents management fee charged by the company from the private donor as per agreed terms of the agreement.		
8 DEFERRED GRANTS FOR CAPITAL ASSETS			
Balance at beginning of the year		65,867,120	52,606,100
Funds transferred from deferred grants for purchase of depreciable / amortizable assets		3,696,065	27,985,167
Depreciation & amortization for the year		(18,061,597)	(14,724,147)
Balance at end of the year		<u>51,501,588</u>	<u>65,867,120</u>
9 DEFINED BENEFIT (ASSET) / OBLIGATION			
The actuarial valuation of the Company's defined benefit obligation was conducted on 30 June 2025 using projected unit credit method. Details of obligation for defined benefit are as follows:			
Present value of defined benefit obligation	9.1	82,695,079	102,427,352
Fair value of plan assets	9.2	(105,529,921)	(79,059,094)
(Asset) / Liability as at 30 June		<u>(22,834,842)</u>	<u>23,368,258</u>
9.1 Movement in liability for funded defined benefit obligation			
Present value of defined benefit obligation at beginning of the year		102,427,352	74,791,702
Current service cost for the year		15,865,396	13,421,842
Interest cost for the year		11,958,366	11,140,902
Benefits due but not paid (payables)		(21,539,682)	-
Benefits paid during the year		(16,877,172)	(9,825,130)
Actuarial (gain) / loss on present value of defined benefit obligation		(9,139,181)	12,898,036
Balance at end of the year		<u>82,695,079</u>	<u>102,427,352</u>
9.2 Movement in fair value of plan assets			
Fair value of plan assets at beginning of the year		79,059,094	72,686,483
Contribution made during the year		33,124,403	-
Interest income on plan assets		12,433,117	10,798,804
Benefits paid during the year		(16,877,172)	(9,825,130)
Benefits due but not paid (payables)		(21,539,682)	-
Return on plan assets (excluding interest income)		19,330,161	5,398,937
Balance at end of the year		<u>105,529,921</u>	<u>79,059,094</u>

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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, 2025

	Note	2025 Rupees	2024 Rupees
9.3 The amounts recognized in the statement of income and expenditure are as follows:			
Current service cost		15,865,396	13,421,842
Interest cost on liabilities		11,958,366	11,140,902
Interest income on plan assets		(12,433,117)	(10,798,804)
Net charge to statement of income and expenditure		15,390,645	13,763,940
9.4 Included in other comprehensive income			
- Actuarial loss from changes in financial assumptions		(259,993)	9,126,383
- Experience adjustment on obligation		(8,879,188)	3,771,653
- Return on plan assets (excluding interest income)		(19,330,161)	(5,398,937)
		(28,469,342)	7,499,099
9.5 Estimated contribution to be made during next year			
Current service cost		14,670,378	17,060,474
Interest cost		9,896,588	14,721,343
Interest income on plan assets		(12,750,943)	(11,274,524)
Net charge to statement of income & expenditure		11,816,023	20,507,293
9.6 The principal actuarial assumptions at the reporting date were as follows:			
Discount rate for interest cost		14.75%	16.25%
Discount rate for year end obligation		12.50%	14.75%
Expected growth rate in salaries		14.75%	14.75%
Expected mortality rate		SLIC (2001-2005)	SLIC (2001-2005)

As at June 30, 2025, the weighted average duration of the defined benefit obligation is 11 years (2024 : 9.8 years).

9.7 Sensitivity analysis

9.7.1 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, 2025:		
Discount rate	74,379,548	92,399,957
Salary increase	92,430,934	74,200,946
As at June 30, 2024:		
Discount rate	93,197,674	113,262,996
Salary increase	113,311,051	92,989,848

9.7.2 Historical Information

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

	June 2025	June 2024	June 2023	June 2022	June 2021	June 2020
	Rupees					
Present value of defined benefit obligations	82,695,079	102,427,352	65,332,623	56,974,562	40,281,673	26,686,016
Fair value of plan assets	(105,529,921)	(79,059,094)	(66,668,924)	(50,775,843)	(38,159,271)	-
(Surplus) / Deficit in the plan	(22,834,842)	23,368,258	(1,336,301)	6,198,719	2,122,402	26,686,016
Experience adjustment arising on plan liabilities	(8,879,188)	3,771,653	2,503,907	498,298	2,770,808	314,742
Experience adjustment arising on plan assets	-	-	-	-	-	-

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The Punjab Skills Development Fund

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Notes to the Financial Statements

For the year ended June 30, 2025

	Note	2024 Rupees	2023 Rupees
9.7.3 Plan assets at year end			
Bond		0%	0%
Equity		0%	0%
Cash and / or Deposits		100%	100%
Others		0%	0%
		100%	100%

10 TRADE AND OTHER PAYABLES

Trade creditors	10.1	243,148,209	343,718,481
Tax deducted at source payable		6,932,006	701,914
Payable balance of PSDP	10.2	5,308,587	5,962,544
Payable balance of SDP	10.2	131,149,469	141,630,588
Payable balance of EGDP	10.2	633,351	624,325
Payable balance of KSIP	10.2	1,285,364	1,191,132
Payable to staff provident fund		2,671	1,551,900
Others		7,733,430	10,974,187
		396,193,087	506,355,071

10.1 This mainly includes balances payable to various training service providers engaged on different programs of PSDF. These include long outstanding balances amounting to Rs. 113.86 million (2024: Rs. 113.86 million) relating to Skills Development Fund (SDF) (Note 14.3).

10.2 These projects have been completed and funds received in excess of expenses are repayable to Government of Punjab (related party) and Foreign, Commonwealth & Development Office (FCDO).

Projects	Opening Balance as at July 01, 2024	Banks profits for the year	Payments / transfers	Closing Payable Balance as at June 30, 2025
	-----Rupees-----			
PSDP	5,962,544	1,224,452	(1,878,409)	5,308,587
SDP	141,630,588	15,318,274	(25,799,393)	131,149,469
EGDP	624,325	9,026	-	633,351
KSIP	1,191,132	103,779	(9,547)	1,285,364
	149,408,589	16,655,531	(27,687,349)	138,376,771

Projects	Opening Payables/ (receivables) Balance as at July 01, 2023	Banks profits for the year	Repayments during the year	Change in estimate of provision against unbilled trainings conducted by TSPs	Transfers	Grant received	Others	Closing Payable Balance as at June 30, 2024
	-----Rupees-----							
IRMNCH	139,445	25,330	-	-	(164,775)	-	-	-
PSDP	4,150,138	1,812,406	-	-	-	-	-	5,962,544
SDP	112,460,889	29,178,713	-	-	(8,962)	-	-	141,630,640
KSIP	(2,980,035)	190,304	-	953,941	-	2,600,000	426,870	1,191,080
EGDP	(10,566,976)	3,175,677	(1,307,083)	-	(8,690,345)	18,013,052	-	624,325
	103,203,461	34,382,430	(1,307,083)	953,941	(8,864,082)	20,613,052	426,870	149,408,589

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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, 2025

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 In 2017, certain petitioners of the Civil Society filed a petition in the Lahore High Court, Lahore 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. The next hearing date of this case is scheduled on October 21, 2025.

11.1.2 During the year ended June 30, 2024, the Income Tax Department finalized the assessment under Sections 165 and 205 of the Income Tax Ordinance, 2001 for Tax Year 2018, creating a demand of Rs. 224,160,085. The Company, being aggrieved by the order, filed an appeal before the Appellate Tribunal Inland Revenue (ATIR).

The ATIR, vide its Order No. 4235/LB/2024, granted a stay on the recovery of the said demand. Based on the opinion of the Company's tax advisor, the demand was considered frivolous and without legal merit, and it was anticipated that the same would not sustain upon full appellate review.

Subsequently, in January 2025, the ATIR remanded the case back to the Tax Department for reassessment. In light of this development, the Company believes that the matter is still under adjudication and no provision is required in these financial statements, as the outcome is not expected to result in any material liability.

11.1.3 During the year, the Income Tax Department finalized assessment under section 165/205 of the Income Tax Ordinance, 2001 for tax year 2019 by creating a demand of Rs. 34,669,715. The company being unsatisfied by the order filed an appeal with the Commissioner Inland Revenue (Appeals) on July 19, 2025. On the basis of tax advisor, the demand is frivolous, illegal and is not likely to sustain the appellate review once the main appeal is heard by Commissioner Inland Revenue (Appeals).

11.2 Commitments

11.2.1 There are no commitments for capital expenditures as at June 30, 2025 (2024: Rs. Nil).

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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, 2025

12 PROPERTY AND EQUIPMENT

	Improvements on leasehold buildings	Vehicles	Generator and other electrical equipment	Computer equipment	Furniture and fixtures	Total
	Rupees					
Financial year 2025						
Cost						
At July 01, 2024	32,304,232	32,365,179	12,473,038	90,667,126	13,302,063	181,111,638
Additions during the year	-	-	8,669,850	3,447,070	110,800	12,227,720
Deletion during the year	-	(6,455,000)	(1,212,719)	(13,714,016)	(763,360)	(22,145,095)
At June 30, 2025	32,304,232	25,910,179	19,930,169	80,400,180	12,649,503	171,194,263
Depreciation						
At July 01, 2024	32,304,229	32,365,153	9,671,316	68,884,057	9,514,181	152,738,936
Charge for the year	-	-	802,025	9,292,942	973,338	11,068,305
Deletion during the year	-	(6,454,995)	(1,212,687)	(13,713,823)	(763,251)	(22,144,756)
At June 30, 2025	32,304,229	25,910,158	9,260,654	64,463,176	9,724,268	141,662,485
Net book value at June 30, 2025	3	21	10,669,515	15,937,004	2,925,235	29,531,778
Financial year 2024						
Cost						
At July 01, 2023	32,304,232	32,365,179	12,450,238	67,675,225	13,251,263	158,046,137
Additions during the year	-	-	22,800	22,991,901	50,800	23,065,501
At June 30, 2024	32,304,232	32,365,179	12,473,038	90,667,126	13,302,063	181,111,638
Depreciation						
At July 01, 2023	32,304,229	32,032,054	8,870,820	61,639,127	8,492,372	143,338,602
Charge for the year	-	333,099	800,496	7,244,930	1,021,809	9,400,334
At June 30, 2024	32,304,229	32,365,153	9,671,316	68,884,057	9,514,181	152,738,936
Net book value at June 30, 2024	3	26	2,801,722	21,783,069	3,787,882	28,372,702
Depreciation rate %	20%	20%	10%	33.33%	10%	

12.1 Property and equipment include fully depreciated fixed assets amounting to Rs. 117,705,858 (2024: Rs. 135,190,885).

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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, 2025

12.2 Detail of property and equipment disposed of during the year is as follows:

Description	Cost / revalued amount as at June 30, 2025	Accumulated depreciation as at June 30, 2025	Net book value as at June 30, 2025	Sale proceeds	Gain/(loss)	Mode of disposal	Particulars of purchasers
-----Rupees-----							
Suzuki - Jimny 1328cc BRJ-20	1,200,000	1,200,000	-	2,575,000	2,575,000	Tender	Habib Asad Khan
Suzuki - Jimny 1328cc BRJ-17	1,200,000	1,200,000	-	2,518,000	2,518,000	Tender	Muhammad Asim Mumtaz
Suzuki - Jimny 1328cc BRJ-19	1,200,000	1,200,000	-	2,413,000	2,413,000	Tender	Muhammad Asim Mumtaz
Toyota - Corolla 1299cc ZC-429	1,425,000	1,425,000	-	2,401,500	2,401,500	Tender	Muhammad Asim Mumtaz
Toyota - Corolla 1299cc ZC-441	1,430,000	1,430,000	-	2,621,000	2,621,000	Tender	Syed Qammar Ul Hassan
Aggregate of other items of property and equipment with individual book values not exceeding rupees 500,000	15,690,095	15,689,756	339	1,806,183	1,805,844	Tender	M/s Digital Technology M/s Ramzan Traders
	22,145,095	22,144,756	339	14,334,683	14,334,344		

13 INTANGIBLES
Financial year 2025
Cost

At July 01, 2024

Additions during the year

At June 30, 2025

Less: Amortization and impairment

At July 01, 2024

Amortization for the year

Impairment for the year

At June 30, 2025

Net book value at June 30, 2025

Financial year 2024

Cost

At July 01, 2023

Additions during the year

At June 30, 2024

Amortization

At July 01, 2023

Amortization during the year

At June 30, 2024

Net book value at June 30, 2024

Amortization rate per annum (%)

Softwares and Licenses	Content Development	Total
----- Rupees -----		
57,750,275	57,300,000	115,050,275
524,987	-	524,987
58,275,262	-	115,575,262
20,004,772	-	20,004,772
6,993,292	-	6,993,292
-	57,300,000	57,300,000
26,998,064	57,300,000	84,298,064
31,277,198	(57,300,000)	31,277,198
52,760,989	57,300,000	110,060,989
4,989,286	-	4,989,286
57,750,275	57,300,000	115,050,275
14,667,421	-	14,667,421
5,337,351	-	5,337,351
20,004,772	-	20,004,772
37,745,503	57,300,000	95,045,503
10%-50%	0%	

13.1 Three hybrid learning programs, amounting to Rs. 57.30 million (2024: Rs. 57.30 million), were classified as intangible assets with an indefinite useful life. These programs were utilized under the SYIG project. However, during the year, the project was closed, prompting management to assess that no future economic benefits would be derived from these programs. As a result, the entire carrying amount of these intangible assets has been impaired during the year.

13.2 Softwares and licenses include fully amortized intangibles amounting to Rs. 705,500 (2024: Rs. 705,500) still in use.

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, 2025

	Note	2025 Rupees	2024 Rupees
14 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to employees against salaries - considered good and secured against retirement benefits	14.1	30,443,825	38,453,469
Advances to suppliers - considered good		-	882,500
Prepayments		3,030,878	5,998,695
Other receivable for Skills Development Fund (SDF) Program- related party	12.2 & 12.3	113,855,297	113,855,297
Other receivables		5,605,926	11,485,833
		<u>152,935,926</u>	<u>170,675,794</u>
14.1 These include advances to key management personnel / (executives) amounting to Rs. 7,422,228 (2024: Rs. 6,666,668). 14.2 The maximum aggregate amount outstanding during the year at the end of any month from Government of the Punjab (a related party) was Rs. 113.855 million (2023: Rs. 113.855 million). 14.3 SDF project was completed in December 2016. However, few liabilities relating to this project are still carrying in books of the Company. 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 had surrendered related funds to the Government of Punjab and recognized a related receivable from GoPb. This will be received from GoPb when the Company will settle these liabilities of TSPs.			
15 SHORT TERM INVESTMENTS - AT AMORTIZED COST			
Investment in TDRs	15.1	<u>350,000,000</u>	<u>242,000,000</u>
15.1 This investment with maturity period of 12 months (27 June 2025 to 27 June 2026) has been invested with Bank of Punjab, a related party. This carries mark up @ 10.75% (June 30, 2024: 21.15%).			
16 CASH AND BANK BALANCES			
Cash in hand			
- SYIG		-	184
-SPIP		12,633	-
-TGP		80	-
-EWIT		100,000	-
		<u>112,713</u>	<u>184</u>
Cash at bank			
- Saving accounts			
- PSDF		216,950,207	233,720,594
- PSDP		10,577,195	9,838,536
-SDP		131,281,465	152,743,449
-EGDP		78,509	69,484
-SYIG		3,413,690	42,408,020
-KSIP		974,114	1,198,086
-EDF		16,440,027	42,984,533
	16.1&16.2	<u>379,715,207</u>	<u>482,962,702</u>
		<u>379,827,920</u>	<u>482,962,886</u>
16.1 These carry mark-up at 6.50%-19.00% per annum (June 30, 2024: 20.50 % per annum). 16.2 It includes bank balances aggregating to Rs. 371.843 million (June 30, 2024: 465.019 million) maintained with the Bank of Punjab and National Bank of Pakistan (related parties).			
17 MANAGEMENT FEE			
This represents management fee charged by the company from the private donors as per agreed terms of the agreements.			
18 OTHER INCOME			
Profit on saving bank accounts and investments		39,968,911	61,781,086
Gain on sale of certain items of property and equipment	12.2	14,334,344	-
Profit transfer from other projects		-	8,970,108
		<u>54,303,255</u>	<u>70,751,194</u>

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, 2025

		Note	2025 Rupees	2024 Rupees
19 SYIG				
Program cost		19.1	162,643,807	1,358,814,309
Non-program cost		19.2	225,899,813	287,752,236
			<u>388,543,620</u>	<u>1,646,566,545</u>
19.1 Program cost				
Training cost			150,286,257	1,252,867,191
Monitoring cost		19.1.1	5,887,496	88,318,354
Advertisement and communication			6,470,054	17,628,764
			<u>162,643,807</u>	<u>1,358,814,309</u>
19.1.1	This includes Rs. 1.23 million (2024: Rs. 0.947 million) and Rs. 0.536 million (2024: Rs. 1.413 million) in respect of expense recognized against gratuity and provident fund contribution for the year respectively.			
19.2 Non-program cost				
Salaries and other benefits		19.2.1	159,304,962	195,449,195
Rent		19.2.2	13,821,289	13,187,230
Fuel			1,798,909	4,238,363
Utilities			8,577,489	11,779,776
Janitorial, security & data storage services			5,065,755	7,608,721
Postage and telephone			975,442	1,713,758
Travelling and conveyance			1,877,910	2,042,262
Director meeting fee			4,550,000	7,405,000
Repair and maintenance			3,390,893	5,176,154
Vehicle insurance			473,041	1,549,392
Fee and subscription			26,167	5,490,521
IT support services			2,211,420	13,711,602
Office supplies			3,023,957	2,616,230
Legal and professional			8,355,465	4,001,142
Auditors' remuneration		19.2.3	-	965,000
Printing and stationery			148,624	471,414
Advertisement			625,697	4,716,452
Depreciation			8,882,393	4,040,137
Amortization			1,813,084	156,094
Entertainment			977,316	1,331,613
Miscellaneous			-	102,180
			<u>225,899,813</u>	<u>287,752,236</u>
19.2.1	This includes Rs. 8.72 million (2024: Rs. 11.676 million) and Rs.4.971 million (2024: Rs. 7.634 million) in respect of expense recognized against gratuity and provident fund for the year.			
19.2.2	The rental expense is netted off against the rental income amounting to Rs. 5.658 million (2024: Rs. 5.044 million) earned from the sub let of the ground floor of the building to Skills Development Entrepreneurship Department, a related party.			
19.2.3 Auditors' remuneration				
Annual audit fee			-	825,000
Out of pocket expenses			-	35,000
Certifications and others			-	105,000
			<u>-</u>	<u>965,000</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, 2025

		<u>Note</u>	<u>2025 Rupees</u>	<u>2024 Rupees</u>
20	KSIP			
	Program cost		<u>-</u>	<u>(429,350)</u>
21	EDF			
	Program cost	21.1	<u>74,378,055</u>	<u>175,321,871</u>
	Non-program cost	21.2	<u>4,200,000</u>	<u>16,746,495</u>
			<u>78,578,055</u>	<u>192,068,366</u>
	21.1 Program cost			
	Training cost		<u>72,396,738</u>	<u>171,716,579</u>
	Monitoring cost		<u>1,326,028</u>	<u>2,569,740</u>
	Advertisement and communication		<u>655,289</u>	<u>1,035,552</u>
			<u>74,378,055</u>	<u>175,321,871</u>
	21.2 Non-program cost			
	Salaries and other benefits		<u>4,200,000</u>	<u>12,600,000</u>
	Travelling and conveyance		<u>-</u>	<u>330,540</u>
	Printing and stationery		<u>-</u>	<u>170,955</u>
	Office Supplies		<u>-</u>	<u>225,000</u>
			<u>4,200,000</u>	<u>16,746,495</u>
22	NAVTC			
	Program cost	22.1	<u>60,046,392</u>	<u>-</u>
	Non-program cost		<u>-</u>	<u>38,227</u>
			<u>60,046,392</u>	<u>38,227</u>
	22.1 Program cost			
	Training cost		<u>56,498,826</u>	<u>-</u>
	Monitoring cost		<u>2,251,013</u>	<u>-</u>
	Advertisement and communication		<u>1,296,553</u>	<u>-</u>
			<u>60,046,392</u>	<u>-</u>
23	OGDCL			
	Program cost	23.1	<u>5,245,548</u>	<u>-</u>
	23.1 Program cost			
	Training cost		<u>3,956,150</u>	<u>-</u>
	Monitoring cost		<u>164,611</u>	<u>-</u>
	Stipend		<u>1,124,787</u>	<u>-</u>
			<u>5,245,548</u>	<u>-</u>
24	SPIP			
	Program cost	24.1	<u>15,747,064</u>	<u>-</u>
	Non-program cost	24.2	<u>28,982,205</u>	<u>-</u>
			<u>44,729,269</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, 2025

		<u>Note</u>	<u>2025 Rupees</u>	<u>2024 Rupees</u>
24.1	Program cost			
	Training cost		6,912,972	-
	Monitoring cost	24.1.1	3,380,368	-
	Advertisement and communication		5,453,724	-
			<u>15,747,064</u>	<u>-</u>
24.1.1	This includes Rs. nil (2024: nil) and Rs. 0.0051 million (2024: Nil) in respect of expense recognized against provision for gratuity and provident fund contribution for the year.			
24.2	Non-program cost			
	Salaries and other benefits	24.2.1	25,518,739	-
	Fuel		321,967	-
	Janitorial, security & data storage services		90,237	-
	Utilities		755,802	-
	Travelling and conveyance		755,787	-
	Printing and stationery		15,400	-
	Repair and maintenance		257,361	-
	Legal and professional		930,000	-
	Entertainment		116,604	-
	Office supplies		203,146	-
	Fee and subscription		17,162	-
			<u>28,982,205</u>	<u>-</u>
24.2.1	This includes Rs. 1.256 million (2024: nil) and Rs. 1.071 million (2024: Nil) in respect of expense recognized against provision for gratuity and provident fund contribution for the year.			
25	CM-TGP			
	Program cost	25.1	197,845,760	-
	Non-program cost	25.2	54,260,726	-
			<u>252,106,486</u>	<u>-</u>
25.1	Program cost			
	Training cost		183,319,421	-
	Monitoring cost	25.1.1	7,252,831	-
	Advertisement and communication		7,273,508	-
			<u>197,845,760</u>	<u>-</u>
25.1.1	This includes Rs. nil (2024: nil) and Rs. 0.183 (2024: nil) in respect of expense recognized against provision for gratuity and provident fund contribution for the year.			

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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, 2025

		<u>Note</u>	<u>2025 Rupees</u>	<u>2024 Rupees</u>
25.2	Non-program cost			
	Salaries and other benefits	25.2.1	28,968,167	-
	Depreciation		2,185,912	-
	Rent	25.2.2	3,427,815	-
	Fuel		299,399	-
	Janitorial, security & data storage services		738,738	-
	Postage and telephone		435,397	-
	Advertisement		242,119	-
	Utilities		1,174,447	-
	Travelling and conveyance		914,346	-
	Printing and stationery		50,376	-
	Repair and maintenance		1,315,061	-
	Legal and professional		4,936,628	-
	Auditors' remuneration	25.2.3	825,000	-
	Amortization		5,180,208	-
	Entertainment		196,551	-
	Office supplies		539,828	-
	IT Support Services		1,984,764	-
	Fee and subscription		845,970	-
			<u>54,260,726</u>	<u>-</u>
25.2.1	This includes Rs. 1.522 million (2024: nil) and Rs. 0.937 million (2024: Nil) in respect of expense recognized against provision for gratuity and provident fund contribution for the year.			
25.2.2	The rental expense is netted off against the rental income amounting to Rs. 1.403 million earned from the sub let of the ground floor of the building to Skills Development Entrepreneurship Department, a related party.			
25.2.3	Auditors' remuneration			
	Annual audit and review report fee		785,715	-
	Government levies		39,285	-
			<u>825,000</u>	<u>-</u>
26	EWIT			
	Program cost		38,446,383	-
	Non-program cost		46,815,081	-
			<u>85,261,464</u>	<u>-</u>
26.1	Program cost			
	Training cost		26,200,667	-
	Monitoring cost	26.1.1	2,550,361	-
	Advertisement and communication		9,695,355	-
			<u>38,446,383</u>	<u>-</u>
26.1.1	This includes Rs. nil (2024: nil) and Rs. 0.026 million (2024: nil) in respect of expense recognized against provision for gratuity and provident fund contribution for the year.			

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, 2025

30 INCOME TAX AND LEVY

30.1 Provision for income 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 income tax or levy 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.

30.2 Deferred tax has not been provided in these financial statements as the Company's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the income of the Company is entitled for tax credit under section 2(36) / 100C of the Income Tax Ordinance, 2001, therefore, no deferred tax is applicable.

31 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.

31.1 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.

31.2 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.

31.2.1 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:

	2025 Rupees	2024 Rupees
Long term deposits	7,263,000	7,384,000
Other receivable for Skills Development Fund (SDF) Program- related party	113,855,297	113,855,297
Other receivables	5,605,926	11,485,833
Short term investments - at amortized cost	350,000,000	242,000,000
Cash at bank	379,715,207	482,962,702
Advances to employees against salaries	30,443,825	38,453,469
	<u>886,883,255</u>	<u>896,141,301</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:

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Punjab Skills Development Fund

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Notes to the Financial Statements

For the year ended June 30, 2025

	Rating		Rating Agency	Rs. 2025
	Short term	Long term		
Bank Balances				
The Bank of Punjab	A1+	AA+	PACRA	352,255,917
Bank Al-Habib Limited	A1+	AAA	PACRA	78,509
National Bank of Pakistan	A1+	AAA	PACRA	16,440,027
Mobilink Microfinance Bank Limited	A1	A	PACRA	10,940,754
				<u>379,715,207</u>
TDRs				
The Bank of Punjab	A1+	AA+	PACRA	<u>350,000,000</u>
	Rating		Rating Agency	Rs. 2024
	Short term	Long term		
Bank Balances				
The Bank of Punjab	A1+	AA+	PACRA	422,034,235
Bank Al-Habib Limited	A1+	AAA	PACRA	69,484
National Bank of Pakistan	A1+	AAA	PACRA	42,984,533
Mobilink Microfinance Bank Limited	A1	A	PACRA	17,874,450
				<u>482,962,702</u>
TDRs				
The Bank of Punjab	A1+	AA+	PACRA	<u>242,000,000</u>

31.3 Liquidity risk

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

The following analysis shows the Company's financial liabilities into relevant maturity groupings based on the remaining period at the 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.

	2025				
	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity from one to five years	Maturity more than five years
	----- Rupees -----				
Trade and other payables	389,261,081	389,261,081	389,261,081	-	-
	2024				
	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity from one to five years	Maturity more than five years
	----- Rupees -----				
Trade and other payables	505,653,157	505,653,157	505,653,157	-	-

31.4 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.

31.4.1 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.

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Notes to the Financial Statements

For the year ended June 30, 2025

	2025 Rupees	2024 Rupees
31.4.1.1 Variable rate instruments		
Cash at bank - saving accounts	379,715,207	482,962,702

31.4.1.2 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. 3,797,152 (2024: Rs. 4,829,627).

31.4.2 Currency risk management

PKR is the functional currency of the Company and exposure arises from transactions and balances in currencies other than 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:

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 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.

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.

Exposure to foreign currency risk

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

31.4.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to other price risk.

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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, 2025

31.5 Fair values**31.5.1 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).

31.5.2 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
On-Balance sheet financial instruments						
June 30, 2025						
Financial assets not measured at fair value						
Long term deposits	7,263,000	-	7,263,000	-	-	-
Cash and bank balances	379,827,920	-	379,827,920	-	-	-
Other receivable for Skills Development Fund (SDF) Program-	113,855,297	-	113,855,297	-	-	-
Advances to employees against salaries	30,443,825	-	30,443,825	-	-	-
Other receivables	5,605,926	-	5,605,926	-	-	-
Short term investments - at amortized cost	350,000,000	-	350,000,000	-	-	-
	<u>886,995,968</u>	<u>-</u>	<u>886,995,968</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value						
Trade and other payables	-	389,261,081	389,261,081	-	-	-
	<u>-</u>	<u>389,261,081</u>	<u>389,261,081</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2024						
Financial assets not measured at fair value						
Long term deposits	7,384,000	-	7,384,000	-	-	-
Other receivable for Skills Development Fund (SDF) Program- relate	482,962,886	-	482,962,886	-	-	-
Cash and bank balances	113,855,297	-	113,855,297	-	-	-
Advances to employees against salaries	38,453,469	-	38,453,469	-	-	-
Other receivables	11,485,833	-	11,485,833	-	-	-
Short term investments - at amortized cost	242,000,000	-	242,000,000	-	-	-
	<u>896,141,485</u>	<u>-</u>	<u>896,141,485</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value						
Trade and other payables	-	504,101,257	504,101,257	-	-	-
	<u>-</u>	<u>504,101,257</u>	<u>504,101,257</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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32 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, associated companies due to common directorship 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 30 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	2025 Rupees	2024 Rupees
a) Various training service providers	Common control	Training services provided to the Company Payable balance at the year end	32.1	59,839,427 92,784,174	258,948,053 119,999,741
b) Key management personnel	Key management personnel	Remuneration	32.2	64,638,912	34,582,908
c) Directorate General Public Relations-DGPR	Common control	Advertisement services provided to the Company	32.3	4,207,504	5,701,981
d) Government of Punjab - Planning and Development (P & D) Department	Common control	Grants & management fee received during the year		938,561,000	1,684,437,943
e) The Bank of Punjab	Common control	Funds repaid during the year to GoPb		-	7,846,773
f) National Bank of Pakistan	Common control	Profit on bank deposits & investments		69,077,235	99,396,273
g) The Punjab Skills Development Fund-Staff Gratuity Fund	Common control	Profit on bank deposits		3,094,549	6,620,129
	Employees Fund	Expense for the year	9.3	15,390,645	13,763,940
		Contributions for the year	9.2	33,124,403	-
		(Receivable)/Payable balance at year end	9	(22,834,842)	23,368,258
h) The Punjab Skills Development Fund-Staff Provident Fund Trust	Employees Fund	Contribution during the year		9,486,237	9,047,937
		Payable balance at the year end	10	2,671	1,551,900
i) Board Members	Board of Directors	Meeting fee		4,550,000	7,405,000
j) Skills Development Entrepreneurship Department	Administrative Department	Rental Income		7,060,708	-
		Utilities reimbursed		1,137,106	-
		Rent and utilities receivable		3,803,456	-

k) The company collects and pays Punjab Sales Tax and Income Tax in the capacity of withholding agent to Punjab Revenue Authority and Federal Board of Revenue respectively.

32.1 Contracts relating to training services provided to the Company by training service providers are awarded after evaluation of bids invited by the Company.

32.2 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 and Chief Program Officer to be its key management personnel.

32.3 All related party transactions are approved by the Board of Directors of the Company.

33 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 and Executives of the Company is as follows:

	2025		2024			
	Directors	Chief Executive Officer	Executives (Other than COO)	Directors	Chief Executive Officer/ Chief Operating Officer	Executives (Other than COO)
	Rupees			Rupees		
Meeting fee	4,550,000	-	-	7,405,000	-	-
Salary	-	16,500,000	137,723,201	-	13,734,348	147,423,773
Driver allowance	-	-	2,081,935	-	420,000	2,250,000
Communication allowance	-	-	2,150,347	-	90,000	2,447,250
Car Allowance	-	-	10,436,908	-	665,323	11,190,323
Honorarium	-	-	7,254,928	-	1,309,419	10,814,438
Project allowance	-	-	-	-	150,396	918,608
Additional charge allowance	-	-	-	-	1,107,672	1,948,068
Provident fund contribution	-	915,750	7,492,555	-	762,252	7,988,032
Gratuity	-	10,083,232	10,083,232	-	1,144,529	12,443,774
	4,550,000	17,415,750	177,223,106	7,405,000	19,383,939	197,424,266
Number of persons	14	1	44	15	1	45

33.1 The Board of Directors has delegated some powers of the Chief Executive Officer to the Chief Operating Officer till hiring of regular incumbent. Subsequent to the year end, regular CEO has been appointed.

33.2 Chief Executive Officer and certain executives are also provided with Company's maintained vehicles in accordance with the Company's policy.

16/2/25

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, 2025

34 PROVIDENT FUND TRUST

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

		<u>30 June 2025</u>	<u>30 June 2024</u>
Size of fund - total assets	<i>Rupees</i>	32,756,937	29,865,250
Cost of investments made	<i>Rupees</i>	32,754,266	28,313,327
Percentage of investments made	<i>Percentage</i>	99.99%	94.80%
Fair value of investments	<i>Rupees</i>	32,754,266	28,313,327

The breakup of fair value of investments is as follows:

	<u>30-Jun-25</u>		<u>30-Jun-24</u>	
	<u>Rupees</u>	<u>Percentage</u>	<u>Rupees</u>	<u>Percentage</u>
Cash at banks	32,754,266	100%	28,313,327	100%
	32,754,266	100%	28,313,327	100%

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.

35 NUMBER OF EMPLOYEES

The average number of employees during the year and total number of employees at June 30, 2025 and 2024 respectively are as follows:

	<u>2025</u>	<u>2024</u>
	<u>Number of employees</u>	
Total number of employees at 30 June	50	75
Average number of employees during the year	66	70

36 CORRESPONDING FIGURES

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.

37 DATE OF AUTHORIZATION FOR ISSUE

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

07 OCT 2025


Chief Financial Officer


Chief Executive Officer


Director