

**PUBLIC PRIVATE
PARTNERSHIP SUPPORT
FACILITY - PPPSF**

**FINANCIAL STATEMENTS WITH
ACCOMPANYING INFORMATION**

**FOR THE YEAR ENDED
30 JUNE 2024**

INDEPENDENT AUDITOR'S REPORT

To the members of Public Private Partnership Support Facility

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Public Private Partnership Support Facility ("the Company"), which comprise the statement of financial position as at 30 June 2024, and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in equity, 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, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2024 and of the surplus, the other comprehensive income, the changes in equity 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 of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Company and our auditor's report thereon.

Our opinion on the financial statements of the Company 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 of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company for 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 material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Riaz Ahmad & Company

Chartered Accountants

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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Chartered Accountants

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Junaid Ashraf.



RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

DATE: 04 OCTOBER 2024
UDIN: AR202410045nCXOVwK5E

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

ASSETS	Note	2024 Rupees	2023 Rupees
NON-CURRENT ASSETS			
Property and equipment	3	4,737,408	7,288,943
Right-of-use asset	4	15,802,024	-
Long term deposits	5	787,668	643,900
Long term investments	6	174,049,183	348,198,847
		195,376,283	356,131,690
CURRENT ASSETS			
Accrued markup		5,032,679	5,071,928
Advances and prepayments	7	180,346	509,950
Advance income tax	8	25,677,798	25,373,056
Current portion of long term investments	6	174,992,273	-
Short term investments	9	209,306,190	198,140,359
Cash and bank balances	10	48,264,137	27,237,755
		463,453,423	256,333,048
TOTAL ASSETS		658,829,706	612,464,738
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 55,000,000 (2023: 55,000,000) ordinary shares of Rupees 10 each		550,000,000	550,000,000
Issued, subscribed and paid-up share capital	11	550,000,000	550,000,000
Accumulated surplus		90,941,479	60,894,296
TOTAL EQUITY		640,941,479	610,894,296
NON-CURRENT LIABILITIES			
Lease liability	12	12,736,623	-
CURRENT LIABILITIES			
Current portion of lease liability	12	1,908,623	-
Other payables	13	3,242,981	1,570,442
		5,151,604	1,570,442
TOTAL LIABILITIES		17,888,227	1,570,442
Contingencies and commitments	14		
TOTAL EQUITY AND LIABILITIES		658,829,706	612,464,738

The annexed notes from 01 to 24 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 Rupees	2023 Rupees
Income		-	-
Operational expenses	15	(45,596,104)	(41,100,683)
Administrative expenses	16	(51,679,486)	(41,817,204)
Finance cost	12	(346,509)	-
		<u>(97,622,099)</u>	<u>(82,917,887)</u>
Other income	17	127,669,282	95,819,184
Surplus before levy and tax		<u>30,047,183</u>	<u>12,901,297</u>
Levy		-	-
Surplus before tax		<u>30,047,183</u>	<u>12,901,297</u>
Taxation	18	-	36,113
Surplus after tax		<u><u>30,047,183</u></u>	<u><u>12,937,410</u></u>

The annexed notes from 01 to 24 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	2024 Rupees	2023 Rupees
Surplus after tax	30,047,183	12,937,410
Other comprehensive income:		
Items that will not be reclassified to statement of income and expenditure	-	-
Items that may be reclassified subsequently to statement of income and expenditure	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	30,047,183	12,937,410

The annexed notes from 01 to 24 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Issued, subscribed and paid-up share capital	Accumulated surplus	Total
	Rupees	Rupees	Rupees
Balance as at 30 June 2022	550,000,000	47,956,886	597,956,886
Surplus for the year	-	12,937,410	12,937,410
Other comprehensive income	-	-	-
Total comprehensive Income for the year	-	12,937,410	12,937,410
Balance as at 30 June 2023	550,000,000	60,894,296	610,894,296
Surplus for the year	-	30,047,183	30,047,183
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	30,047,183	30,047,183
Balance as at 30 June 2024	550,000,000	90,941,479	640,941,479

The annexed notes from 01 to 24 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus before levy and tax	30,047,183	12,901,297
Adjustments for non-cash items:		
Depreciation of property and equipment	2,756,534	3,208,881
Depreciation of right-of-use asset	544,897	-
Finance cost on lease liability	346,509	-
Profit on savings accounts	(4,320,126)	(41,023,418)
Profit on market treasury bills	(45,786,963)	(17,173,817)
Profit on Pakistan investment bonds	(77,562,193)	(37,621,949)
Cash used in before working capital changes	(93,974,159)	(79,709,006)
Working capital changes		
(Increase) / decrease in current assets		
Advances and prepayments	329,604	(194,975)
Increase / (decrease) in current liabilities		
Other payables	1,672,539	(89,977)
Net working capital changes	2,002,143	(284,952)
Cash flow used in operating activities	(91,972,016)	(79,993,958)
Income tax paid	(304,742)	(5,893,335)
Net cash used in operating activities	(92,276,758)	(85,887,293)
CASH FLOW FROM INVESTING ACTIVITIES		
Addition to property and equipment	(204,999)	(174,999)
Addition to long term deposits	(143,768)	(164,623)
Investments made in market treasury bills	(648,782,704)	(550,466,542)
Investments made in Pakistan investment bonds	-	(347,777,526)
Proceeds on maturity of market treasury bills	638,580,972	353,276,510
Profit received on market treasury bills	44,822,865	16,223,490
Profit received on Pakistan investment bonds	76,692,476	32,563,962
Markup received from savings account	4,386,482	40,588,156
Net cash generated from / (used in) investing activities	115,351,324	(455,931,572)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment made against lease liabilities	(2,048,184)	-
Net cash used in financing activities	(2,048,184)	-
Net increase / (decrease) in cash and cash equivalents	21,026,382	(541,818,865)
Cash and cash equivalents at the beginning of the year	27,237,755	569,056,620
Cash and cash equivalent at the end of the year	48,264,137	27,237,755

The annexed notes from 01 to 24 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

PUBLIC PRIVATE PARTNERSHIP SUPPORT FACILITY
(A company set up under section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

1. LEGAL STATUS AND OPERATIONS

Public Private Partnership Support Facility ("the Company") was incorporated in Pakistan on 29 December 2017 under section 42 of the Companies Act, 2017 as a company limited by guarantee having share capital.

The principal activity of the Company is to finance, manage and monitor the risks on projects initiated under the Sindh Public Private Partnership Act, 2010 (the Act) and to render advisory and technical assistance to Government of Sindh for any project initiated under the Act.

The Company is wholly owned by Government of Sindh.

The registered office of the Company is located at 2nd Floor, Imperial Court Building, Dr. Ziauddin Ahmed Road, Civil Lines, Karachi.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

c) Key judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards 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:

- a) Depreciation on operating fixed assets (Note 4.1)
- b) Taxation (Note 4.9)

The revisions to accounting estimates (if any) are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future year if the revision affects both current and future year.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement').
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income Taxes').
- Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors').
- Amendments to IAS 12 'Income Taxes' - International Tax Reform — Pillar Two Model Rules.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2023 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2024 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2024. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 01 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 01 January 2024.

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting period beginning on or after 01 January 2024.

Lack of Exchangeability (Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'). The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for annual reporting periods beginning on or after 01 January 2025.

IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 01 January 2027) with a focus on updates to the statement of profit or loss. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

The above standards and amendments are likely to have no significant impact on the financial statements.

g) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting year beginning on or after 01 July 2024 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and recognized accumulated impairment, if any. Cost of property and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition.

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 the 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 statement of income and expenditure during the period in which they are incurred.

Depreciation

Depreciation on additions is charged from the date the asset is available for use till the date asset is disposed off. Depreciation is charged to statement of income and expenditure applying the straight-line method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 3. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of operating fixed assets 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 period the asset is de-recognized.

2.3 Right-of-use-assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses (if any). Cost comprises of the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

2.4 Lease Liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, 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 comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of income and expenditure if the carrying amount of the right-of-use asset is fully written down.

2.5 Investments and other financial assets

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through income and expenditure), and
- those to be measured at amortized cost

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

For assets measured at fair value, gains and losses will either be recorded in income and expenditure or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through income and expenditure, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through income and expenditure are expensed in income and expenditure.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in income and expenditure and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of income and expenditure.

Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in income and expenditure.

When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to income and expenditure and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of income and expenditure.

Fair value through statement of income and expenditure

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at fair value through income and expenditure. A gain or loss on a debt instrument that is subsequently measured at fair value through income and expenditure is recognized in income and expenditure and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to income and expenditure. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through income and expenditure

Changes in the fair value of equity investments at fair value through income and expenditure are recognized in other income / (other expenses) in the statement of income and expenditure as applicable.

Dividends from such investments continue to be recognized in income and expenditure as other income when the Company's right to receive payments is established.

2.6 Financial liabilities – classification and measurement

Financial liabilities are classified as measured at amortized cost or fair value through income and expenditure. A financial liability is classified as at fair value through income and expenditure if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through income and expenditure are measured at fair value and net gains and losses, including any interest expense, are recognized in 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 statement of income and expenditure. Any gain or loss on de-recognition is also included in income and expenditure.

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2.7 De-recognition of financial assets and financial liabilities

a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the 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 it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.8 Cash and cash equivalent

Cash and cash equivalents comprise cash in hand, cash at banks and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.9 Other payables

Liabilities for other payables are initially recognized at fair value plus directly attributable cost. These are subsequently measured at amortized cost.

2.10 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rupees, unless otherwise stated.

2.11 Employees' benefits obligations

The Company operates provident fund through Voluntary Pension Scheme (VPS) covering all its employees who are eligible. Equal monthly contributions are made both by the Company and employees at the rate of 10 percent of the basic salary to the Voluntary Pension Scheme (VPS). The Company's contributions to the VPS are charged to the income and expenditure account. Contributions to VPS discharge the obligation of the Company in all respect. Since all the due contributions are made to VPS by the Company, separate disclosure in respect of provident fund is not available and, accordingly, not presented in these financial statement.

2.12 Revenue recognition

i. Grant

Government grants are recognized at the fair value of the asset received or receivable.

A grant without specified future performance conditions is recognized in income when the right to receive the grant is established. A grant that imposes specified future performance conditions is recognized in income when all those conditions are met and there is a reasonable assurance that the grant will be received.

Further, the Company does not recognize those forms of government assistance for which a reasonable value cannot be placed on them.

ii. Services

Revenue from services rendered is recognized as and when the services are rendered.

The Company is entrusted with the functions to manage and monitor the projects initiated under the Sindh Public Private Partnership Act, 2010 (the Act) and to render advisory and technical assistance to Government of Sindh for any project initiated under the Act. Presently, these services are being rendered free of charge as no consideration is agreed with the Government.

iii. Interest Income

Markup / Return / Interest on savings accounts and on investments are recognized on a time proportion basis using the effective interest rate method. Where debt securities are purchased at a premium or discount, such premium or discount is amortized through the Income and Expenditure account over the remaining period of maturity.

2.13 Taxation and levy

Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into consideration available tax credits and rebates, if any. Minimum taxes and final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in statement of profit or loss. The charge for current tax and levy also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years. Previously, component representing levy was included in provision for current tax and was not separately charged in statement of profit or loss.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax base. Deferred tax liabilities are recognized for all taxable temporary differences. The Company recognizes deferred tax asset on all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of income and expenditure, except where deferred tax arises on the items credited or charged to comprehensive income or directly to the equity, in which case it is adjusted in statement of comprehensive income or statement of changes in equity.

2.14 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions is reviewed at each reporting date and adjusted to reflect current best estimate.

2.15 Related party transactions

All related party transactions are made on terms equivalent to those that prevail in arm's length transactions.

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3. PROPERTY AND EQUIPMENT

	2024				
	Furniture and fixture	Office equipment	Computer equipment	Vehicles	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
As at 01 July 2023					
Cost	5,138,447	5,560,110	1,850,619	2,911,960	15,461,136
Accumulated depreciation	(1,284,054)	(3,033,460)	(1,338,234)	(2,516,445)	(8,172,193)
Net book value	3,854,393	2,526,650	512,385	395,515	7,288,943

Year ended 30 June 2024					
Opening net book value	3,854,393	2,526,650	512,385	395,515	7,288,943
Additions	-	-	204,999	-	204,999
Disposal					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Depreciation charged for the year	(513,845)	(1,390,028)	(477,541)	(375,120)	(2,756,534)
Closing net book value	3,340,548	1,136,622	239,843	20,395	4,737,408

As at 30 June 2024					
Cost	5,138,447	5,560,110	2,055,618	2,911,960	15,666,135
Accumulated depreciation	(1,797,899)	(4,423,488)	(1,815,775)	(2,891,565)	(10,928,727)
Net book value	3,340,548	1,136,622	239,843	20,395	4,737,408

	2023				
	Furniture and fixture	Office equipment	Computer equipment	Vehicles	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
As at 01 July 2022					
Cost	5,138,447	5,560,110	1,675,620	2,911,960	15,286,137
Accumulated depreciation	(770,210)	(1,643,432)	(761,216)	(1,788,454)	(4,963,312)
Net book value	4,368,237	3,916,678	914,404	1,123,506	10,322,825

Year ended 30 June 2023					
Opening net book value	4,368,237	3,916,678	914,404	1,123,506	10,322,825
Additions	-	-	174,999	-	174,999
Disposal					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Depreciation charged for the year	(513,844)	(1,390,028)	(577,018)	(727,991)	(3,208,881)
Closing net book value	3,854,393	2,526,650	512,385	395,515	7,288,943

As at 30 June 2023					
Cost	5,138,447	5,560,110	1,850,619	2,911,960	15,461,136
Accumulated depreciation	(1,284,054)	(3,033,460)	(1,338,234)	(2,516,445)	(8,172,193)
Net book value	3,854,393	2,526,650	512,385	395,515	7,288,943

Depreciation Rate	10%	25%	33%	25%	
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8. ADVANCE INCOME TAX	Note	2024 Rupees	2023 Rupees
Advance income tax	8.1	<u>25,677,798</u>	<u>25,373,056</u>
8.1 Movement of advance income tax refundable			
Balance as at 01 July		25,373,056	19,479,721
Provision for tax for the year	18	-	-
		<u>25,373,056</u>	<u>19,479,721</u>
Tax collected or deducted at source		304,742	5,893,335
		<u>25,677,798</u>	<u>25,373,056</u>

9. SHORT TERM INVESTMENTS

Market treasury bills	9.1	<u>209,306,190</u>	<u>198,140,359</u>
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9.1 Market treasury bills

Balance at the beginning of year		198,140,359	-
Add: purchased during the year		648,782,704	550,466,542
Less: matured during the year		(683,403,836)	(369,500,000)
Add: amortization of discount		45,786,963	17,173,817
Balance at the end of year		<u>209,306,190</u>	<u>198,140,359</u>

9.2 These securities are held in IPS account of National Bank of Pakistan and maintained with State Bank of Pakistan. These carry effective yield of 19.82% per annum and will mature on 12 December 2024. The face value of the above investments at 30 June 2024 amounted to Rupees 228 million.

10. CASH AND BANK BALANCES

Cash in hand		30,000	2,200
Savings accounts	10.1	48,234,137	27,235,555
		<u>48,264,137</u>	<u>27,237,755</u>

10.1 This includes balance with Sindh Bank Limited, a related party, carrying markup ranging from 20.45% to 20.50% per annum (2023: 19.55%).

11. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2024	2023		2024	2023
(Number of Shares)				
55,000,000	55,000,000	Ordinary shares of Rupees 10 each fully paid in cash	<u>550,000,000</u>	<u>550,000,000</u>

11.1 As at 30 June 2024, 54,999,994 (2023: 54,999,994) ordinary shares of Rupees 10 each fully paid in cash are held by Government of Sindh, and 6 (2023: 6) shares of Rupees 10 each fully paid in cash are held by nominees.

12. LEASE LIABILITY	Note	2024 Rupees	2023 Rupees
Opening lease liability		-	-
Recognized during the year		16,346,921	-
Finance cost		346,509	-
Rentals paid during the year		<u>(2,048,184)</u>	-
		14,645,246	-
Current portion shown under current liabilities		<u>(1,908,623)</u>	-
		<u><u>12,736,623</u></u>	-

12.1 This represents present value of lease commitments entered into for office premises for 5 contract terms. When measuring lease liability for office premises, the company used 5 year Pakistan Investment Bond rates for discounting future lease payments i.e. 15.45%

12.2 The maturity analysis of lease liabilities is as follows:

	Future minimum lease payments	Future finance cost	Present value of future minimum lease payments
Less than one year	3,918,859	2,010,236	1,908,623
Later than one year but not later than five years	<u>16,062,067</u>	<u>3,325,444</u>	<u>12,736,623</u>
	<u><u>19,980,926</u></u>	<u><u>5,335,680</u></u>	<u><u>14,645,246</u></u>

13. OTHER PAYABLES

Accrued expenses		2,339,555	667,016
Performance security payable	13.1	<u>903,426</u>	903,426
		<u><u>3,242,981</u></u>	<u><u>1,570,442</u></u>

13.1 This represents performance security received in connection with performance of services of the internal auditor, repayable at the end of contract period i.e. 30 June 2024.

14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at reporting date (2023: Nil).

15. OPERATIONAL EXPENSES

Salaries, wages and other benefits	15.1	40,895,543	36,980,066
Rent expense		1,821,469	1,314,392
Insurance expense	15.2	1,687,762	1,700,137
Utilities		557,144	434,935
Communication expense		174,715	170,699
Miscellaneous		459,471	500,454
		<u><u>45,596,104</u></u>	<u><u>41,100,683</u></u>

15.1 This includes is Rupees 2.210 million (2023: Rupees 1.994 million) in respect of contribution to Voluntary Pension Scheme.

15.2 This includes Rupees 1.533 million (2023: Rupees 1.559 million) in respect of insurance premium made to Sindh Insurance Limited, a related party.

16. ADMINISTRATIVE EXPENSES	Note	2024 Rupees	2023 Rupees
Salaries, wages and other benefits	16.1	37,615,744	31,083,605
Rent expense		1,675,388	1,104,812
Insurance expense	16.2	1,552,404	1,429,051
Utilities		512,461	365,584
Communication expense		160,703	143,481
Miscellaneous		422,622	420,657
Training and development		212,812	795,900
Fees and subscription		145,321	126,604
Printing and stationery		61,020	163,044
Repairs and maintenance		743,308	856,865
Office supplies		54,000	36,000
Depreciation of property and equipment		2,756,534	3,208,881
Depreciation of right-of-use asset		544,897	-
Legal and professional charges		3,031,022	1,507,085
Auditors' remuneration	16.3	371,250	297,000
Directors meeting fee		1,760,000	-
Travelling expense		60,000	272,985
Bank charges		-	5,650
		<u>51,679,486</u>	<u>41,817,204</u>

16.1 This includes Rupees 1.971 million (2023: Rupees 1.677 million) in respect of contribution to Voluntary Pension Scheme.

16.2 This includes Rupees 1.410 million (2023: Rupees 1.311 million) in respect of insurance premium made to Sindh Insurance Limited, a related party.

16.3 Auditors' remuneration

Audit fee		283,750	227,500
Certification fee		30,000	25,000
Out of pocket expense		30,000	22,500
Sales tax @ 8%		27,500	22,000
		<u>371,250</u>	<u>297,000</u>

17. OTHER INCOME

Profit on savings accounts	17.1	4,320,126	41,023,418
Profit on market treasury bills		45,786,963	17,173,817
Profit on Pakistan investment bonds		77,562,193	37,621,949
		<u>127,669,282</u>	<u>95,819,184</u>

17.1 It represents profit earned on deposits with Sindh Bank Limited, a related party

18. TAXATION

Current tax expense	18.1	-	-
Prior year expense		-	-
Deferred tax		-	(36,113)
		<u>-</u>	<u>(36,113)</u>

18.1 The Company is recognized as "Non - Profit Organization" under section 2(36)(C) of the Income Tax Ordinance, 2001 where by the income of the Company is subjected to 100% tax credit in terms of section 100(C) of the Income Tax Ordinance, 2001. Accordingly, no provision for current tax has been made during the year and as a result temporary differences do not arise and deferred tax is not recorded.

19. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND EXECUTIVES

	Chief Executive Officer		Executives		Directors	
	2024	2023	2024	2023	2024	2023
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Basic	9,826,704	8,544,960	32,032,226	27,947,205	-	-
House Rent Allowance	4,418,208	3,841,920	14,402,086	12,565,410	-	-
Utilities Allowance	990,288	861,120	3,228,054	2,816,385	-	-
Fuel allowance	-	-	-	-	-	-
Meeting fee	-	-	-	-	1,760,000	-
	15,235,200	13,248,000	49,662,366	43,329,000	1,760,000	-
Number of persons	1	1	9	8	6	-

20. TRANSACTION WITH RELATED PARTIES

Related parties comprise of the Government of Sindh and its associates, Chief Executive Officer, Directors and other key management personnel. There have been no other transaction with these related parties during the year except as disclosed in their respective notes to these financial statements.

21. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

21.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to currency risk.

(ii) 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 instrument traded in the market. The company has invested in debt securities however the Company is not exposed to commodity price risk.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company's interest rate risk arises from investments in Pakistan Investment Bonds, Market treasury bills and bank balances in savings accounts. Financial instruments at variable rate expose the company to cash flow interest rate risk. Financial instruments at fixed rate expose the company to fair value interest rate risk.

As at reporting date, the interest profile of the company's significant interest bearing financial instruments was:

Fixed rate instruments:	2024 Rupees	2023 Rupees
Financial assets		
Short term investments- Market treasury bills	209,306,190	198,140,359
Financial Liabilities		
Lease Liability	14,645,246	-
Net exposure	194,660,944	198,140,359

Floating rate instruments:	2024 Rupees	2023 Rupees
Financial assets		
Long term investments- Pakistan investment bonds	349,041,456	348,198,847
Bank balances - savings accounts	48,234,137	27,235,555
Financial liabilities	-	-
Net exposure	<u>397,275,593</u>	<u>375,434,402</u>

Fair value sensitivity analysis for fixed rate instruments

As at 30 June 2024, if market interest rates had been 1% higher / lower with all other variables held constant, profit for the year would have been higher / lower by Rupees 1.947 million (2023: Rupees 1.981 million).

Cash flow sensitivity analysis for floating rate instruments

As at 30 June 2024, if market interest rates had been 1% higher / lower with all other variables held constant, profit for the year would have been higher / lower by Rupees 3.973 million (2023: Rupees 3.754 million).

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk of the Company arises from deposits with banks and others, accrued mark up and advances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Long term deposits	787,668	643,900
Accrued markup	368,905	435,261
Bank balances	48,234,137	27,235,555
	<u>49,390,710</u>	<u>28,314,716</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Bank	Rating				
	Short term	Long term	Agency		
Sindh Bank Limited	A1+	AA-	VIS	48,229,137	26,476,394
National Bank of Pakistan	A1+	AAA	PACRA	5,000	759,161
				<u>48,234,137</u>	<u>27,235,555</u>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

c) Liquidity risk

Liquidity risk is the risk that a company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient bank balances and other liquid assets. At 30 June 2024, the Company had Rupees 48.264 million (2023: Rupees 27.238 million) cash and bank balance and Rupees 578 million (2023: Rupees 558 million) investment in Pakistan investment bonds and Market treasury bills. Following are the contractual maturities of the financial liabilities. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities:

	Lease liability Rupees	Other Payables Rupees	Total Rupees
As at 30 June 2024	<u>14,645,246</u>	<u>3,122,119</u>	<u>17,767,365</u>
Contractual cash flows:			
6 month or less	1,706,820	3,122,119	4,828,939
6 months to 12 months	2,212,039	-	2,212,039
More than 1 year	16,062,067	-	16,062,067
	<u>19,980,926</u>	<u>3,122,119</u>	<u>23,103,045</u>

Contractual maturities of financial liabilities:

	Lease liability Rupees	Other Payables Rupees	Total Rupees
As at 30 June 2023	-	1,569,402	1,569,402
Contractual cash flows:			
6 month or less	-	1,569,402	1,569,402
6 months to 12 months	-	-	-
More than 1 year	-	-	-
	-	1,569,402	1,569,402

21.2 Recognized fair value measurements - financial assets**Fair value hierarchy**

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels:

'Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

'Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There were no financial asset and financial liability to be reported under above levels as the carrying amounts of all financial assets and financial liabilities presented in these financial statements are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

21.3 Recognized fair value measurements - non-financial assets

The carrying value of all non-financial assets reflected in these financial statements are approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

21.4 Financial instruments by categories

	2024	2023
	At amortized cost	
	Rupees	Rupees
Financial assets as per statement of financial position		
Long term deposits	787,668	643,900
Long term investments	174,049,183	348,198,847
Accrued markup	5,032,679	5,071,928
Short term investments	209,306,190	198,140,359
Cash and bank balances	48,264,137	27,237,755
	<u>437,439,857</u>	<u>579,292,789</u>
Financial liabilities as per statement of financial position		
Lease liability	14,645,246	-
Other payables	3,122,119	1,569,402
	<u>17,767,365</u>	<u>1,569,402</u>

21.5 As at reporting date, there were no financial assets or liabilities that were being carried at fair value through income and expenditure or fair value through other comprehensive income.

22. NUMBER OF EMPLOYEES

Permanent employees as at 30 June - (Number)	15	15
Average number of employees during the year - (Number)	16	14

23. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on 02-Oct-24 by the Board of Directors of the Company.

24. GENERAL

- No significant reclassification and rearrangement of the corresponding figures have been made during the year in these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR