



**The Urban Unit**  
Urban Sector Planning & Management Services Unit (Pvt.) Ltd.



# **URBAN SECTOR PLANNING AND MANAGEMENT SERVICES UNIT (PVT.) LIMITED**

## **ANNUAL REPORT 2018**



**The Urban Unit**  
Urban Sector Planning & Management Services Unit (Pvt.) Ltd.



## Annual Report 2018

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## Corporate Information

|                                      |  |               |                                     |
|--------------------------------------|--|---------------|-------------------------------------|
| <b>BOARD OF DIRECTORS</b>            | Ms. Zarine Aziz  | Director      | Independent Non- Executive Director |
|                                      | Mr. Khalid Sherdil   | Director/ CEO | Executive Director                  |
|                                      | Dr. Naveed Ahmad Ch.   | Director      | Non-Executive Director              |
|                                      | Mr. Ali Shehzad  | Director      | Non-Executive Director              |
|                                      | Secretary HUD&PHE Deptt.   | Director      | Non-Executive Director              |
| <b>AUDIT &amp; FINANCE COMMITTEE</b> | Ms. Zarine Aziz  | Chairperson   |                                     |
|                                      | Dr. Naveed Ahmad Ch.   | Member        |                                     |
|                                      | Mr. Ali Shehzad  | Member        |                                     |
| <b>CHIEF FINANCIAL OFFICER</b>       | Mr. Salman Javed Hashmi  |               |                                     |
| <b>COMPANY SECRETARY</b>             | Mr. Muhammad Imran   |               |                                     |
| <b>REGISTERED OFFICE</b>             | 503, 5 <sup>th</sup> Floor, Shaheen Complex, Edgerton Road, Lahore<br>Tel: 042-99205316-22 Fax: 042-99205323<br>Website: www.urbanunit.gov.pk Email: uspmu@punjab.gov.pk                     |               |                                     |
| <b>AUDITORS</b>                      | Horwath Hussain<br>Chaudhary & Co.<br>25-E, Main Market, Gulberg II, Lahore-54660 Pakistan<br>Tel + 92- 42- 111 – 111- 442 Fax +92-42-35759226<br>www.crowehorwath.pk                        |               |                                     |
| <b>LEGAL ADVISORS</b>                | Hassan & Hassan (Advocates)<br>PAAF Building, 7D, Kashmir Edgerton Road, Lahore- 54000 Pakistan<br>Tel: + 92- 42- 36360800- 803 Fax +92-42-36360811-812<br>Emails: hassanandhassan@gmail.com |               |                                     |





## **DIRECTORS' REPORT TO THE MEMBERS:**

Dear Members,

The Board of Directors is pleased to present the sixth Audited Financial Statements together with the Auditors' Report thereon of Urban Sector Planning and Management Services Unit (Pvt.) Limited (the Company) for the year ended 30 June 2018.

These Financial Statements present fairly the state of affairs of the Company as well as the result of its operations, assets, liabilities, revenues, expenses, cash flows and changes in equity. The accounting policies, mentioned in the Notes to these Financial Statements, have been consistently applied and prudent judgments have been used in the application of accounting estimates. Further, all expenditures are within the limits approved by the Board at the start of the financial year.

### **Board Meetings:**

The Board of Directors met twice during the year ended June 30, 2018 and Dr. Nasir Javed remained the Chief Executive Officer of the Company throughout the year. There were no new appointments on the Board during the year, however Mr. Ahmad Rafay Alam resigned during the year. Detail of attendance of the Directors in board meetings held during the year is as follows:

| Sr. # | Name of Directors            | -----Board Meeting Numbers----- |      |
|-------|------------------------------|---------------------------------|------|
|       |                              | 35th                            | 36th |
| 1     | Dr. Ali Cheema               | P                               | P    |
| 2     | Mr. Ahmad Rafay Alam         | P                               | -    |
| 3     | Dr. Anjum Altaf              | P                               | -    |
| 4     | Dr. Nasir Javed              | P                               | P    |
| 5     | Ms. Zarine Aziz              | P                               | P    |
| 6     | Secretary HUD&PHE Department | P                               | P    |
| 7     | Rep. of P&D Board            | A                               | P    |
| 8     | Rep. of Finance Department   | P                               | P    |

P = Present, A = Absent

### **Directors' Remuneration:**

The Directors were paid Rupees 10,000/- in lieu of travelling and other costs for attending Board Meetings, Committee Meetings and the Annual General Meeting held during the year, except for the Chairman of the Board of Directors. No other benefits or salaries or fee was paid to any Non-Executive Director during the year except as disclosed in Note-22 of the Financial Statements. The Board currently comprises of seven Directors including the Chief Executive Officer with two vacant slots.





## Main activities during the year:

The Urban Unit gave support services to the Excise and Taxation Department in connection with the Urban Immoveable Property Tax (UIPT) Project for the third consecutive year and the expansion of the project to the remaining 30 districts of the Punjab is underway. Project titled “Punjab Spatial Strategy” entered into its second year with the implementation phase scheduled for the upcoming years. The Project is scheduled for completion in June 2020. Other major projects completed during the year include:

- Punjab Cities Governance and Improvement Project
- ADP Dashboard Government of Sindh
- Asset Management of Pakistan Railway Land through GIS based Computerization and Development of Database Software for MIS

In addition, some landmark infrastructure projects such as the Development of Eco-Tourism in Soon Valley at Khabeki and Uchali Lake, Khushab and Conservation and Restoration of Government House Murree were at the final stages of completion as of the year end.

The Punjab Water and Sanitation Academy is running successfully with new courses being designed and delivered along with various trainings regarding solid waste management and capacity building, while other ongoing projects include Establishment of Segregation, Treatment & Disposal Plant (Sahiwal), Restoration and Up-gradation of Murree Mall Road, Property Tax Survey to Develop Provincial Digitization Model, Sukkur and various smaller projects.

## Financial Performance of the Company:

The financial health of the Company has significantly deteriorated during the year 2017-18 which marks the first instance of the Company incurring a loss. Revenue generated during the year is 558.741 million (2017: Rupees 1,205.04 million), almost half of the previous year, and loss after tax is Rupees 54.329 million (2017: Profit after tax Rupees 14.13 million).

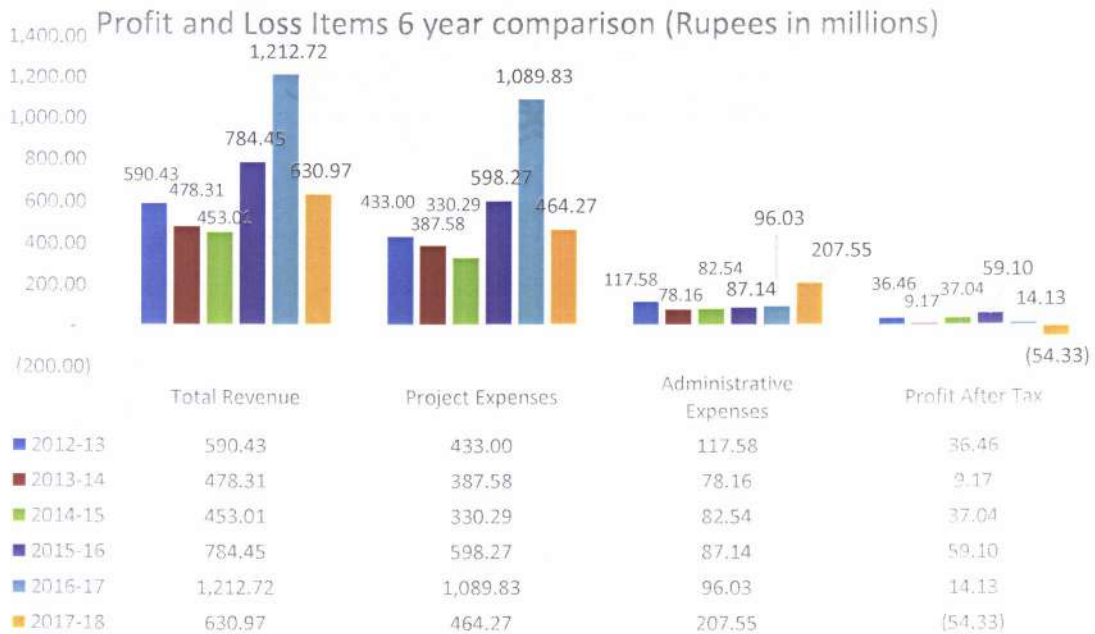
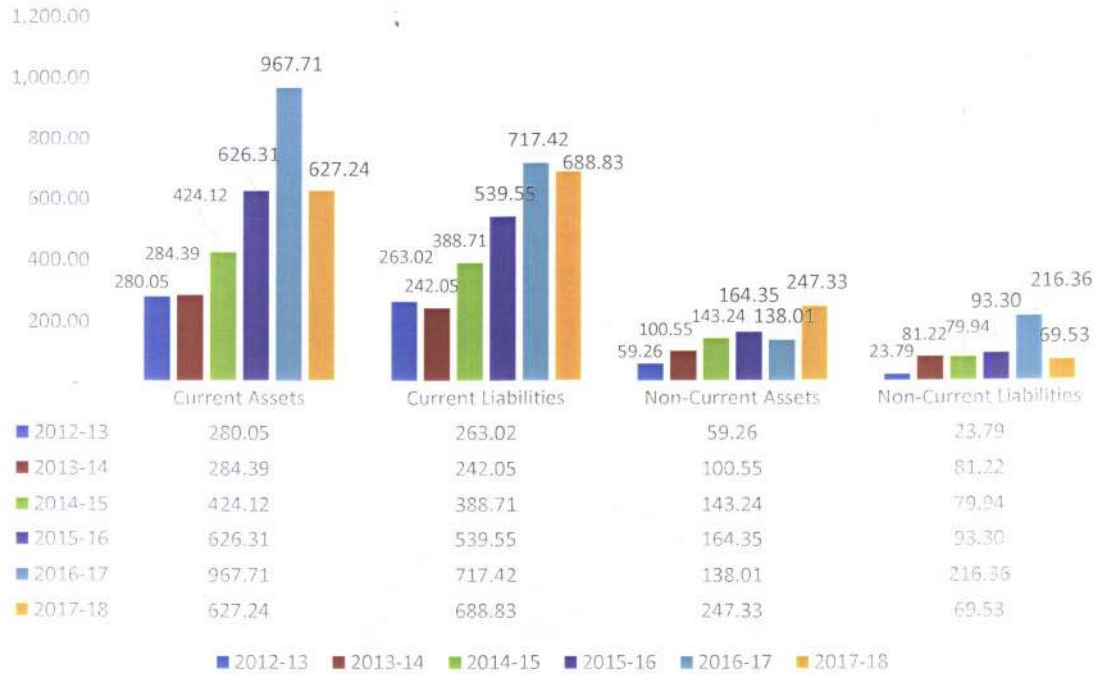
This loss is mainly attributable to the provisioning made during the year against receivables from Project Management Consultancy Services to Punjab Saaf Pani Company – North, MIS/GIS Survey & System for Punjab Saaf Pani and Incorporation Support to Punjab Saaf Pani Company amounting to Rupees 90.364 million. Further, the anticipated addendum and Service Level Agreement could not be signed with the Ministry of Railways in connection with the post-project completion services under Asset Management of Pakistan Railway Land with GIS/MIS, therefore a receivable amount of Rupees 13.50 million was written off during the year.

The remaining receivables of the Company, as of the close of the financial year 2017-18 amount to Rupees 442.331 million with cash at bank of Rupees 84.856 million and current liabilities of Rupees 687.427 million. No significant recoveries were made during the year with approximate inflows, apart from ADP Projects of Rupees 200 million.

A brief summary of financial highlights of last six years is as follows:



**Balance Sheet Items 6 year comparison (Rupees in millions)**







## Pattern of Shareholding:

Categories of shareholders required under Public Sector Companies (Corporate Governance) Rules, 2013:

| Shareholders' Categories   | Number of Shares held | Percentage |
|--|-----------------------|------------|
| Government   |                       |            |
| 1. Representative Government of the Punjab, Planning and Development Department. | 994                   | 99.40%     |
| Directors, Chief Executive, and their spouse and minor child (name wise details) |                       |            |
| 1. Dr. Nasir Javed   | 1                     | 0.10%      |
| 2. Dr. Ali Cheema  | 1                     | 0.10%      |
| 3. Rep. of P&D Board   | 1                     | 0.10%      |
| 4. Ms. Zarine Aziz   | 1                     | 0.10%      |
| 5. Mir Anjum Altaf   | 1                     | 0.10%      |
| 6. Secretary HUD&PHE Department  | 1                     | 0.10%      |

Shareholders holding five percent or more voting right in the Public Sector Company (name wise details)

|  |     |        |
|--|-----|--------|
| 1. Representative Government of the Punjab, Planning and Development Department. | 994 | 99.40% |
|--|-----|--------|

## Internals Control and Compliance:

The Board is fully compliant with the Public Sector Companies (Corporate Governance) Rules, 2013. The Board is aware of its responsibility of establishing and maintaining a sound system of internal control within the Company. Proper books of accounts have been maintained by the management and quarterly financial statements were presented to the Board for approval during the year along with annual budget and quarterly revisions.

## Corporate Social Responsibility:

The aim is to conduct our business that creates value for our customers, clients, partners, shareholders and mostly important our society. We understand that being a good corporate citizen starts with serving responsibly. We have engrained this philosophy in our business operation, in our culture and in our business decisions.



# The Urban Unit

Urban Sector Planning & Management Services Unit (Pvt.) Ltd.



No: \_\_\_\_\_

Date: \_\_\_\_\_

## Statutory Audit for the Financial Year 2017-18:

The annual audit of the Company for the year ended 30 June 2018 was conducted by M/s Horwath Hussain Chaudhry & Co., a reputable and well renowned audit firm. The initialed Audit Report gave an unqualified opinion, with emphasis on material uncertainty with respect to going concern.

## Corporate and Financial Reporting Framework

- The Board has complied with the relevant principles of corporate governance.
- The financial statements together with notes thereon have been drawn up and prepared by the management of the Company in conformity with the Companies Act, 2017. These statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The Board recognizes their responsibility to establish and maintain sound system of internal control, which is regularly reviewed and monitored.
- The appointment of Chairman and other members of Board and the terms of their appointment along with the remuneration policy adopted are in the best interests of the Company as well as in line with the best practices.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements.
- All statutory and corporate information of the Company is conveyed to the Securities and Exchange Commission of Pakistan as required under Companies Act, 2017.


## Outstanding Sales tax:

The Company has withheld sales tax of Rupees 47.54 million @ 16% from payments made to the contractors providing construction services on Conservation and Restoration of Government House Murree Project which was not deposited because the rate of the sales tax is disputed. On January 10, 2019 based on notice no. SO(P&C)/P&D/UU/7-5/2017 (A) the Company was exempted from the applicability of the 16% PRA, therefore the said amount has been written back. In addition, Rupees 33.89 million is sales tax payable against outstanding balances which are still receivable from different customers/clients. These are not deposited in advance because of previous instances where the Company deposited said taxes upon raising an invoice while the same tax was also deducted and deposited by the customers/clients at the time of payment. The financial statements of the Company have been prepared on the basis of going concern since the management satisfactorily believes that the Company will continue in existence for the foreseeable future.

Lahore  
May 22, 2019

  
**Ms. Zarine Aziz**  
Director

On behalf of the Board of Directors

  
**Khalid Sherdil**  
Chief Executive Officer







**The Urban Unit**

Urban Sector Planning & Management Services Unit (Pvt.) Ltd.



No: \_\_\_\_\_

Date: \_\_\_\_\_

## دوران سال اہم سرگرمیاں:

دی اربن یونٹ نے محکمہ ایکسٹرنل اینڈ ٹیکسیشن کو اربن امویہیل پراپرٹی ٹیکس (یو آئی پی ٹی) پراجیکٹ میں مسلسل تیسرے سال معاونت کی خدمات فراہم کیں جبکہ پراجیکٹ کی توسیع پنجاب کے بقیہ 30 اضلاع میں جاری ہے۔ پراجیکٹ بعنوان ”پنجاب سیشل سٹریٹیجی“ نفاذ کے مرحلہ کے ساتھ دوسرے سال میں داخل ہوا۔ اس مرحلہ کو آئندہ سالوں کیلئے شیڈول کیا گیا ہے۔ اس پراجیکٹ کی تکمیل کیلئے جون 2020 تک کا وقت مقرر کیا گیا ہے۔ دوران سال مکمل ہونے والے چند اہم پراجیکٹس درج ذیل ہیں:

☆ پنجاب سٹیٹ گورننس اینڈ امپروومنٹ پراجیکٹ

☆ اے ڈی پی ڈیش بورڈ حکومت سندھ

☆ پاکستان ریلوے کی اراضی کا اثاثہ جاتی انتظام بذریعہ جی آئی ایس کی بنیاد پر ہونے والی کمپیوٹرائزیشن اور ایم آئی ایس کیلئے ڈیٹا بیس سافٹ ویئر کی تیاری مزید برآں انفراسٹرکچر کے بعض پراجیکٹس جو اہم سنگ میل کی حیثیت رکھتے ہیں مثلاً وادی سون میں کھائی اور اچھالی جھیل خوشاب میں ماحولیاتی سیاحت کی ترقی اور گورنمنٹ ہاؤس مری کا تحفظ اور بحالی سال کے اختتام پر اپنی تکمیل کے آخری مراحل میں تھے۔

پنجاب واٹر اینڈ سینیٹیشن اکیڈمی بھی کامیابی سے چل رہی ہے۔ سالڈ ویسٹ مینجمنٹ اور کیمپسٹی بلڈنگ سے متعلق مختلف ٹریننگز کے ساتھ ساتھ اس میں نئے کورسز بھی تیار کر کے پڑھائے جا رہے ہیں جبکہ دیگر جاری پراجیکٹس میں سیکرگیٹیشن، ٹریٹمنٹ اینڈ ڈسپوزل پلانٹ (ساہیوال) کا قیام، مری مال روڈ کی بحالی اور اپ گریڈیشن، پرائشل ڈیجیٹائزیشن ماڈل سکھر کی تیاری کیلئے پراپرٹی ٹیکس سروے اور متفرق چھوٹے پراجیکٹس شامل ہیں۔

## کمپنی کی مالی کارکردگی:

کمپنی کی مالی صحت سال 2017-18 کے دوران قابل لحاظ حد تک خراب ہوئی جو اس کمپنی کے نقصان اٹھانے کی پہلی مثال ہے۔ دوران سال 558.741 ملین (2017): 1,205.04 ملین (روپے) کی آمدن پیدا ہوئی جو پچھلے سال سے تقریباً آدھی ہے اور خسارہ بعد از ٹیکس 54.329 ملین (2017): منافع بعد از ٹیکس 14.13 ملین (روپے) ہے۔

یہ نقصان زیادہ تر دوران سال پراجیکٹ مینجمنٹ کنسلٹنسی سروسز برائے پنجاب صاف کمپنی۔ نارتھ، ایم آئی ایس / جی آئی ایس سروے اینڈ سسٹم برائے پنجاب صاف پانی اور پنجاب صاف پانی کمپنی کی تشکیلی معاونت سے قابل وصول رقوم مالیتی 90.364 ملین روپے کے برابر تھیں (Provisioning) سے منسلک کیا جاسکتا ہے۔ مزید برآں پاکستان ریلوے کی اراضی کا جی آئی ایس / ایم آئی ایس کے ذریعہ اثاثہ جاتی انتظام کے تحت پوسٹ پراجیکٹ کمپلیشن سروسز کے سلسلہ میں وزارت ریلویز کے ساتھ متوقع ضمیمہ اور سروس لیول ایگریمنٹ پر دستخط نہ ہو سکے۔ چنانچہ 13.50 ملین روپے کی قابل وصول رقم کو دوران سال رائٹ آف کر دیا گیا۔

مالی سال 2017-18 کے اختتام پر کمپنی کی باقیماندہ قابل وصول رقوم 442.331 ملین روپے کے ساتھ بینک میں نقد رقم 84.856 ملین روپے اور موجودہ قرضہ جات 687.427 ملین روپے ہیں۔ 200 ملین روپے کے اے ڈی پی پراجیکٹس کے علاوہ دوران سال آمد کے تخمینہ کے مطابق کوئی قابل ذکر وصولیاں نہ ہو سکیں۔ پچھلے چھ سالوں کی مالیاتی کارکردگی کا خلاصہ درج ذیل ہے۔

صفحہ نمبر 2 اربن سیکٹر پلاننگ اینڈ مینجمنٹ سروسز (پرائیویٹ) لمیٹڈ کے ڈائریکٹرز کی رپورٹ برائے سال مختتمہ 30 جون 2018



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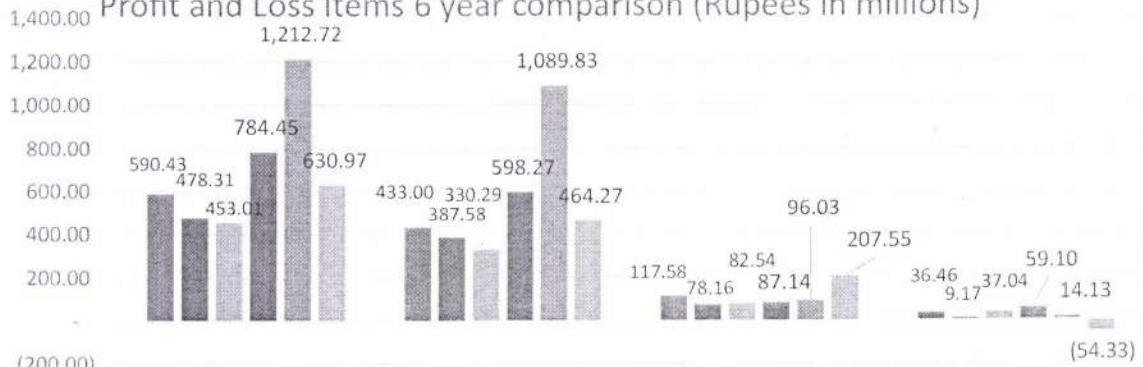
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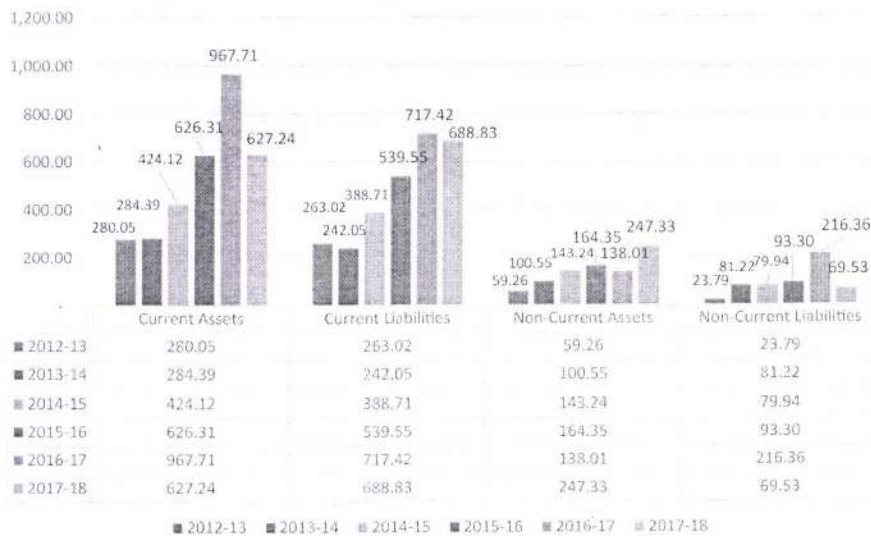


### Profit and Loss Items 6 year comparison (Rupees in millions)



|           | Total Revenue | Project Expenses | Administrative Expenses | Profit After Tax |
|-----------|---------------|------------------|-------------------------|------------------|
| ■ 2012-13 | 590.43        | 433.00           | 117.58                  | 36.46            |
| ■ 2013-14 | 478.31        | 387.58           | 78.16                   | 9.17             |
| ■ 2014-15 | 453.01        | 330.29           | 82.54                   | 37.04            |
| ■ 2015-16 | 784.45        | 598.27           | 87.14                   | 59.10            |
| ■ 2016-17 | 1,212.72      | 1,089.83         | 96.03                   | 14.13            |
| ■ 2017-18 | 630.97        | 464.27           | 207.55                  | (54.33)          |

### Balance Sheet Items 6 year comparison (Rupees in millions)



صفحہ نمبر 3 ارین سیکٹر پلاننگ اینڈ مینجمنٹ سروسز (پرائیویٹ) لمیٹڈ کے ڈائریکٹرز کی رپورٹ برائے سال ختمہ 30 جون 2018



## شیئر ہولڈرز کا تناسب:

پبلک سیکلکپنیز (کارپوریٹ گورننس) قواعد 2013 کے تحت شیئر ہولڈرز کی مطلوبہ کیٹیگریز:

| فیصد   | رکھے گئے شیئرز کی تعداد | شیئر ہولڈرز کی کیٹیگریز  |
|--------|-------------------------|--|
| 99.40% | 994                     | حکومت<br>1۔ نمائندہ حکومت پنجاب،<br>پلاننگ اینڈ ڈویلپمنٹ بورڈ<br>ڈائریکٹرز، چیف ایگزیکٹو اور ان کے شریک حیات اور چھوٹے بچے (اسم و تفصیلات) |
| 0.10%  | 1                       | 1۔ ڈاکٹر ناصر جاوید صاحب   |
| 0.10%  | 1                       | 2۔ ڈاکٹر علی چیمہ صاحب   |
| 0.10%  | 1                       | 3۔ نمائندہ پی این ڈی بورڈ  |
| 0.10%  | 1                       | 4۔ محترمہ زرین عزیز صاحبہ  |
| 0.10%  | 1                       | 5۔ میر انجم الطاف صاحب   |
| 0.10%  | 1                       | 6۔ سیکریٹری ایچ ایچ اینڈ پی ایچ ای ڈی پارٹنٹ<br>شیئر ہولڈرز جو پبلک سیکلکپنیز میں پانچ فیصد یا زائد حق رائے دہی رکھتے ہیں (اسم و تفصیلات)  |
| 99.40% | 994                     | 1۔ نمائندہ حکومت پنجاب،<br>پلاننگ اینڈ ڈویلپمنٹ بورڈ   |

## اندرونی کنٹرول اور تعمیل:

یہ بورڈ پبلک سیکلکپنیز (کارپوریٹ گورننس) قواعد، 2013 کی پوری طرح پیروی کرتا ہے۔ بورڈ کمپنی میں اندرونی کنٹرول کا مضبوط نظام قائم کرنے اور برقرار رکھنے کی اپنی ذمہ داری سے آگاہ ہے۔ انتظامیہ نے دوران سال باقاعدہ کھاتہ جات تیار کئے اور سالانہ بجٹ اور سہ ماہی نظر ثانیوں کے ساتھ ساتھ سہ ماہی فنانشل سٹیٹمنٹس بھی بورڈ کو منظوری کیلئے پیش کیں۔

## کارپوریٹ سوشل ریسپانسیبلٹی:

ہمارا نصب العین یہ ہے کہ ہم ایسے انداز میں اپنا کام کریں جو ہمارے کسٹمرز، کلائنٹس، پارٹنرز، شیئر ہولڈرز اور سب سے بڑھ کر ہمارے معاشرے کیلئے قابل قدر ہو۔ ہم سمجھتے ہیں کہ خدمت کی ذمہ داری سے ہی ایک اچھا کارپوریٹ شہری بننے کا آغاز ہوتا ہے۔ اس فلسفہ کو ہم نے اپنے بزنس آپریشن، اپنے کلچر اور اپنے کاروباری فیصلوں میں راسخ کر دیا ہے۔

صفحہ نمبر 4 اربن سیکلکپنیز پلاننگ اینڈ مینجمنٹ سروسز (پرائیویٹ) لمیٹڈ کے ڈائریکٹرز کی رپورٹ برائے سال ختمہ 30 جون 2018



**The Urban Unit**

Urban Sector Planning & Management Services Unit (Pvt.) Ltd.



No: \_\_\_\_\_

Date: \_\_\_\_\_

**قانونی آڈٹ برائے سال 2017-18:**

کمپنی کا سالانہ آڈٹ برائے سال ختمہ 30 جون 2018 ایک اچھی ساکھ کی حامل معروف آڈٹ فرم میسرز ہارڈتھ حسین چوہدری اینڈ کمپنی نے کیا۔ مختصر دستخط شدہ رپورٹ نے مستقبل قریب میں کمپنی کے منافع بخش طور پر چلنے سے متعلق غیر یقینیت پر زور دینے کے ساتھ حساب کو صاف اور حساب کتاب کے متفقہ اصولوں کے مطابق قرار دیا۔

**کارپوریٹ اور فنانشل رپورٹنگ فریم ورک:**

(ا) بورڈ نے کارپوریٹ گورننس کے متعلقہ اصولوں کی پابندی کی ہے۔

(ب) کمپنی کی انتظامیہ نے کمپنیز آرڈیننس 2017 کے مطابق فنانشل سٹیٹمنٹس کے ساتھ ان پرنٹس تیار کئے ہیں۔ یہ سٹیٹمنٹس کمپنی کے امور کی موجودہ صورتحال، اس کے آپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر بیان کرتی ہیں۔

(ج) کمپنی کے کھاتے باقاعدہ طور پر تیار کئے گئے ہیں۔

(د) ان فنانشل سٹیٹمنٹس کی تیاری میں موزوں حسابی پالیسیز کا مسلسل اطلاق کیا گیا ہے اور حسابی تخمینے معقول اور محتاط فیصلہ کی بنیاد پر ہیں۔

(ر) بورڈ کمپنی میں اندرونی کنٹرول کا مضبوط نظام قائم کرنے اور برقرار رکھنے کی اپنی ذمہ داری سے آگاہ ہے جس کا باقاعدگی سے از سر نو جائزہ لیا جاتا رہتا ہے اور اس کی نگرانی بھی کی جاتی ہے۔

(س) چیئرمین اور بورڈ کے دیگر اراکین کی تعیناتی اور ان کی شرائط تعیناتی کے ساتھ تنخواہوں کی اختیار کردہ پالیسی کمپنی کے بہترین مفاد میں بھی ہیں اور بہترین پریکٹسز کے بھی عین مطابق ہیں۔

(ص) ان فنانشل سٹیٹمنٹس کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز (آئی ایف آر ایس) جیسا کہ پاکستان میں قابل اطلاق ہیں کی پیروی کی گئی ہے۔

(ط) کمپنی کی تمام قانونی اور کارپوریٹ معلومات سے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو مطلع کر دیا گیا ہے جیسا کہ کمپنیز ایکٹ 2017 کا تقاضا ہے۔

**بقایا سیلز ٹیکس:**

کمپنی نے گورنمنٹ ہاؤس مری کے تحفظ اور بحالی کے پراجیکٹ پر تعمیراتی خدمات فراہم کرنے والے کنٹریکٹرز کو کی جانے والی ادائیگیوں پر 16% کی شرح سے 47.54 ملین روپے کا سیلز ٹیکس روک لیا تھا اور جمع نہیں کروایا تھا کیونکہ سیلز ٹیکس کی شرح تنازعہ تھی۔ 10 جنوری 2019 کو نوٹس نمبر SO(P&C)/P&D/UU/7-5/2017(A) کی بنیاد پر کمپنی کو 16% پی آر اے سے مستثنیٰ قرار دے دیا گیا لہذا مذکورہ رقم کو واپس منافع میں درج کر دیا گیا۔ مزید برآں ان بقایا رقم پر جو ابھی تک مختلف کسٹمرز/کلائنٹس سے وصول کرنے میں 33.89 ملین روپے ٹیکس واجب الادا ہے جسے ماضی کی ان مثالوں کے باعث پیشگی جمع نہیں کرایا گیا کہ جب کمپنی نے کوئی انوائس تیار کرنے پر یہ ٹیکس جمع کرائے تو یہی ٹیکس کسٹمرز/کلائنٹس نے بھی منہا کئے اور ادائیگی کے وقت جمع کرائے۔

کمپنی کی فنانشل سٹیٹمنٹس کو چلنے والی اور منافع دینے والی کمپنی کی بنیاد پر تیار کیا گیا ہے کیونکہ انتظامیہ اطمینان بخش طور پر یہ یقین رکھتی ہے کہ یہ کمپنی مستقبل قریب میں چلتی رہے گی۔

بورڈ آف ڈائریکٹرز کی جانب سے

**خالد شیردل**

چیف ایگزیکٹو آفیسر

**زرین عزیز**

ڈائریکٹر

لاہور

22 مئی، 2019

صفحہ نمبر 5 ارہن سیکرٹریٹ اینڈ مینجمنٹ سروسز (پرائیویٹ) لمیٹڈ کے ڈائریکٹرز کی رپورٹ برائے سال ختمہ 30 جون 2018



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**SCHEDULE-I**

**[See paragraph 2(1)]**

**Statement of compliance with the  
Public Sector Companies (Corporate Governance) Rules, 2013**

Name of company: Urban Sector Planning & Management Services Unit (Pvt.) Limited

Name of line ministry: Planning and Development Department

For the year ended: 30<sup>th</sup> June, 2018

- I. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.
- II. The company has complied with the provisions of the Rules in the following manner:

| S. No.                  | Provision of the Rules   | Rule no.   | Y                     | N |                |                     |                     |                       |                |            |                 |            |                 |            |                     |                 |            |                         |                    |            |                           |            |  |  |
|-------------------------|--|------------|-----------------------|---|----------------|---------------------|---------------------|-----------------------|----------------|------------|-----------------|------------|-----------------|------------|---------------------|-----------------|------------|-------------------------|--------------------|------------|---------------------------|------------|--|--|
|                         |  |            | Tick the relevant box |   |                |                     |                     |                       |                |            |                 |            |                 |            |                     |                 |            |                         |                    |            |                           |            |  |  |
| 1.                      | The independent directors meet the criteria of independence, as defined under the Rules.   | 2(d)       | ✓                     |   |                |                     |                     |                       |                |            |                 |            |                 |            |                     |                 |            |                         |                    |            |                           |            |  |  |
| 2.                      | The Board has at least one-third of its total members as independent directors. At present the Board includes:   | 3(2)       | ✓                     |   |                |                     |                     |                       |                |            |                 |            |                 |            |                     |                 |            |                         |                    |            |                           |            |  |  |
|                         | <table border="1"><thead><tr><th>Category</th><th>Names</th><th>Date of Appointment</th></tr></thead><tbody><tr><td rowspan="3">Independent Directors</td><td>Dr. Ali Cheema</td><td>25.06.2012</td></tr><tr><td>Dr. Anjum Altaf</td><td>26.12.2016</td></tr><tr><td>Ms. Zarine Aziz</td><td>26.12.2016</td></tr><tr><td>Executive Directors</td><td>Dr. Nasir Javed</td><td>19.06.2012</td></tr><tr><td rowspan="2">Non-Executive Directors</td><td>Mr. Mahmood Hassan</td><td>01.01.2018</td></tr><tr><td>Mr. Muhammad Khurram Agha</td><td>26.12.2016</td></tr></tbody></table> |            |                       |   | Category       | Names               | Date of Appointment | Independent Directors | Dr. Ali Cheema | 25.06.2012 | Dr. Anjum Altaf | 26.12.2016 | Ms. Zarine Aziz | 26.12.2016 | Executive Directors | Dr. Nasir Javed | 19.06.2012 | Non-Executive Directors | Mr. Mahmood Hassan | 01.01.2018 | Mr. Muhammad Khurram Agha | 26.12.2016 |  |  |
|                         | Category   |            |                       |   | Names          | Date of Appointment |                     |                       |                |            |                 |            |                 |            |                     |                 |            |                         |                    |            |                           |            |  |  |
|                         | Independent Directors  |            |                       |   | Dr. Ali Cheema | 25.06.2012          |                     |                       |                |            |                 |            |                 |            |                     |                 |            |                         |                    |            |                           |            |  |  |
| Dr. Anjum Altaf         |  | 26.12.2016 |                       |   |                |                     |                     |                       |                |            |                 |            |                 |            |                     |                 |            |                         |                    |            |                           |            |  |  |
| Ms. Zarine Aziz         |  | 26.12.2016 |                       |   |                |                     |                     |                       |                |            |                 |            |                 |            |                     |                 |            |                         |                    |            |                           |            |  |  |
| Executive Directors     | Dr. Nasir Javed  | 19.06.2012 |                       |   |                |                     |                     |                       |                |            |                 |            |                 |            |                     |                 |            |                         |                    |            |                           |            |  |  |
| Non-Executive Directors | Mr. Mahmood Hassan   | 01.01.2018 |                       |   |                |                     |                     |                       |                |            |                 |            |                 |            |                     |                 |            |                         |                    |            |                           |            |  |  |
|                         | Mr. Muhammad Khurram Agha  | 26.12.2016 |                       |   |                |                     |                     |                       |                |            |                 |            |                 |            |                     |                 |            |                         |                    |            |                           |            |  |  |
| 3.                      | The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.  | 3(5)       | ✓                     |   |                |                     |                     |                       |                |            |                 |            |                 |            |                     |                 |            |                         |                    |            |                           |            |  |  |
| 4.                      | *The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.  | 3(7)       | ✓                     |   |                |                     |                     |                       |                |            |                 |            |                 |            |                     |                 |            |                         |                    |            |                           |            |  |  |



# The Urban Unit

Urban Sector Planning & Management Services Unit (Pvt.) Ltd.

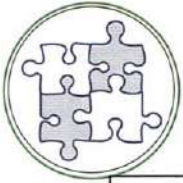


No: \_\_\_\_\_

Date: \_\_\_\_\_

| S. No. | Provision of the Rules   | Rule no.     | Y                     | N |
|--------|--|--------------|-----------------------|---|
|        |  |              | Tick the relevant box |   |
| 5.     | The chairman of the Board is working separately from the chief executive of the Company.   | 4(1)         | ✓                     |   |
| 6.     | The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government.   | 4(4)         | ✓                     |   |
| 7.     | **The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.  | 5(2)         | ✓                     |   |
| 8.     | a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.<br>b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website.<br><a href="http://www.urbanunit.gov.pk">www.urbanunit.gov.pk</a><br>c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices. | 5(4)         | ✓                     |   |
| 9.     | The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.  | 5(5)         | ✓                     |   |
| 10.    | The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.   | 5(5)(b)(ii)  | ✓                     |   |
| 11.    | The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.   | 5(5)(b)(vi)  | ✓                     |   |
| 12.    | The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.  | 5(5)(c)(ii)  | ✓                     |   |
| 13.    | The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.  | 5(5)(c)(iii) | ✓                     |   |





| S. No. | Provision of the Rules   | Rule no. | Y                     | N |
|--------|--|----------|-----------------------|---|
|        |  |          | Tick the relevant box |   |
| 14.    | The Board has developed a vision or mission statement and corporate strategy of the company.   | 5(6)     | ✓                     |   |
| 15.    | The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.  | 5(7)     | ✓                     |   |
| 16.    | The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration. | 5(8)     | N/A                   |   |
| 17.    | The Board has ensured compliance with policy directions requirements received from the Government.   | 5(11)    | ✓                     |   |
| 18.    | a) The Board has met at least four times during the year.  | 6(1)     |                       | ✓ |
|        | b) Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.   | 6(2)     | ✓                     |   |
|        | c) The minutes of the meetings were appropriately recorded and circulated.   | 6(3)     | ✓                     |   |
| 19.    | The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.                                       | 8(2)     | ✓                     |   |
| 20.    | The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.   | 9        | N/A                   |   |
| 21.    | (a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.   | 10       | ✓                     |   |
|        | (b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.   |          |                       |   |
|        | (c) The Board has placed the annual financial statements on the company's website.   |          |                       |   |
| 22.    | All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.  | 11       | ✓                     |   |





| S. No.                    | Provision of the Rules  | Rule no.           | Y                     | N |                   |                   |               |                           |   |                 |                           |      |      |                          |   |                |                       |  |                    |                      |  |                |
|---------------------------|---|--------------------|-----------------------|---|-------------------|-------------------|---------------|---------------------------|---|-----------------|---------------------------|------|------|--------------------------|---|----------------|-----------------------|--|--------------------|----------------------|--|----------------|
|                           |   |                    | Tick the relevant box |   |                   |                   |               |                           |   |                 |                           |      |      |                          |   |                |                       |  |                    |                      |  |                |
| 23.                       | a) The Board has formed the requisite committees, as specified in the Rules.  | 12                 | ✓                     |   |                   |                   |               |                           |   |                 |                           |      |      |                          |   |                |                       |  |                    |                      |  |                |
|                           | b) The committees were provided with written term of reference defining their duties, authority and composition.  |                    |                       |   |                   |                   |               |                           |   |                 |                           |      |      |                          |   |                |                       |  |                    |                      |  |                |
|                           | c) The minutes of the meetings of the committees were circulated to all the Board members.  |                    |                       |   |                   |                   |               |                           |   |                 |                           |      |      |                          |   |                |                       |  |                    |                      |  |                |
|                           | d) The committees were chaired by the following non-executive directors:  |                    |                       |   |                   |                   |               |                           |   |                 |                           |      |      |                          |   |                |                       |  |                    |                      |  |                |
|                           | <table border="1"><thead><tr><th>Committee</th><th>Number of members</th><th>Name of chair</th></tr></thead><tbody><tr><td>Audit &amp; Finance Committee</td><td>Ms. Zarine Aziz<br/>Mr. Mahmood Hassan<br/>Rep. of Finance Department</td><td>Ms. Zarine Aziz</td></tr><tr><td>Risk Management Committee</td><td>N/A.</td><td>N/A.</td></tr><tr><td>Human Resource Committee</td><td>Dr. Ali Cheema<br/>Mr. Mahmood Hassan<br/>Rep. of Finance Department<br/>Dr. Nasir Javed</td><td>Dr. Ali Cheema</td></tr><tr><td>Procurement Committee</td><td>Mr. Mahmood Hassan<br/>Mr. Muhammad Khurram Agha<br/>Dr. Nasir Javed</td><td>Mr. Mahmood Hassan</td></tr><tr><td>Nomination Committee</td><td>Dr. Ali Cheema<br/>Mr. Mahmood Hassan<br/>Mr. Muhammad Khurram Agha<br/>Dr. Nasir Javed</td><td>Dr. Ali Cheema</td></tr></tbody></table> |                    |                       |   | Committee         | Number of members | Name of chair | Audit & Finance Committee | Ms. Zarine Aziz<br>Mr. Mahmood Hassan<br>Rep. of Finance Department | Ms. Zarine Aziz | Risk Management Committee | N/A. | N/A. | Human Resource Committee | Dr. Ali Cheema<br>Mr. Mahmood Hassan<br>Rep. of Finance Department<br>Dr. Nasir Javed | Dr. Ali Cheema | Procurement Committee | Mr. Mahmood Hassan<br>Mr. Muhammad Khurram Agha<br>Dr. Nasir Javed | Mr. Mahmood Hassan | Nomination Committee | Dr. Ali Cheema<br>Mr. Mahmood Hassan<br>Mr. Muhammad Khurram Agha<br>Dr. Nasir Javed | Dr. Ali Cheema |
|                           | Committee   |                    |                       |   | Number of members | Name of chair     |               |                           |   |                 |                           |      |      |                          |   |                |                       |  |                    |                      |  |                |
| Audit & Finance Committee | Ms. Zarine Aziz<br>Mr. Mahmood Hassan<br>Rep. of Finance Department   | Ms. Zarine Aziz    |                       |   |                   |                   |               |                           |   |                 |                           |      |      |                          |   |                |                       |  |                    |                      |  |                |
| Risk Management Committee | N/A.  | N/A.               |                       |   |                   |                   |               |                           |   |                 |                           |      |      |                          |   |                |                       |  |                    |                      |  |                |
| Human Resource Committee  | Dr. Ali Cheema<br>Mr. Mahmood Hassan<br>Rep. of Finance Department<br>Dr. Nasir Javed   | Dr. Ali Cheema     |                       |   |                   |                   |               |                           |   |                 |                           |      |      |                          |   |                |                       |  |                    |                      |  |                |
| Procurement Committee     | Mr. Mahmood Hassan<br>Mr. Muhammad Khurram Agha<br>Dr. Nasir Javed  | Mr. Mahmood Hassan |                       |   |                   |                   |               |                           |   |                 |                           |      |      |                          |   |                |                       |  |                    |                      |  |                |
| Nomination Committee      | Dr. Ali Cheema<br>Mr. Mahmood Hassan<br>Mr. Muhammad Khurram Agha<br>Dr. Nasir Javed  | Dr. Ali Cheema     |                       |   |                   |                   |               |                           |   |                 |                           |      |      |                          |   |                |                       |  |                    |                      |  |                |
| 24.                       | The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.   | 13                 | ✓                     |   |                   |                   |               |                           |   |                 |                           |      |      |                          |   |                |                       |  |                    |                      |  |                |



| S. No.  | Provision of the Rules  | Rule no.      | Y                     | N |                |                         |                         |                 |             |                    |                    |               |               |                            |             |          |
|---|---|---------------|-----------------------|---|----------------|-------------------------|-------------------------|-----------------|-------------|--------------------|--------------------|---------------|---------------|----------------------------|-------------|----------|
|   |   |               | Tick the relevant box |   |                |                         |                         |                 |             |                    |                    |               |               |                            |             |          |
| 25.   | The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.   | 14            | ✓                     |   |                |                         |                         |                 |             |                    |                    |               |               |                            |             |          |
| 26.   | The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.   | 16            | ✓                     |   |                |                         |                         |                 |             |                    |                    |               |               |                            |             |          |
| 27.   | The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.  | 17            | ✓                     |   |                |                         |                         |                 |             |                    |                    |               |               |                            |             |          |
| 28.   | The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.   | 18            | ✓                     |   |                |                         |                         |                 |             |                    |                    |               |               |                            |             |          |
| 29.   | (a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration.<br>(b) The annual report of the company contains criteria and details of remuneration of each director.   | 19            | ✓                     |   |                |                         |                         |                 |             |                    |                    |               |               |                            |             |          |
| 30.   | The financial statements of the company were duly endorsed by the chief executive and chief financial officer, before consideration and approval of the audit committee and the Board.  | 20            | ✓                     |   |                |                         |                         |                 |             |                    |                    |               |               |                            |             |          |
| 31.   | The Board has formed an audit committee, with defined and written terms of reference, and having the following members:   | 21(1) & 21(2) | ✓                     |   |                |                         |                         |                 |             |                    |                    |               |               |                            |             |          |
|   | <table border="1"> <thead> <tr> <th>Name of member</th> <th>Category</th> <th>Professional background</th> </tr> </thead> <tbody> <tr> <td>Ms. Zarine Aziz</td> <td>Independent</td> <td>Business Executive</td> </tr> <tr> <td>Mr. Mahmood Hassan</td> <td>Non-Executive</td> <td>Govt. Servant</td> </tr> <tr> <td>Rep. of Finance Department</td> <td>Independent</td> <td>Services</td> </tr> </tbody> </table> |               |                       |   | Name of member | Category                | Professional background | Ms. Zarine Aziz | Independent | Business Executive | Mr. Mahmood Hassan | Non-Executive | Govt. Servant | Rep. of Finance Department | Independent | Services |
|   | Name of member  |               |                       |   | Category       | Professional background |                         |                 |             |                    |                    |               |               |                            |             |          |
|   | Ms. Zarine Aziz   |               |                       |   | Independent    | Business Executive      |                         |                 |             |                    |                    |               |               |                            |             |          |
| Mr. Mahmood Hassan  | Non-Executive   | Govt. Servant |                       |   |                |                         |                         |                 |             |                    |                    |               |               |                            |             |          |
| Rep. of Finance Department  | Independent   | Services      |                       |   |                |                         |                         |                 |             |                    |                    |               |               |                            |             |          |
| The chief executive and chairman of the Board are not the members of the audit committee. |   |               |                       |   |                |                         |                         |                 |             |                    |                    |               |               |                            |             |          |
|   |   |               |                       |   |                |                         |                         |                 |             |                    |                    |               |               |                            |             |          |
| 32.   | (a) The Chief Financial Officer, the Chief Internal Auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.  | 21(3)         | ✓                     |   |                |                         |                         |                 |             |                    |                    |               |               |                            |             |          |





| S. No. | Provision of the Rules  | Rule no. | Y                     | N |
|--------|---|----------|-----------------------|---|
|        |   |          | Tick the relevant box |   |
|        | (b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.<br><br>(c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of the chief financial officer and the external auditors. |          |                       |   |
| 33.    | (a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.<br><br>(b) The Chief Internal Auditor has requisite qualification and experience prescribed in the Rules.<br><br>(c) The internal audit reports have been provided to the external auditors for their review.  | 22       | ✓                     | ✓ |
| 34.    | The external auditors of the company have confirmed that the firm and all its partners are in compliant with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.   | 23(4)    | ✓                     |   |
| 35.    | The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.  | 23(5)    | ✓                     |   |

- \* Government of Punjab is the appointing authority of the Board of Directors of the Company.
- \*\* The Chief Executive was appointed prior to the financial year ending June 30, 2018

**MR. KHALID SHERDIL**  
Chief Executive Officer  
Urban Sector Planning & Management  
Services Unit (Pvt.) Limited

**MS. ZARINE AZIZ**  
Director  
Urban Sector Planning & Management  
Services Unit (Pvt.) Limited



**The Urban Unit**

Urban Sector Planning & Management Services Unit (Pvt.) Ltd.



No: \_\_\_\_\_

Date: \_\_\_\_\_

**SCHEDULE II**

**Explanation for Non-Compliance with the  
Public Sector Companies (Corporate Governance) Rules, 2013**

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

| Sr. No. | Rule/ Sub-Rule No | Reason for non-compliance   | Future Course of Action  |
|---------|-------------------|---|--|
| 18      | 6(1)              | The Board met twice during the year due to issue of quorum and non-availability of the member of the Board. | The Company is committed to ensure the compliance of the said provision. |
| 33      | 22                | The internal audit reports were not signed and finalized by the internal audit department.                  | The Company is committed to ensure the compliance of the said provision. |

**MR. KHALID SHERDIL**  
Chief Executive Officer

Urban Sector Planning & Management  
Services Unit (Pvt.) Limited

**MS. ZARINE AZIZ**  
Director

Urban Sector Planning & Management  
Services Unit (Pvt.) Limited





## Review Report to the Members On the Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of **Urban Sector Planning and Management Services Unit (Private) Limited** for the year ended **June 30, 2018**.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended June 30, 2018.

Lahore  
Dated: 12 2 MAY 2019

  
HORWATH HUSSAIN CHAUDHURY & CO.  
Chartered Accountants

(Engagement Partner: Amin Ali)



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF URBAN SECTOR PLANNING AND MANAGEMENT SERVICES UNIT (PRIVATE) LIMITED

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the annexed financial statements of **URBAN SECTOR PLANNING AND MANAGEMENT SERVICES UNIT (PRIVATE) LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, 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 a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and, 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 June 30, 2018 and of the loss, its other comprehensive loss, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty relating to Going Concern

We draw attention to Note 2.2 of accompanied financial statements which states that the Company has incurred a net loss of Rs. 54.329 for the year ending June 30, 2018. Further, the current liabilities of the Company exceed its current assets by Rs. 60.192 million. These factors along with matter raised in Note 9 and declining revenue indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as going concern. Our opinion is not modified in respect of this matter.





### **Information Other than the Financial Statements and Auditors' Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the director's report, but does not include the financial statements and our auditors' report thereon.

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

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

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017(XIX of 2017) and for such internal control as the 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, the 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 the 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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.

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- 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 the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of other 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 auditors' report is Amin Ali.

Lahore

Dated: 22 MAY 2019

  
HORWATH HUSSAIN CHAUDHURY & CO.  
Chartered Accountants  




# URBAN SECTOR PLANNING AND MANAGEMENT SERVICES UNIT (PRIVATE) LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

|   |      | 2018        | 2017          |
|---|------|-------------|---------------|
|   | Note | Rupees      | Rupees        |
| <b>EQUITY AND LIABILITIES</b>   |      |             |               |
| <b>Share Capital and Reserves</b>   |      |             |               |
| Authorized share capital<br>1,000 (2017: 1,000) shares of Rs. 10,000 each                     |      | 10,000,000  | 10,000,000    |
| Issued, subscribed and paid up share capital<br>1,000 (2017: 1,000) shares of Rs. 10,000 each |      | 10,000,000  | 10,000,000    |
| Capital reserves  |      | 6,037,484   | 6,037,484     |
| Revenue reserve   |      | 101,568,254 | 155,897,146   |
|   |      | 117,605,738 | 171,934,630   |
| <b>Non Current Liabilities</b>  |      |             |               |
| Deferred credits  | 4    | 61,811,079  | 215,147,206   |
| Deferred taxation   | 5    | 7,718,459   | 1,215,876     |
|   |      | 69,529,538  | 216,363,082   |
| <b>Current Liabilities</b>  |      |             |               |
| Project payables  | 6    | 200,709,148 | 221,729,675   |
| Advances for projects   | 7    | 469,052,993 | 473,789,971   |
| Accrued and other liabilities   | 8    | 10,680,950  | 9,849,278     |
| Provision for taxation  |      | 6,984,264   | 12,053,625    |
|   |      | 687,427,355 | 717,422,549   |
| <b>Contingencies and Commitments</b>  | 9    | -           | -             |
|   |      | 874,562,631 | 1,105,720,261 |
| <b>ASSETS</b>   |      |             |               |
| <b>Non Current Assets</b>   |      |             |               |
| Property, plant and equipment   | 10   | 218,716,227 | 120,190,324   |
| Intangible assets   | 11   | 13,013,194  | 2,739,289     |
| Long term security deposits   |      | 15,597,934  | 15,076,700    |
|   |      | 247,327,355 | 138,006,313   |
| <b>Current Assets</b>   |      |             |               |
| Project receivables - net   | 12   | 442,331,073 | 388,456,100   |
| Project inventory   | 13   | 19,004,749  | 32,402,166    |
| Advances, prepayments and other receivables   | 14   | 81,043,220  | 143,405,395   |
| Cash and bank balances  | 15   | 84,856,234  | 403,450,287   |
|   |      | 627,235,276 | 967,713,948   |
|   |      | 874,562,631 | 1,105,720,261 |

The annexed notes from 1 to 27 form an integral part of these financial statements.

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**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**

# URBAN SECTOR PLANNING AND MANAGEMENT SERVICES UNIT (PRIVATE) LIMITED

## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2018

|   | Note  | 2018<br>Rupees             | 2017<br>Rupees           |
|---|-------|----------------------------|--------------------------|
| Project revenue                         | 16    | 558,741,140                | 1,205,042,288            |
| Project expenses                        | 17    | <u>(464,269,088)</u>       | <u>(1,089,830,002)</u>   |
| <b>Gross Profit</b>                     |       | 94,472,052                 | 115,212,286              |
| <b>Operating Expenses</b>               |       |                            |                          |
| Administrative expenses                 | 18    | <u>(89,821,510)</u>        | <u>(87,734,145)</u>      |
| <b>Operating Profit</b>                 |       | 4,650,542                  | 27,478,141               |
| Finance cost - Bank charges             |       | (114,645)                  | (99,544)                 |
| Other operating expenses                | 19    | (117,609,499)              | (8,193,332)              |
| Other income                            | 20    | 72,228,355                 | 6,705,156                |
| Amortization of deferred credit         | 4.2.3 | <u>-</u>                   | <u>970,816</u>           |
| <b>(Loss) / Profit before Taxation</b>  |       | (40,845,247)               | 26,861,237               |
| Taxation                                | 21    | (13,483,645)               | (12,730,212)             |
| <b>Net (Loss) / Profit for the Year</b> |       | <u><u>(54,328,892)</u></u> | <u><u>14,131,025</u></u> |

The annexed notes from 1 to 27 form an integral part of these financial statements.

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**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

## URBAN SECTOR PLANNING AND MANAGEMENT SERVICES UNIT (PRIVATE) LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

|   | <b>2018</b>  | <b>2017</b> |
|---|--------------|-------------|
|   | Rupees       | Rupees      |
| <b>Net (Loss)/Profit for the year</b>                                 | (54,328,892) | 14,131,025  |
| <b><i>Other comprehensive income</i></b>                              |              |             |
| <i>Items that will not be reclassified to profit or loss</i>          | -            | -           |
| <i>Items that may be reclassified subsequently to profit and loss</i> | -            | -           |
| <b>Total Comprehensive (Loss)/Income for the Year</b>                 | (54,328,892) | 14,131,025  |

The annexed notes from 1 to 27 form an integral part of these financial statements.

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**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

## URBAN SECTOR PLANNING AND MANAGEMENT SERVICES UNIT (PRIVATE) LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

|   | <b>Share<br/>Capital</b> | <b>Capital<br/>Reserves</b> | <b>Accumulated<br/>Profits</b> | <b>Total<br/>Equity</b> |
|---|--------------------------|-----------------------------|--------------------------------|-------------------------|
|   | Rupees                   | Rupees                      | Rupees                         | Rupees                  |
| <b>Balance as at June 30, 2016</b>      | 10,000,000               | 6,037,484                   | 141,766,121                    | 157,803,605             |
| Total comprehensive income for the year | -                        | -                           | 14,131,025                     | 14,131,025              |
| <b>Balance as at June 30, 2017</b>      | 10,000,000               | 6,037,484                   | 155,897,146                    | 171,934,630             |
| Total comprehensive loss for the year   | -                        | -                           | (54,328,892)                   | (54,328,892)            |
| <b>Balance as at June 30, 2018</b>      | <u>10,000,000</u>        | <u>6,037,484</u>            | <u>101,568,254</u>             | <u>117,605,738</u>      |

The annexed notes from 1 to 27 form an integral part of these financial statements.

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**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**



**URBAN SECTOR PLANNING AND MANAGEMENT SERVICES  
UNIT (PRIVATE) LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

|   | <b>2018</b>          | <b>2017</b>          |
|---|----------------------|----------------------|
|   | Rupees               | Rupees               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                             |                      |                      |
| <b>(Loss) / Profit before taxation</b>                                  | (40,845,247)         | 26,861,237           |
| Adjustments for:  |                      |                      |
| - Depreciation of property, plant and equipment                         | 55,811,385           | 41,262,751           |
| - Amortization of intangible assets                                     | 1,505,882            | 420,637              |
| - Deferred revenue  | (10,004,865)         | -                    |
| - Receivables written off   | 26,895,701           | -                    |
| - Provision for doubtful receivables                                    | 90,363,798           | -                    |
| - Lapse of funds  | (192)                | (145,722)            |
| - Amortization of deferred credit                                       | (616,103,070)        | (486,824,444)        |
| - Loss on disposal of property, plant and equipment                     | -                    | 8,385,832            |
| - Finance cost - bank charges   | 114,645              | 99,544               |
|   | <u>(451,416,716)</u> | <u>(436,801,402)</u> |
| <b>Cash used in operating activities before working capital changes</b> | (492,261,963)        | (409,940,165)        |
| Decrease/(Increase) in current assets:                                  |                      |                      |
| - Project receivables - net   | (171,134,472)        | (17,426,615)         |
| - Project inventory   | 13,397,417           | 3,053,422            |
| - Advances, prepayments and other receivables                           | 65,081,200           | (51,054,511)         |
| Increase / (decrease) in current liabilities:                           |                      |                      |
| - Project payables  | (21,020,527)         | 44,145,758           |
| - Advances for projects   | (4,736,978)          | 158,724,299          |
| - Accrued and other liabilities   | 831,672              | (14,271,619)         |
|   | <u>(117,581,688)</u> | <u>123,170,734</u>   |
| <b>Cash used in operations</b>  | (609,843,651)        | (286,769,431)        |
| Finance cost - Bank charges paid  | (114,645)            | (99,544)             |
| Income tax paid   | (14,769,448)         | (28,866,036)         |
| Funds received during the year  | 472,772,000          | 678,499,500          |
| Funds surrendered during the year                                       | -                    | (32,772,269)         |
| Long term security deposits   | (521,234)            | (5,302,000)          |
|   | <u>457,366,673</u>   | <u>611,459,651</u>   |
| <b>Net Cash (Used in) / Generated from Operating Activities</b>         | (152,476,978)        | 324,690,220          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                             |                      |                      |
| Purchase of property, plant and equipment                               | (154,337,288)        | (45,754,103)         |
| Purchase of intangible assets   | (11,779,787)         | (19,140)             |
| Proceeds from disposal of property, plant and equipment                 | -                    | 209,500              |
| <b>Net Cash used in Investing Activities</b>                            | (166,117,075)        | (45,563,743)         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                             | -                    | -                    |
| <b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>           | (318,594,053)        | 279,126,477          |
| Cash and cash equivalents at the beginning of the year                  | 403,450,287          | 124,323,810          |
| <b>Cash and Cash Equivalents at the End of the Year</b>                 | <u>84,856,234</u>    | <u>403,450,287</u>   |

The annexed notes from 1 to 27 form an integral part of these financial statements.

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**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

# URBAN SECTOR PLANNING AND MANAGEMENT SERVICES UNIT (PRIVATE) LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 1

### Corporate and General Information

#### 1.1 Legal status and operations

Urban Sector Planning and Management Services Unit (Private) Limited (the Company) was incorporated in Pakistan on June 18, 2012 as a Private Limited Company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is a public sector Company, established by the Government of the Punjab (the Government), Planning & Development Department and is owned and controlled by the Government. The principal activity of the Company is to work as a Project Management Unit (PMU) of the Planning and Development Department under the Government. In 2012, the PMU was transformed into independent private sector company, registered with the Securities and Exchange Commission of Pakistan (SECP). Its mandate is to give policy advice and services to public and private sector organizations in the areas that include inter alia Housing & Urban Planning, Urban Transport, Solid Waste Management, Water & Sanitation, Urban Economics & Municipal Finance, Institutional Development, Capacity Building, and Services Delivery Improvement.

Representative of Government of the Punjab, Planning & Development Department, owns 994 ordinary shares (99.4%) of the Company.

The geographical location and address of the Company's business units is as under:

- The Company is domiciled in Pakistan and its registered office is situated at 503-Shaheen Complex, Egerton Road, Lahore.
- Other business unit of the Company is situated at Gujranwala, Sahiwal, Multan, Faisalabad, Sargodha, Rawalpindi, Bahawalpur and Sukkur.

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

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

|                                  | <b>2018</b> |
|----------------------------------|-------------|
|                                  | Rupees      |
| Receipt of government grants     | 472,772,000 |
| Government Grants - Amortized    | 672,885,070 |
| Fixed Assets Acquisition         | 154,337,288 |
| Acquisition of intangible assets | 11,779,787  |

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Note 2

## **Basis of Preparation**

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### **2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

The financial statements provide comparative information in respect of the previous period. In addition, the Company presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

### **2.2 Going concern assumption**

The Company has incurred a loss after taxation of Rs. 54.329 million during the year ended June 30, 2018. As at June 30, 2018, the current liabilities exceed current assets by Rs. 60.192 million. These conditions, along with huge decline in revenue and profitability of the Company along with the factors discussed in note 9, indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company's management has carried out an assessment of going concern status of the Company and believes that preparation of these financial statements on going concern assumption is appropriate. The management has placed reliance on opinion of its legal advisor regarding matters described in note 9, and is confident that due support for the Govt. of Punjab would help in meeting the liquidity requirements and the company would continue to operate in foreseeable future.

### **2.3 Basis of measurement**

These financial statements have been prepared under the historical cost convention.

### **2.4 Functional and presentation currency**

These financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest thousand of Pak Rupees, unless otherwise stated.

### **2.5 Use of estimates and judgments**

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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*Note 2, Basis of Preparation - Continued...*

These estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which revisions are made. Revision to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these financial statements.

Areas where various assumptions and estimates are significant to the Company's financial statements or where judgments are exercised in the application of accounting policies are as follows:

**2.5.1** *Useful lives, patterns of economic benefits and impairments*

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the management reviews the value of assets for possible impairment.

**2.5.2** *Doubtful project receivables*

The management records its project receivables after deducting appropriate provisioning using its prudence and experience. This estimate is subjective in nature. Recoveries of amounts already provided and / or the need of further provisioning cannot be determined with precision.

**2.5.3** *Taxation*

The management takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the management's view differs from the view taken by the tax department at the assessment stage and the management considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

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 utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

**2.6 Adoption of new and revised standards, amendments and interpretations:****2.6.1** *Standards, interpretations and amendments to approved accounting standards which became effective during the year*

The following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after July 1, 2017 and are considered to be relevant to the Company's financial statements:

IAS 7, 'Statement of cash flows' amendments has introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's disclosure initiative, which continues to explore how financial statement disclosure can be improved. In the first year of adoption, comparative information need not be provided. Since the Company does not have any financing, the relevant disclosures have not been provided.

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Note 2, Basis of Preparation - Continued...

**2.6.2 New and amended standards and interpretations to published approved accounting standards that are not yet effective in the current year**

**2.6.2.1** The following standards have been issued by the International Accounting Standards Board [IASB], which are yet to be notified by the Securities and Exchange Commission of Pakistan [SECP] for the purpose of their applicability in Pakistan. The Company intends to adopt these standards, if applicable, when they become effective. The impact of these on financial statements of the Company cannot be determined.

|         |  | <b>Effective date [annual periods beginning on or after]</b> |
|---------|--|--|
| IFRS 1  | First-Time Adoption of International Financial Reporting Standards | January 01, 2009   |
| IFRS 14 | Regulatory Deferral Accounts                                       | January 01, 2016   |
| IFRS 17 | Insurance Contracts  | January 01, 2021   |

**2.6.2.2** The following standards and amendments to published accounting standards were not effective during the year and have not been early adopted by the Company. The Company intends to adopt these standards, if applicable, when they become effective.

|          |  | <b>Effective date [annual periods beginning on or after]</b> |
|----------|--|--|
| IAS 28   | Investment in Associates and Joint Ventures [Amendments] | January 01, 2018   |
| IAS 40   | Investment Property [Amendments]                         | January 01, 2018   |
| IFRIC 22 | Foreign Currency Transactions and Advances Consideration | January 01, 2018   |
| IFRS 9   | Financial Instruments                                    | July 01, 2018  |
| IFRS 15  | Revenue from Contracts with Customers                    | July 01, 2018  |
| IFRS 16  | Leases   | January 01, 2019   |

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after January 01, 2018). IASB has published the complete version of IFRS 9 which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 January 2018) replaces IAS 18 Revenue, IAS 11 Construction Contracts, and other related interpretations on revenue recognition. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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*Note 2, Basis of Preparation - Continued...*

IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019) is introduced during the year that aims to set out the principles for recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all the leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make the lease payments. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2017, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in these financial statements.

Note 3

**Significant Accounting Policies**

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The significant 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.

**3.1 Deferred credit**

Deferred credit represents funds received from government departments and local and foreign donor agencies for a period of twelve months or more allocated to project expenses, administrative expenses and purchase of fixed assets on actual basis as mentioned in Note 4.2.2.

These funds are recognized at their fair value where there is a reasonable assurance that the funds will be received and the Company will comply with all the attached conditions. Fair value signifies the amount received or receivable in cash. Funds relating to expenses are deferred and recognized in the profit and loss account over the period necessary to match them with the expenses that they are intended to compensate.

Funds relating to fixed assets are included in non-current liabilities as deferred credit and credited to the profit and loss account over the expected lives of the related assets.

The unamortized portion of deferred credit is recognized as a long-term liability in the balance sheet and comprises balance funds available with the Company; prepayments not recognized as expenses following the time proportion basis; unutilized short term advances and written-down values of fixed assets purchased from these funds.

**3.2 Accrued and other liabilities**

Accrued and other liabilities are recognized initially at cost, which is the fair value of consideration to be paid in the future for goods and services, whether or not billed to the Company.

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## Note 3, Significant Accounting Policies - Continued...

**3.3 Taxation**

Income tax expense (income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

Current and deferred tax is recognized as income or an expense and included in profit or loss for the period except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity.

Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity.

**3.3.1 Current**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

The charge for current tax is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax.

The charge for current tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments.

Current tax for current and prior periods, to the extent unpaid, is recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

The Company offsets current tax assets and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**3.3.2 Deferred**

Deferred tax is the amount of income taxes payable in future periods in respect of taxable temporary differences and income taxes receivable in future periods in respect of deductible temporary differences; and the carry forward of unused tax losses and unused tax credits.

Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Taxable temporary differences are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

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*Note 3, Significant Accounting Policies - Continued...*

Deductible temporary differences are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

Deferred tax liabilities are recognized for all taxable temporary differences except to the extent that the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of transaction, affects neither accounting profit nor taxable profit (tax loss).

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit (tax loss) of the periods in which the temporary differences are expected to reverse.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**3.4 Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

**3.5 Contingent liabilities**

Contingent liability is disclosed when there is a possible obligation that arises from past events and 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.

A contingent liability is also disclosed when there is present 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.

Contingent liability is not recognized rather it is only disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.





*Note 3, Significant Accounting Policies - Continued...*

Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).

**3.6 Property, plant and equipment*****Owned assets***

Property, plant and equipment except capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Capital work-in-progress is stated at cost less any identified impairment loss.

The cost of an item of property, plant and equipment comprises its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Cost in relation to certain assets also includes the cost of replacing part and cost of borrowing during construction period in respect of loans taken for specific projects.

The cost of an item of property, plant and equipment, acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets, is measured at fair value unless (a) the exchange transaction lacks commercial substance; or (b) the fair value of neither the asset received nor the asset given up is reliably measurable. If the asset is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

The carrying amount of an item of property, plant and equipment may be reduced by government grants in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is charged to the statement of profit or loss using the straight line method so as to write off the cost of an asset over its estimated useful life at the rates given in Note 10. Depreciation charge commences from the month in which the asset is available for use and continues until the month of disposal.

Depreciation method, residual value and useful lives of assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up shall be included in profit or loss when the compensation becomes receivable.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset represented by the difference between the net disposal proceeds and the carrying amount of the asset is included in the statement of profit or loss when the asset is derecognized.

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Note 3, Significant Accounting Policies - Continued...

### **Capital work-in-progress**

Capital work-in-progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant 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, plant and equipment category as and when the assets are available for use.

### **3.7 Intangible assets**

Intangible assets are initially recognized at cost. The cost of a separately acquired intangible asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

If payment for an intangible asset is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as interest expense over the period of credit unless it is capitalized in accordance with IAS 23 Borrowing Costs.

Subsequently, these assets are stated at cost less accumulated amortization and any identified impairment loss.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss on straight-line method so as to write off the cost of the asset over its estimated useful life of ten years. Amortization charge commences from the month in which the asset is available for use and continues upto the month of disposal.

An intangible asset is regarded by the Company as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is charged to the statement of profit or loss as and when incurred.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal.

Gain or loss arising on disposal of intangible assets is determined as a difference between net disposal proceeds and carrying amount of the assets and is recognized as income or expense in the statement of profit or loss.

### **3.8 Impairment of non-financial assets**

The Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Company tests an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.

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*Note 3, Significant Accounting Policies - Continued...*

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognized in the statement of profit or loss

For a cash generating unit (the smallest group of cash-generating units to which goodwill or a corporate asset has been allocated), the impairment loss is allocated to reduce the carrying amount of the assets of the unit (group of units) in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of units); and
- then, to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units).

After the recognition of an impairment loss, the depreciation (amortization) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Such reversal is recognized in the statement of profit or loss.

After a reversal of an impairment loss is recognized, the depreciation (amortization) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the assets of the unit, except for goodwill, pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets.

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## Note 3, Significant Accounting Policies - Continued...

**3.9 Project receivable**

Project receivables are carried at original invoice amount less provision for doubtful receivables. A provision for doubtful receivables 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. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that the Project receivable is impaired. The provision is recognized in the profit and loss account. When a Project receivable is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

**3.10 Project inventories**

Project inventories are purchased for onward handing over to the project management, as per the term of the individual project. These are recognized at the purchase price which comprises invoice price and other costs incurred on procuring and bringing these inventories into intended project use.

**3.11 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and cash at banks in current and deposit accounts.

**3.12 Revenue recognition**

Revenue is recognized when it is probable that the economic benefits associated with a transaction or activity will flow to the Company and the amount of receipts and associated costs can be measured reliably. Revenue is recognized based on the stage of completion. The stage of completion is calculated on the basis of deliverables completed and in some cases costs incurred to date as a percentage of total costs expected to be incurred. In addition, revenue for the following activities is recognized when the specified criteria as mentioned below have been met:

- i) Profit on bank deposits is recognized on time proportion basis taking into account principal outstanding and rates of profit applicable thereon.
- ii) Amortization income on funds relating to expenses and purchase of fixed assets is recognized in the period in which the relevant expense is incurred and depreciation on fixed asset is charged.

**3.13 Government grants**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as deferred income that is recognized in profit or loss on a systematic basis over the useful life of the asset.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognized in profit or loss of the period in which it becomes receivable.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

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*Note 3, Significant Accounting Policies - Continued...*

A government grant that becomes repayable is accounted for as a change in accounting estimate. Repayment of a grant related to income is applied first against any unamortized deferred credit recognized in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or when no deferred credit exists, the repayment is recognized immediately in profit or loss. Repayment of a grant related to an asset is recognized by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognized in profit or loss to date in the absence of the grant is recognized immediately in profit or loss.

**3.14 Foreign currency transactions and translation**

Foreign currency transactions are initially recorded by the Company in the functional currency (Pak Rupees), by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date the transaction first qualifies for recognition.

All monetary assets and liabilities in foreign currencies are translated into Pak rupees at exchange rates prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions and non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

If exchangeability between two currencies is temporarily lacking, the rate used is the first subsequent rate at which exchanges could be made.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

All other exchange gains and losses are credited / charged to the statement of profit or loss.

**3.15 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**3.15.1 Financial assets****3.15.1.1 Classification**

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at the time of initial recognition.

**a) *Financial assets at fair value through profit and loss***

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling or repurchasing in the near term. Assets in this category are classified as current assets, if expected to be settled within twelve months, otherwise they are classified as non-current assets. The Company has not designated any financial assets at fair value through profit or loss.

**b) *Held to maturity***

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

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*Note 3, Significant Accounting Policies - Continued...*c) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise loans, advances, deposits and other receivables and cash and cash equivalents in the statement of financial position.

d) *Available-for-sale (AFS) financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the management intends to dispose of the investments within twelve months from the reporting date.

**3.15.1.2 Initial recognition and measurement**

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are charged to profit or loss.

**3.15.1.3 Subsequent measurement***Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is credited to the profit or loss account as part of other income when the Company's right to receive payments is established.

*Held to Maturity and Loans and receivables*

Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss.

*Available for sale financial assets*

Available-for-sale financial assets are subsequently carried at fair value. Available-for-sale financial assets are carried at cost in case fair value cannot be measured reliably.

Changes in the fair value of securities classified as available-for-sale are recognized in other comprehensive income and credited to the fair value reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of profit or loss as gains and losses from investment securities.

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*Note 3, Significant Accounting Policies - Continued...*

Interest on available-for-sale securities calculated using the effective interest rate method is credited to the statement of profit or loss. Dividends on available-for-sale equity instruments are credited to the statement of profit or loss when the Company's right to receive payments is established.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

**3.15.1.4 Derecognition**

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - a) the Company has transferred substantially all the risks and rewards of the asset; or
  - b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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Note 3, Significant Accounting Policies - Continued...

### 3.15.1.5 Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a Company of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### *Financial assets carried at amortized cost*

For financial assets carried at amortized cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. For instance, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade debt is doubtful.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

#### *AFS financial assets*

For AFS financial assets, the Company assesses at each reporting date whether there is objective evidence that an investment or a Company of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of profit or loss – is removed from OCI and recognized in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

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*Note 3, Significant Accounting Policies - Continued...*

The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

**3.15.2 Financial liabilities****3.15.2.1 Initial recognition and measurement**

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**3.15.2.2 Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

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*Note 3, Significant Accounting Policies - Continued...*Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

Derecognition

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

**3.15.3 Offsetting of financial assets and liabilities**

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

**3.16 Related party transactions**

Transaction with related parties are based on the transfer pricing policy that all transactions between the Company and the related party are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is not in the interest of the Company to do so.

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## Note 4

**Deferred Credits**

|                  | Note | 2018<br>Rupees    | 2017<br>Rupees     |
|------------------|------|-------------------|--------------------|
| Deferred revenue | 4.1  | 12,350,080        | 22,354,945         |
| Deferred credit  | 4.2  | 49,460,999        | 192,792,261        |
|                  |      | <u>61,811,079</u> | <u>215,147,206</u> |

**4.1 Deferred Revenue:**

|   |                   |                   |
|---|-------------------|-------------------|
| - Ministry of Railways (Government of Pakistan) | 2,622,733         | 10,650,267        |
| - Punjab Water and Sanitation Academy           | 9,727,347         | 11,704,678        |
|   | <u>12,350,080</u> | <u>22,354,945</u> |

**4.2 Deferred Credit**

|                                       | Utilization of Grants      |   |   | Total<br>Rupees   |
|---------------------------------------|----------------------------|---|---|-------------------|
|                                       | Project expenses<br>Rupees | Purchase of<br>property, plant<br>and equipment<br>Rupees | Unallocated<br>grant/<br>Funds Receivable<br>Rupees |                   |
| <b>Balance as on June 30, 2016</b>    | 4,967,277                  | 29,058,655  | 9,264   | 34,035,196        |
| Funds received during the year        | 613,083,268                | 32,498,241  | 32,917,991  | 678,499,500       |
| Funds surrendered as at June 30, 2017 | -                          | -   | (32,772,269)  | (32,772,269)      |
| Funds lapsed as at June 30, 2017      | -                          | -   | (145,722)   | (145,722)         |
| Amortization for the year             | (473,498,088)              | (13,317,092)  | (9,264)   | (486,824,444)     |
| <b>Balance as on June 30, 2017</b>    | 144,552,457                | 48,239,804  | -   | 192,792,261       |
| Funds received during the year        | 321,509,435                | 151,262,565   | -   | 472,772,000       |
| Funds lapsed as at June 30, 2018      | (192)                      | -   | -   | (192)             |
| Funds receivable                      | -                          | -   | 56,782,000  | 56,782,000        |
| Amortization for the year             | (641,651,149)              | (31,233,921)  | -   | (672,885,070)     |
| <b>Balance as on June 30, 2018</b>    | <u>(175,589,449)</u>       | <u>168,268,448</u>  | <u>56,782,000</u>                                   | <u>49,460,999</u> |

**4.2.1** During the year, the Company received Rs. 472.772 million (June 30, 2017: Rs. 678.499 million) from the World Bank through Government of Punjab for Punjab Cities Governance Improvement Project (PCGIP) and Punjab Spatial Strategy (PSS). Amortization of project expenses for the year comprises Rs. 672.885 million (June 30, 2017: Rs. 486.824 million) incurred on PCGIP and PSS.

**4.2.2 Basis of allocation**

Amortization of deferred credit with respect to project expenses is made on actual basis after adjusting prepayments which are amortized when the expense is recognized. Deferred credit utilized for purchase of property, plant and equipment are amortized over the useful life of the property, plant and equipment when the related depreciation expense is recognized or on de-recognition due to disposal / write-off.



Note 4, Deferred Credits - Continued ...

**4.2.3 Net amortized income**

|   | <b>2018</b>          | <b>2017</b>           |
|---|----------------------|-----------------------|
|   | Rupees               | Rupees                |
| - Amortization of deferred credit during the year | 672,885,070          | 486,824,444           |
| - Less: Expenses related to grant                 | <u>(672,885,070)</u> | <u>(485,853,628)</u>  |
|   | <u><u>-</u></u>      | <u><u>970,816</u></u> |

Note 5

**Deferred Taxation**

|  | <b>2018</b>             | <b>2017</b>             |
|--|-------------------------|-------------------------|
|  | Rupees                  | Rupees                  |
| Liability for deferred taxation comprising temporary differences related to: |                         |                         |
| -Accelerated tax depreciation  | 7,718,459               | 1,176,480               |
| -Accelerated tax amortization  | -                       | 39,396                  |
|  | <u><u>7,718,459</u></u> | <u><u>1,215,876</u></u> |

**5.1 Reconciliation of deferred tax liability**

|  |                         |                         |
|--|-------------------------|-------------------------|
| Opening balance                            | 1,215,876               | -                       |
| Charged to the statement of profit or loss | 6,502,583               | 1,215,876               |
| Closing balance                            | <u><u>7,718,459</u></u> | <u><u>1,215,876</u></u> |

Note 6

**Project Payables**

|   | <b>2018</b>               | <b>2017</b>               |
|---|---------------------------|---------------------------|
|   | Rupees                    | Rupees                    |
| Project related payables  |                           |                           |
| - Conservation and Restoration of Government House Murree                     | 13,689,012                | 46,122,507                |
| - Punjab Spatial Strategy   | 57,417,828                | 26,410,971                |
| - Restructuring and capacity building of Environment Protection Agency (EPA)  | 19,696,264                | 15,680,000                |
| - Establishment of Segregation, Treatment & Disposal Facility - Sahiwal       | 5,442,577                 | 7,919,983                 |
| - Punjab Cities Governance Improvement Project (PCGIP)                        | 8,735,239                 | 6,805,876                 |
| - Pre-Feasibility Assessment for New City Development (M2 Corridor)           | 42,630                    | 5,976,146                 |
| - Eco-Tourism in Soon Valley at Khabeki and Uchali Lake                       | 5,435,831                 | 5,128,115                 |
| - Urban Immoveable Property Tax (UIPT)  | 4,168,350                 | 4,414,011                 |
| - Restoration and Upgradation of Murree Mall Road                             | 13,670,314                | 3,380,059                 |
| - Punjab Economic Forum   | 114,213                   | 3,113,919                 |
| - Establishment of Planning and Development Library                           | 55,200                    | 2,646,913                 |
| - Gender Management Information System - DAI                                  | 283,603                   | 263,996                   |
| - Pakistan Urban Forum  | 531,242                   | 397,362                   |
| - Computerization of UIPT in 30 Districts of Punjab (Phase II) GIS Integrated | 12,848,260                | -                         |
| - Asset Management of Pakistan Railway Land with GIS/MIS                      | 474,395                   | 464,734                   |
| - Punjab Water and Sanitation Academy   | 8,885,935                 | 959,493                   |
| - Restoration of GPO Building Murree  | 2,412,029                 | 2,412,029                 |
| - Project Management Consultancy Services to Punjab Saaf Pani Company - North | 1,116,931                 | -                         |
| - Outsourcing of Solid Waste Management in 5 Cities                           | -                         | 1,982,900                 |
| - Other project payables  | <u>8,077,581</u>          | <u>14,246,321</u>         |
|   | 163,097,434               | 148,325,335               |
| Withholding sales tax payable   | 595,341                   | 44,319,071                |
| Sales tax payable   | 33,889,349                | 29,085,269                |
| Withholding income tax  | <u>3,127,024</u>          | <u>-</u>                  |
|   | <u><u>200,709,148</u></u> | <u><u>221,729,675</u></u> |

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## Note 7

**Advances for Projects**

|   | <b>2018</b>        | <b>2017</b>        |
|---|--------------------|--------------------|
|   | Rupees             | Rupees             |
| Restoration and Upgradation of Murree Mall Road                       | 113,474,095        | 167,502,414        |
| Establishment of Segregation, Treatment & Disposal Facility - Sahiwal | 33,246,253         | 111,751,468        |
| Computerization of Immovable Property in 30 Districts of Punjab       | 274,120,716        | 110,675,240        |
| Pre-Feasibility Assessment for New City Development (M2 Corridor)     | 32,708,383         | 46,763,876         |
| Establishment of Planning and Development Department Library          | 441,772            | 13,925,804         |
| Eco-Tourism in Soon Valley at Khabeki and Uchali Lake                 | 7,618,583          | 10,119,895         |
| Establishment of Communication Cell                                   | 3,846,618          | 9,454,701          |
| Restoration of Murree GPO   | 3,596,573          | 3,596,573          |
|   | <u>469,052,993</u> | <u>473,789,971</u> |

## Note 8

**Accrued and Other Liabilities**

|   | <b>2018</b>       | <b>2017</b>      |
|---|-------------------|------------------|
|   | Rupees            | Rupees           |
| Salaries, benefits and other allowances payable | -                 | 5,156,708        |
| Accrued liabilities                             | 10,680,950        | 4,692,570        |
|   | <u>10,680,950</u> | <u>9,849,278</u> |

## Note 9

**Contingencies and Commitments****Contingencies**

- 9.1** Certain persons have filed petitions before Lahore High Court (LHC) on June 30, 2018 challenging the legal validity and roles of public sector private companies established by the Government of Punjab. The main grounds urged by the Petitioners are that these companies are carrying out the functions and roles exclusively assigned to the Local Government under Article 140-A of the Constitution read with the Punjab Local Government Act, 2013; and that these Companies were liable to be audited by the Auditor General of Pakistan as the public funds are involved in their financing under the head of regular budgetary allotments; and that the companies are bound by the provisions of the Public Sector Companies (Corporate Governance) Rules, 2013 with respect to transparency in their recruitment process to ensure competent professionals are appointed on the Boards of these Companies. Based on the advice of the Company's legal counsel, the management is of the view that it is unlikely that any adverse order will be passed against the Company.

**Commitments**

- 9.2** There are no material commitments as at the reporting date (2017: Nil).

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Note 10

**Property, Plant and Equipment**

**10.1 Reconciliation of carrying amounts of property, plant and equipment at the beginning and at end of the year is as follows:**

|                             | <b>Leasehold Improvements</b> | <b>Office Furniture</b> | <b>Library Books</b> | <b>Vehicles</b>  | <b>Office Equipment</b> | <b>Computers and Accessories</b> | <b>Total</b>       |
|-----------------------------|-------------------------------|-------------------------|----------------------|------------------|-------------------------|----------------------------------|--------------------|
|                             | Rupees                        | Rupees                  | Rupees               | Rupees           | Rupees                  | Rupees                           | Rupees             |
| <b>As at June 30, 2018</b>  |                               |                         |                      |                  |                         |                                  |                    |
| Opening net book value      | 37,487,194                    | 26,017,721              | 2,362,795            | 1,632,393        | 38,922,459              | 13,767,762                       | 120,190,324        |
| Additions                   | 26,529,639                    | 13,975,575              | 131,676              | 5,119,360        | 16,272,206              | 92,308,832                       | 154,337,288        |
| Depreciation for the period | (7,516,542)                   | (4,384,304)             | (278,864)            | (2,084,295)      | (15,674,281)            | (25,873,099)                     | (55,811,385)       |
| Closing net book value      | <u>56,500,291</u>             | <u>35,608,992</u>       | <u>2,215,607</u>     | <u>4,667,458</u> | <u>39,520,384</u>       | <u>80,203,495</u>                | <u>218,716,227</u> |
| <b>As at June 30, 2018</b>  |                               |                         |                      |                  |                         |                                  |                    |
| Cost                        | 53,964,632                    | 36,203,075              | 2,718,111            | 6,877,359        | 77,304,399              | 133,239,452                      | 310,307,028        |
| Addition                    | 26,529,639                    | 13,975,575              | 131,676              | 5,119,360        | 16,272,206              | 92,308,832                       | 154,337,288        |
| Accumulated depreciation    | (23,993,980)                  | (14,569,658)            | (634,180)            | (7,329,261)      | (54,056,221)            | (145,344,789)                    | (245,928,089)      |
| Net book value              | <u>56,500,291</u>             | <u>35,608,992</u>       | <u>2,215,607</u>     | <u>4,667,458</u> | <u>39,520,384</u>       | <u>80,203,495</u>                | <u>218,716,227</u> |
| <b>As at June 30, 2017</b>  |                               |                         |                      |                  |                         |                                  |                    |
| Opening net book value      | 35,227,907                    | 17,152,482              | 1,639,823            | 2,976,868        | 30,131,518              | 47,681,384                       | 134,809,982        |
| Additions                   | 7,741,957                     | 13,728,904              | 933,862              | -                | 20,437,674              | 2,911,706                        | 45,754,103         |
| Depreciation for the year   | (634,128)                     | (1,628,618)             | -                    | -                | (780,090)               | (16,068,174)                     | (19,111,010)       |
| Disposals                   | (4,848,542)                   | (3,235,047)             | (210,890)            | (1,344,475)      | (10,866,643)            | (20,757,154)                     | (41,262,751)       |
| Closing net book value      | <u>37,487,194</u>             | <u>26,017,721</u>       | <u>2,362,795</u>     | <u>1,632,393</u> | <u>38,922,459</u>       | <u>13,767,762</u>                | <u>120,190,324</u> |
| <b>As at June 30, 2017</b>  |                               |                         |                      |                  |                         |                                  |                    |
| Cost                        | 47,062,713                    | 25,250,923              | 1,784,249            | 6,877,359        | 59,111,769              | 146,395,920                      | 286,482,933        |
| Addition                    | 7,741,957                     | 13,728,904              | 933,862              | -                | 20,437,674              | 2,911,706                        | 45,754,103         |
| Disposal                    | (840,038)                     | (2,776,752)             | -                    | -                | (2,245,044)             | (16,068,174)                     | (21,930,008)       |
| Accumulated depreciation    | (16,477,438)                  | (10,185,354)            | (355,316)            | (5,244,966)      | (38,381,940)            | (119,471,690)                    | (190,116,704)      |
| Net book value              | <u>37,487,194</u>             | <u>26,017,721</u>       | <u>2,362,795</u>     | <u>1,632,393</u> | <u>38,922,459</u>       | <u>13,767,762</u>                | <u>120,190,324</u> |
| Depreciation rate           | <u>10%</u>                    | <u>10%</u>              | <u>10%</u>           | <u>20%</u>       | <u>20%</u>              | <u>33.33%</u>                    |                    |

**10.1** Depreciation charge for the year has been allocated to project expenses and administrative expenses as per follows:

|                         |    | <b>2018</b>       | <b>2017</b>       |
|-------------------------|----|-------------------|-------------------|
|                         |    | Rupees            | Rupees            |
| Project expenses        | 17 | 49,687,837        | 36,903,675        |
| Administrative expenses | 18 | 6,123,548         | 4,359,076         |
|                         |    | <u>55,811,385</u> | <u>47,337,730</u> |

**10.2** The cost of assets includes fully depreciated assets amounting to Rs. 112,385,469 (2017: Rs. 104,769,391).

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Note 11

**Intangible Assets**

|   | <b>2018</b>              | <b>2017</b>             |
|---|--------------------------|-------------------------|
|   | Rupees                   | Rupees                  |
| Net book value of intangible assets is calculated as follows: |                          |                         |
| <i>Net Carrying Value</i>                                     |                          |                         |
| Net carrying value - opening balance                          | 2,739,289                | 29,536,519              |
| Additions during the year                                     | 11,779,787               | 19,140                  |
| Disposal during the year                                      | -                        | (26,395,733)            |
|   | <u>14,519,076</u>        | <u>3,159,926</u>        |
| Amortization during the year                                  | (1,505,882)              | (420,637)               |
| Net carrying value - closing balance                          | <u><u>13,013,194</u></u> | <u><u>2,739,289</u></u> |
| <i>Gross Carrying Value</i>                                   |                          |                         |
| Cost  | 8,518,009                | 43,735,718              |
| Addition during the year                                      | 11,779,787               | 19,140                  |
| Disposal during the year                                      | -                        | (35,209,661)            |
| Accumulated amortization                                      | (7,284,602)              | (5,805,908)             |
| Net book value  | <u><u>13,013,194</u></u> | <u><u>2,739,289</u></u> |

Note 12

**Project Receivables**

|  |      | <b>2018</b>               | <b>2017</b>               |
|--|------|---------------------------|---------------------------|
|  | Note | Rupees                    | Rupees                    |
| Balance receivable from the Government of Punjab against Urban Immovable Property Tax (UIPT) Project |      | 204,800,645               | 153,958,639               |
| Other receivables  | 12.1 | 354,789,927               | 234,497,461               |
| Less: Receivables written off during the year  |      | (26,895,701)              | -                         |
| Less: Provision against balance receivable   |      | (90,363,798)              | -                         |
|  |      | <u>237,530,428</u>        | <u>234,497,461</u>        |
|  |      | <u><u>442,331,073</u></u> | <u><u>388,456,100</u></u> |

**12.1** This includes receivables from third parties for various consultancies, smaller projects and training activities conducted by the Company during the year. This also includes Rs. 1.918 million receivable from a Director on account of business expenses (refer to Note 23.1).

Note 13

**Project Inventory**

|  | <b>2018</b>       | <b>2017</b>       |
|--|-------------------|-------------------|
|  | Rupees            | Rupees            |
| Eco-Tourism in Soon Valley at Khabeki and Uchali Lake        | 19,004,749        | 19,004,749        |
| Establishment of Planning and Development Department Library | -                 | 13,397,417        |
|  | <u>19,004,749</u> | <u>32,402,166</u> |

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Note 14

**Advances, Prepayments and Other Receivables**

|  | <b>2018</b>       | <b>2017</b>        |
|--|-------------------|--------------------|
|  | Rupees            | Rupees             |
| Mobilization advance                                     | 33,849,118        | 54,813,883         |
| Income tax deducted at source                            | 38,536,575        | 35,817,550         |
| Project and other advances (unsecured - considered good) | 2,493,905         | 9,813,774          |
| Prepayments - rent                                       | 6,163,622         | 42,960,188         |
|  | <u>81,043,220</u> | <u>143,405,395</u> |

Note 15

**Cash and Bank Balances**

|                    |      | <b>2018</b>       | <b>2017</b>        |
|--------------------|------|-------------------|--------------------|
|                    | Note | Rupees            | Rupees             |
| Cash in hand       |      | 119,476           | 36,988             |
| Cash at banks:     |      |                   |                    |
| - Saving accounts  | 15.1 | 82,972,885        | 400,278,912        |
| - Current accounts |      | 1,763,873         | 3,134,387          |
|                    |      | <u>84,856,234</u> | <u>403,450,287</u> |

**15.1** The saving accounts yield markup @ 3.83% (2017: 3.75%) per annum, approximately.

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## Note 16

**Project Revenue**

|   | <b>2018</b>        | <b>2017</b>          |
|---|--------------------|----------------------|
|   | Rupees             | Rupees               |
| Computerization of UIPT in 30 Districts of Punjab (Phase II) GIS Integrated | 131,682,524        | 78,977,413           |
| Urban Immovable Property Tax SLA 2016-17                                    | 28,026,006         | 21,013,994           |
| Urban Immovable Property Tax SLA 2017-18                                    | 45,110,000         | -                    |
| Establishment of Segregation Treatment & Disposal Plant (Sahiwal)           | 88,505,215         | 24,959,076           |
| Project Management Consultancy Services to Punjab Saaf Pani Company - North | 63,643,656         | 6,863,373            |
| Restoration and Up-Gradation of Murree Mall Road                            | 54,028,319         | 29,750,839           |
| Restructuring and Capacity Building of Environment Protection Agency Punjab | 29,423,255         | -                    |
| Outsourcing of Solid Waste Management in 5 Cities                           | 3,543,290          | -                    |
| Punjab Water & Sanitation Academy Lahore                                    | 19,649,000         | 39,636,481           |
| Pre-Feasibility Assessment for New City Development (M2 Corridor)           | 18,555,493         | 77,874,088           |
| Khadim-e-Punjab Saaf Dehat Programme  | 20,825,001         | -                    |
| Property Tax Survey to Develop Provincial Digitization Model Sukkur         | 14,579,362         | 25,804,181           |
| Census for Manufacturing Industries   | 10,000,200         | -                    |
| Asset Management of Pakistan Railway Land with GIS/MIS                      | 8,027,534          | 136,392,926          |
| MIS/GIS Survey & System for Punjab Saaf Pani                                | 7,994,697          | 23,026,329           |
| ADP Dashboard Government of Sindh   | 2,719,161          | 24,472,443           |
| Eco-Tourism in Soon Valley at Khabeki and Uchali Lake                       | 2,501,312          | 11,766,633           |
| Establishment of Media Monitoring Cell                                      | 5,608,083          | 10,242,299           |
| Conservation and Restoration of Government House Murree                     | -                  | 561,398,384          |
| Census of Healthcare Establishments   | 6,211,790          | 34,453,592           |
| Khadim-E-Aala Rural Roads Program   | 7,103,376          | -                    |
| Water & Sanitation Services Peshawar  | 7,400,800          | -                    |
| Federal Government Employees Housing Foundation                             | 2,494,561          | -                    |
| Land Record Management Information System                                   | 1,204,937          | -                    |
| Hiring of Managing Directors for Waste Management Companies                 | 1,513,611          | -                    |
| Punjab Brick Kiln Census  | -                  | 29,441,305           |
| Punjab Economic Forum   | -                  | 18,534,483           |
| Sub-National Governance Project   | -                  | 3,455,784            |
| Others  | 2,506,841          | 96,873,955           |
| Less: Sales tax   | (24,116,884)       | (49,895,290)         |
|   | <u>558,741,140</u> | <u>1,205,042,288</u> |

Note 17

**Project Expenses**

|   |      | <b>2018</b>          | <b>2017</b>          |
|---|------|----------------------|----------------------|
|   | Note | Rupees               | Rupees               |
| Punjab Spatial Strategy   |      | 511,696,668          | 321,142,710          |
| Punjab Cities Governance Improvement Project                                |      | 129,954,482          | 152,355,378          |
| Depreciation and amortization on project assets                             |      | 31,233,920           | 12,355,540           |
|   |      | 672,885,070          | 485,853,628          |
| Less: Expenses related to grant   | 17.1 | <u>(672,885,070)</u> | <u>(485,853,628)</u> |
|   |      | -                    | -                    |
| Computerization of UIPT in 30 Districts of Punjab (Phase II) GIS Integrated |      | 130,925,280          | 78,838,591           |
| Urban Immovable Property Tax SLA 2017-18                                    |      | 12,744,839           | -                    |
| Establishment of Segregation Treatment & Disposal Plant (Sahiwal)           |      | 88,500,811           | 24,959,076           |
| Project Management Consultancy Services to Punjab Saaf Pani Company - North |      | 15,578,804           | -                    |
| Restoration and Up-Gradation of Murree Mall Road                            |      | 54,028,319           | 29,750,839           |
| Restructuring and Capacity Building of Environment Protection Agency Punjab |      | 2,608,565            | -                    |
| Outsourcing of Solid Waste Management in 5 Cities                           |      | 3,054,560            | -                    |
| Punjab Water & Sanitation Academy Lahore                                    |      | 26,775,553           | 39,080,049           |
| Pre-Feasibility Assessment for New City Development (M2 Corridor)           |      | 14,055,493           | 77,874,088           |
| Khadim-e-Punjab Saaf Dehat Programme  |      | 2,204,589            | -                    |
| Property Tax Survey to Develop Provincial Digitization Model Sukkur         |      | 30,024,288           | 11,450,679           |
| Asset Management of Pakistan Railway Land with GIS/MIS                      |      | 16,842,173           | 78,886,109           |
| MIS/GIS Survey & System for Punjab Saaf Pani                                |      | 1,830,759            | 3,245,096            |
| ADP Dashboard Government of Sindh   |      | 6,860,691            | 11,735,188           |
| Eco-Tourism in Soon Valley at Khabeki and Uchali Lake                       |      | 2,501,312            | 11,766,633           |
| Establishment of Media Monitoring Cell                                      |      | 2,187,729            | 10,242,299           |
| Conservation and Restoration of Government House Murree                     |      | 24,498,543           | 561,398,384          |
| Census of Healthcare Establishments   |      | 3,086,782            | 29,393,489           |
| Khadim-E-Aala Rural Roads Program   |      | 27,872               | -                    |
| Water & Sanitation Services Peshawar  |      | 122,107              | -                    |
| Federal Government Employees Housing Foundation                             |      | 620,303              | 803,941              |
| Hiring of Managing Directors for Waste Management Companies                 |      | 1,304,837            | -                    |
| Punjab Brick Kiln Census  |      | -                    | 13,676,145           |
| Punjab Economic Forum   |      | 189,080              | 11,680,880           |
| Sub-National Governance Project   |      | 55,000               | 563,660              |
| Urban Immovable Property Tax SLA 2016-17                                    |      | -                    | 18,115,512           |
| Others  |      | 3,681,000            | 51,821,209           |
| Depreciation and amortization on project assets                             |      | 19,959,799           | 24,548,135           |
|   |      | <u>464,269,088</u>   | <u>1,089,830,002</u> |

**17.1** The cost of the project is being matched by the grant received (refer to note 4.2.3).

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## Note 18

**Administrative Expenses**

|  |      | <b>2018</b>       | <b>2017</b>       |
|--|------|-------------------|-------------------|
|  | Note | Rupees            | Rupees            |
| Salaries and other benefits              |      | 34,105,163        | 36,478,181        |
| Rent                                     |      | 24,090,224        | 21,804,689        |
| Repairs and maintenance                  |      | 2,562,592         | 6,283,572         |
| Utilities                                |      | 8,377,357         | 4,342,744         |
| Office running / hospitality             |      | 2,871,048         | 2,425,121         |
| Printing, stationery and office supplies |      | 1,702,943         | 2,405,683         |
| Travelling and conveyance                |      | 1,009,901         | 1,378,756         |
| Legal and professional charges           |      | 4,001,089         | 1,299,898         |
| Board meetings expenses                  |      | 642,981           | 1,117,998         |
| Recreational expenses                    |      | 772,285           | 1,224,944         |
| Fees and subscription                    |      | 211,000           | 719,297           |
| Communication                            |      | 258,602           | 623,277           |
| Training and development expense         |      | 1,364,570         | 458,039           |
| Advertisement                            |      | 305,615           | 248,046           |
| Miscellaneous                            |      | 1,422,592         | 2,564,824         |
| Depreciation                             | 10   | 6,123,548         | 4,359,076         |
|  |      | <u>89,821,510</u> | <u>87,734,145</u> |

## Note 19

**Other Operating Expense**

|   |  | <b>2018</b>        | <b>2017</b>      |
|---|--|--------------------|------------------|
|   |  | Rupees             | Rupees           |
| Auditors' remuneration                            |  | 350,000            | 192,500          |
| Provision for doubtful receivables                |  | 90,363,798         | -                |
| Receivables written off                           |  | 26,895,701         | -                |
| Loss on disposal of property, plant and equipment |  | -                  | 8,000,832        |
|   |  | <u>117,609,499</u> | <u>8,193,332</u> |

## Note 20

**Other Income**

|                                 |  | <b>2018</b>       | <b>2017</b>      |
|---------------------------------|--|-------------------|------------------|
|                                 |  | Rupees            | Rupees           |
| Profit on saving accounts       |  | 4,300,988         | 4,795,501        |
| Excess liabilities written back |  | 47,539,894        | 914,132          |
| Liquidated damages              |  | 17,549,484        | -                |
| Others                          |  | 2,837,989         | 995,523          |
|                                 |  | <u>72,228,355</u> | <u>6,705,156</u> |

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## Note 21

**Taxation**

|                | 2018              | 2017              |
|----------------|-------------------|-------------------|
|                | Rupees            | Rupees            |
| Current:       |                   |                   |
| - For the year | 6,984,264         | 12,053,625        |
| - Prior years  | (3,202)           | (539,289)         |
|                | 6,981,062         | 11,514,336        |
| Deferred       | 6,502,583         | 1,215,876         |
|                | <u>13,483,645</u> | <u>12,730,212</u> |

**21.1 Reconciliation of tax charge for the year**

|  |                   |                   |
|--|-------------------|-------------------|
| (Loss) / Profit before taxation                        | (40,845,247)      | 26,861,237        |
| Tax @ 30% (2017: 31%) on profit before taxation        | -                 | 8,326,983         |
| Minimum tax @ 1.25% of revenue                         | 6,984,264         | -                 |
| Tax effect of non-deductible expenses for tax purposes | -                 | 3,726,642         |
| Adjustment for prior years                             | (3,202)           | (539,289)         |
| Deferred taxation                                      | 6,502,583         | 1,215,876         |
|  | <u>13,483,645</u> | <u>12,730,212</u> |

## Note 22

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

Aggregate amounts charged in the financial statements for the year as remuneration and benefits to the chief executive, full time working directors and other executives of the company are as follows:

|                          | Chief Executive   |                  | Non-Executive Directors |                | Executive Directors |                | Executives         |                    |
|--------------------------|-------------------|------------------|-------------------------|----------------|---------------------|----------------|--------------------|--------------------|
|                          | 2018              | 2017             | 2018                    | 2017           | 2018                | 2017           | 2018               | 2017               |
|                          | (Rupees)          |                  | (Rupees)                |                | (Rupees)            |                | (Rupees)           |                    |
| Managerial remuneration  | 13,501,715        | 6,610,416        | -                       | -              | -                   | -              | 309,727,835        | 242,063,180        |
| Bonus                    | 1,652,604         | 550,668          | -                       | -              | -                   | -              | -                  | -                  |
| Boards' meeting expenses | 2,981             | 47,998           | -                       | -              | -                   | -              | -                  | -                  |
| Meeting fee allowance    | 130,000           | 220,000          | 510,000                 | 850,000        | 130,000             | 220,000        | -                  | -                  |
|                          | <u>15,287,300</u> | <u>7,429,082</u> | <u>510,000</u>          | <u>850,000</u> | <u>130,000</u>      | <u>220,000</u> | <u>309,727,835</u> | <u>242,063,180</u> |
| Number of persons        | 1                 | 1                | 6                       | 6              | 1                   | 1              | 112                | 110                |

**22.1** An executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1,200,000 in a financial year.

## Note 23

**Transactions with Related Parties**

Related parties comprise associated companies, key management personnel (those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including directors of the Company) and their close relatives. Significant transactions with related parties are given below:

**Transactions during the year**

| Related party     | Relationship | Nature of transaction              | 2018   | 2017      |
|-------------------|--------------|------------------------------------|--------|-----------|
|                   |              |                                    | Rupees | Rupees    |
| Saleem Alam & Co. | Ex-Director  | Hire of legal consultancy services | -      | 1,917,856 |

**23.1** This amount is recoverable from an Ex-Director as the Board of Directors did not approve this transaction

**23.2** The amounts above do not include salaries and other employee benefits of the Chief Executive Officer, directors and executives of the Company which have been disclosed in note 22.

**Outstanding Balance as at the year end - un-secured**

|                   |                                    |           |           |
|-------------------|------------------------------------|-----------|-----------|
| Saleem Alam & Co. | Hire of legal consultancy services | 1,917,856 | 1,917,856 |
|-------------------|------------------------------------|-----------|-----------|

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Note 24

**Financial Risk Management**

The Company finances its operations through equity, grants and management of working capital with a view to obtain a reasonable mix between various sources of finance to minimize the risk.

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

The Company's overall risk management procedures, to minimize the potential adverse effects of financial market on the Company's performance, are as follows:

**24.1 Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will affect the Company's income or the value of its holdings of financial instruments.

**24.1.1 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 arising in respect of grant receivable from international donors against donor funded projects.

**24.1.2 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 analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing etc. The Company has no interest bearing borrowings. The Company's interest rate risk arises from balance with the banks on saving accounts. These saving accounts are at variable interest rates and expose the Company to cash flow interest rate risk. At the reporting date, the profile of the Company's interest bearing financial instruments was as under:

|   | 2018<br>Rupees | 2017<br>Rupees |
|---|----------------|----------------|
| <b><u>Floating rate instruments</u></b> |                |                |
| <b>Financial assets</b>                 |                |                |
| Bank balances - saving accounts         | 82,972,885     | 400,278,912    |

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not have any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss of the Company.

**Cash flow sensitivity analysis for variable rate instruments**

If interest rates at the reporting date fluctuate by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 829,729 (2017: Rs. 4,002,789) higher / lower, mainly as a result of higher / lower interest income on floating rate saving accounts. This analysis is prepared assuming the amounts of bank balance at the reporting date are outstanding for the entire year.

**24.1.3 Other market price risk**

Equity price risk arises from investments held by the Company. The Company does not have any investments as at the reporting date.

**24.2 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. Carrying amounts of financial assets represent the maximum credit exposure.

The Company's credit risk is primarily attributable to deposits with banks, project receivables, trade debts, advances and other receivables. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

**24.2.1 Exposure to credit risk**

Carrying values of financial assets exposed to credit risk and which are neither past due nor impaired are as under:

|                           | 2018<br>Rupees     | 2017<br>Rupees     |
|---------------------------|--------------------|--------------------|
| Project receivables - net | 442,331,073        | 388,456,100        |
| Bank balances             | 84,736,758         | 403,413,299        |
|                           | <u>527,067,831</u> | <u>791,869,399</u> |

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Note 24, Financial Risk Management - Continued...

24.2.2 The aging of trade debts and related impairment loss as at the reporting date is as follows:

**The aging of trade debts and long term trade receivables**

|                         |                    |                    |
|-------------------------|--------------------|--------------------|
| Past due 1 - 90 days    | 184,578,531        | 138,891,304        |
| Past due 91 - 180 days  | 10,018,824         | 34,190,533         |
| Past due 181 - 365 days | 36,333,370         | 148,024,782        |
| 1 - 2 years             | 159,966,422        | 67,349,481         |
| More than 2 years       | 51,433,926         | -                  |
|                         | <u>442,331,073</u> | <u>388,456,100</u> |

The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and project receivables are subject to specific credit ceilings based on customer credit history.

The management estimates the recoverability of project receivables on the basis of financial position and past history of its customers based on the objective evidence that it shall not receive the amount due from the particular customer. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amounts written off are credited directly to the statement of profit or loss.

**24.2.3 Credit quality of bank balances**

The credit quality of bank balances 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:

|                    | Rating     |           | Rating Agency | 2018              | 2017               |
|--------------------|------------|-----------|---------------|-------------------|--------------------|
|                    | Short term | Long term |               | Rupees            | Rupees             |
| The Bank of Punjab | A1+        | AA        | PACRA         | <u>84,736,758</u> | <u>403,413,299</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 counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

**24.3 Liquidity risk**

Liquidity risk represents the risk that the Company shall encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The Company intends to manage liquidity risk by maintaining sufficient cash and the availability of funding through grants received from the Government of Punjab and various donor agencies. The management believes that its liquidity risk is low subject to proper cash flow management and contingent planning for meeting delays in release of grants. The table below analyses the Company's financial liabilities into relevant maturity based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

| Description  | Carrying Amount    | Contractual cash flows | Within 1 year      | 1-2 Years | 2-5 Years | Above 5 Years |
|--|--------------------|------------------------|--------------------|-----------|-----------|---------------|
| -----Rupees in '000-----   |                    |                        |                    |           |           |               |
| Contractual maturities of financial liabilities as at June 30, 2018: |                    |                        |                    |           |           |               |
| Project payables   | 163,097,434        | 163,097,434            | 163,097,434        | -         | -         | -             |
| Accrued and other liabilities  | 10,680,950         | 10,680,950             | 10,680,950         | -         | -         | -             |
|  | <u>173,778,384</u> | <u>173,778,384</u>     | <u>173,778,384</u> | <u>-</u>  | <u>-</u>  | <u>-</u>      |
| Contractual maturities of financial liabilities as at June 30, 2017: |                    |                        |                    |           |           |               |
| Project payables   | 148,325,335        | 148,325,335            | 148,325,335        | -         | -         | -             |
| Accrued and other liabilities  | 9,849,278          | 9,849,278              | 9,849,278          | -         | -         | -             |
|  | <u>158,174,613</u> | <u>158,174,613</u>     | <u>158,174,613</u> | <u>-</u>  | <u>-</u>  | <u>-</u>      |

**24.4 Fair value of financial instruments**

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

The carrying values of all financial assets and liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

**24.5 Changes in liabilities arising from financing activities**

The Company does not have any financing activities during the year.





Note 24, Financial Risk Management - Continued...

**24.6 Capital Risk Management**

The Company's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the Company's business.

The Company's objectives when managing capital are:

- a) to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- b) to provide an adequate return to shareholders.

The Company does not have any financing as at the reporting date.

**24.7 Financial instruments by categories**

**Financial assets as at June 30, 2018**

|                           | At fair value through profit or loss | Loans and Receivables | At fair value through OCI | Total       |
|---------------------------|--------------------------------------|-----------------------|---------------------------|-------------|
|                           | Rupees                               | Rupees                | Rupees                    | Rupees      |
| Project receivables - net | -                                    | 442,331,073           | -                         | 442,331,073 |
| Cash and bank balances    | -                                    | 84,856,234            | -                         | 84,856,234  |
|                           | -                                    | 527,187,307           | -                         | 527,187,307 |

**Financial assets as at June 30, 2017**

|                           | At fair value through profit or loss | Loans and Receivables | At fair value through OCI | Total       |
|---------------------------|--------------------------------------|-----------------------|---------------------------|-------------|
|                           | Rupees                               | Rupees                | Rupees                    | Rupees      |
| Project receivables - net | -                                    | 388,456,100           | -                         | 388,456,100 |
| Cash and bank balances    | -                                    | 403,450,287           | -                         | 403,450,287 |
|                           | -                                    | 791,906,387           | -                         | 791,906,387 |

**Financial liabilities at amortized cost**

|                               | 2018        | 2017        |
|-------------------------------|-------------|-------------|
|                               | Rupees      | Rupees      |
| Project payables              | 163,097,434 | 148,325,335 |
| Accrued and other liabilities | 10,680,950  | 9,849,278   |
|                               | 173,778,384 | 158,174,613 |

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Note 25

**Number of Employees**

|   | Note | 2018<br>Number | 2017<br>Number |
|---|------|----------------|----------------|
| Number of employees as at June 30,          | 25.1 | 806            | 1,235          |
| Average number of employees during the year |      | 1,021          | 1,142          |

**25.1** This includes 436 employees (2017: 925 employees) hired on temporary basis for specific projects.

Note 26

**Authorization of Financial Statements**

These financial statements were authorized for issue on 22 MAY 2019 by the Board of Directors of the Company.

Note 27

**Corresponding Figures**

No material rearrangements / classifications have been made in these financial statements.

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**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**



## Pattern of Shareholding As at June 30, 2018

### Additional information

Categories of shareholders required under Public Sector Companies (Corporate Governance) Rules, 2013.

| Shareholders' Categories | Number of Shares held | Percentage |
|--------------------------|-----------------------|------------|
|--------------------------|-----------------------|------------|

### Government

|  |     |        |
|--|-----|--------|
| 1. Representative Government of the Punjab, Planning and Development Department. | 994 | 99.40% |
|--|-----|--------|

### Directors, Chief Executive, and their spouse and minor child (name wise details)

|                              |   |       |
|------------------------------|---|-------|
| 1. Dr. Nasir Javed           | 1 | 0.10% |
| 2. Dr. Ali Cheema            | 1 | 0.10% |
| 3. Mr. Mahmood Hassan        | 1 | 0.10% |
| 4. Ms. Zarine Aziz           | 1 | 0.10% |
| 5. Mir Anjum Altaf           | 1 | 0.10% |
| 6. Mr. Muhammad Khurram Agha | 1 | 0.10% |

### Shareholders holding five percent or more voting right in the Public Sector Company (name wise details)

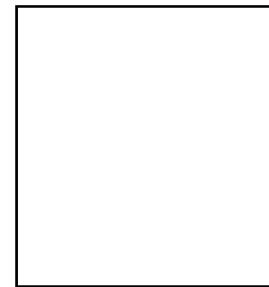
|  |     |        |
|--|-----|--------|
| 1. Representative Government of the Punjab, Planning and Development Department. | 994 | 99.40% |
|--|-----|--------|

## Form of Proxy

I / We \_\_\_\_\_ of \_\_\_\_\_ being a member of **URBAN SECTOR PLANNING & MANAGEMENT SERVICES UNIT (PVT.) LIMITED** and holder of Ordinary Share(s) as per Registered Folio \_\_\_\_\_ hereby appoint Mr./Mrs./Miss. \_\_\_\_\_ of \_\_\_\_\_ or failing him / her Mr./Mrs./Miss. \_\_\_\_\_ of \_\_\_\_\_ who is also a member of the **URBAN SECTOR PLANNING & MANAGEMENT SERVICES UNIT (PVT.) LIMITED** vide Registered Folio \_\_\_\_\_ as my proxy to vote for me and on my behalf at the 6<sup>th</sup> Annual General Meeting of the Company to be held on Friday 8<sup>th</sup> November, 2019 at 05:00 P.M. at 503, 5<sup>th</sup> Floor Shaheen Complex, Egerton Road, Lahore and at any adjournment thereof.

Signed this \_\_\_\_ day of \_\_\_\_\_, 2019.

**WITNESSES:** \_\_\_\_\_  
 1. Signature: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 CNIC or \_\_\_\_\_  
 Passport # \_\_\_\_\_



Signature  
As registered with the Company

2. Signature: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 CNIC or \_\_\_\_\_  
 Passport # \_\_\_\_\_

**Note:**

This proxy form, duly completed and signed, must be received at the Registered Office of the company not less than 48 hours before the time of holding the Meeting.

No person shall act as Proxy unless he/she himself / herself is a Shareholder of the Company except that a company may appoint a person as its representative who is not a shareholder.







# پراکسی فارم

میں اہم \_\_\_\_\_ محثیت ممبر اربن سیکٹر پلاننگ اینڈ مینجمنٹ سروسز یونٹ (پرائیویٹ) لمیٹڈ اور حامل  
عمومی حصص بمطابق رجسٹرڈ فولیو نمبر \_\_\_\_\_ بذریعہ تحریر یا محترم / محترمہ \_\_\_\_\_ کو یا ان کی غیر حاضری کی صورت  
میں محترم / محترمہ \_\_\_\_\_ کو جو بحوالہ رجسٹرڈ فولیو \_\_\_\_\_ اربن سیکٹر پلاننگ اینڈ مینجمنٹ  
سروسز یونٹ (پرائیویٹ) لمیٹڈ کے اکی ممبر بھی ہیں۔ اپنا پراکسی مقرر کرتا / کرتی / کرتے ہیں تاکہ وہ میرے / ہمارے لیے اور میری / ہماری طرف سے کمپنی کے  
چھٹے سالانہ اجلاس عام میں ووٹ ڈال سکیں جو کہ مورخہ 8 نومبر 2019 بروز جمعہ شام 5 بجے 503، 5th فلور شاہین کمپلیکس ایبٹن روڈ لاہور میں  
یا اس کے کسی بھی التوا کی صورت میں منعقد ہوگا۔

پانچ روپے کے رسیدی ٹکٹس

تاریخ دستخط \_\_\_\_\_

دستخط

(جو کمپنی کے پاس رجسٹرڈ ہیں)

گواہ نمبر 2 \_\_\_\_\_  
دستخط \_\_\_\_\_  
نام \_\_\_\_\_  
پتہ \_\_\_\_\_  
قومی شناختی کارڈ یا پاسپورٹ نمبر \_\_\_\_\_

گواہ نمبر 1 \_\_\_\_\_  
دستخط \_\_\_\_\_  
نام \_\_\_\_\_  
پتہ \_\_\_\_\_  
قومی شناختی کارڈ یا پاسپورٹ نمبر \_\_\_\_\_

نوٹ:

- ★ یہ پراکسی فارم، باقاعدہ پر شدہ حالت میں اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازماً پہنچانا چاہیے۔
- ★ کوئی شخص بطور پراکسی کام نہیں کرے گا اگر وہ خود کمپنی کا شیئر ہولڈر نہ ہو سوائے اس کے کہ کوئی کمپنی کے ایسے شخص کو اپنا نمائندہ مقرر کر دے جو شیئر ہولڈر نہ ہو۔

