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PUNJAB HEALTH FACILITIES MANAGEMENT COMPANY

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PUNJAB HEALTH FACILITIES MANAGEMENT COMPANY

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Punjab Health Facilities Management Company**, which comprise the statement of financial position as at **30 June 2019**, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the surplus, the total comprehensive income, the changes in fund and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises 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.

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Sajjad Hussain Gill.

EY

Chartered Accountants
Lahore: 15 July 2020

PUNJAB HEALTH FACILITIES MANAGEMENT COMPANY
(A Company set up under Section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	**238,890,608**	176,384,329
Intangibles	6	**1,620,000**	1,350,000
Advances to suppliers	7	**160,342,632**	138,844,132
Long term deposits		**2,260,000**	260,000
		403,113,240	316,838,461
CURRENT ASSETS			
Inventories	8	**713,007,300**	721,795,879
Advances and prepayments	9	**406,547**	302,790
Tax Refunds due from Government		**384,857**	39,019
Cash and bank balances	10	**3,276,184,848**	2,011,653,788
		3,989,983,552	2,733,791,476
TOTAL ASSETS		**4,393,096,792**	3,050,629,937
FUNDS AND LIABILITIES			
FUNDS AND RESERVES			
Fund Balance		**203,781,377**	108,643,494
NON-CURRENT LIABILITIES			
Deferred grants - restricted	11	**3,964,834,224**	2,797,424,440
CURRENT LIABILITIES			
Trade and other payables	12	**224,481,191**	144,562,003
TOTAL FUNDS AND LIABILITIES		**4,393,096,792**	3,050,629,937
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes from 1 to 24 form an integral part of these financial statements.

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CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

PUNJAB HEALTH FACILITIES MANAGEMENT COMPANY
(A Company set up under Section 42 of the Companies Act, 2017)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 Rupees	2018 Rupees
INCOME			
Management fee	14	95,137,883	108,643,494
Amortization of grant			
- related to income		3,839,346,814	3,169,125,128
- related to capital expenditure		61,535,314	20,304,725
Other income	15	51,600	-
		3,996,071,611	3,298,073,347
EXPENDITURE			
Operating expenses	16	3,780,940,161	3,057,139,294
General and administrative expenses	17	119,993,567	132,290,559
		3,900,933,728	3,189,429,853
Surplus before taxation		95,137,883	108,643,494
Taxation	18		
Surplus of income over expenditure		95,137,883	108,643,494

The annexed notes from 1 to 24 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

PUNJAB HEALTH FACILITIES MANAGEMENT COMPANY

(A Company set up under Section 42 of the Companies Act, 2017)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 (Rupees)	2018 (Rupees)
Surplus of income over expenditure		**95,137,883**	108,643,494
Other comprehensive income for the year			
Total comprehensive income for the year		**95,137,883**	108,643,494

The annexed notes from 1 to 24 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

PUNJAB HEALTH FACILITIES MANAGEMENT COMPANY
(A Company set up under Section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	For the year ended 30 June 2019 Rupees	For the year ended 30 June 2018 Rupees
CASH FLOW FROM OPERATING ACTIVITES			
Surplus before taxation		95,137,883	108,643,494
Adjustment for non cash items:			
Amortization of grant related to income and capital expenditure	11	(3,900,882,128)	(3,189,429,853)
Depreciation	5.2	61,355,314	20,304,725
Amortization of intangible asset	6	180,000	-
Operating cash flows before working capital changes		(3,744,208,931)	(3,060,481,634)
Working capital changes			
Increase in deposits		(2,000,000)	(260,000)
Decrease / (increase) in Inventories	8	8,788,579	(314,103,123)
Increase in advances and prepayments	9	(103,757)	(302,790)
Increase in tax refunds due from the Government		(345,838)	(11,416)
Increase in trade and other payables	12	79,919,188	144,126,976
Net cash used in operating activities		(3,657,950,759)	(3,231,031,987)
CASH FLOWS FROM INVESTING ACTIVITES			
Addition to property and equipment	5	(123,861,593)	(150,541,852)
Addition to intangibles	6	(450,000)	(1,350,000)
Advances to suppliers	7	(21,498,500)	(124,951,632)
Net cash used in investing activities		(145,810,093)	(276,843,484)
CASH FLOWS FROM FINANCING ACTIVITES			
Government grants received-net	11	5,068,291,912	5,323,531,186
Net increase in cash and cash equivalent		1,264,531,060	1,815,655,715
Cash and cash equivalents at the beginning of the year		2,011,653,788	195,998,073
Cash and cash equivalent at the end of the year	10	3,276,184,848	2,011,653,788
Non-cash adjustments			
Transfer of stock from PRSP		-	407,692,756
Transfer of equipment from PRSP		-	40,449,612

The annexed notes from 1 to 24 form an integral part of these financial statements.

CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER | DIRECTOR

PUNJAB HEALTH FACILITIES MANAGEMENT COMPANY
(A Company set up under Section 42 of the Companies Act, 2017)
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 30 JUNE 2019

	Fund Balance
	Rupees
Balance as on 01 July 2018	-
Surplus of income over expenditure	108,643,494
Balance as at 30 June 2018	**108,643,494**
Surplus of income over expenditure	95,137,883
Balance as at 30 June 2019	**203,781,377**

The annexed notes from 1 to 24 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

PUNJAB HEALTH FACILITIES MANAGEMENT COMPANY
(A Company set up under Section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. CORPORATE AND GENERAL INFORMATION

1.1 Legal Status and Operations

Punjab Health Facilities Management Company (the Company) was incorporated on 10 March 2017, as a Company limited by guarantee and not having share capital under Section 42 of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The principal objective of the Company is management of hospitals, health units, clinics and medical laboratories etc. to provide primary and secondary healthcare to the people living across Province of Punjab.

Geographical service area of the Company comprises of 1309 health facilities and 14 district offices in Lahore, Faisalabad, Kasur, Chakwal, Mianwali, T.T Singh, Hafizabad, Sahiwal, Vehari, Lodhran, Rahim Yar Khan, Rajanpur, Pakpattan and Dera Ghazi Khan districts. The registered office of the Company is situated at 35-A, GOR-II, Bahawalpur House, Lahore.

These Health Facilities were previously managed by Punjab Rural Support Program (PRSP).

2. STATEMENT OF COMPLIANCE

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

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

3. BASIS OF PREPARATION

3.1 Basis of measurement

These financial statements have been prepared under historical cost convention unless otherwise stated.

3.2 Functional and presentation currency

These financial statements are presented in Pak (Rupee), which is the Company's functional and presentation currency. Figures have been rounded to nearest rupee.

3.3 Significant accounting judgments and estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimate and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to these financial statements:

Useful lives and residual values of the equipment

The Company has made certain estimates with respect to residual value, depreciation method and depreciable lives of the equipment. Further, the Company reviews the value of assets for possible impairment on each reporting period. Any change in the estimates in future years might affect the remaining amounts of respective items of equipment with corresponding effect on the depreciation charge and impairment.

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4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of financial statements of the Company are consistent with previous year, except for the changes given below:

4.1 Standard, interpretations and amendments to approved published accounting standards that became effective in 2019

The following new accounting standards and interpretations have been adopted by the Company in the current year
IFRS 15 - Revenue from Contracts with Customers
IFRS 9 - Financial Instruments
IFRIC 22 - Foreign Currency Transactions and Advance Consideration
IAS 40 - Transfers of Investment Property (Amendments)
IFRS 2 - Classification and Measurement of Share Based Payment Transactions
Improvements to accounting standard issued by IASB in December 2016
IAS 28 Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements . Further, the impact of adoption of IFRS 9 and IFRS 15 is given below:

4.1.1 IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

The management reviewed and assessed the Company's existing contracts with the customers in accordance with the guidance included in IFRS 15. There is one performance obligation under the arrangement, i.e. management of the health facilities and the management fee is recorded over the time. Hence there is no material impact on the revenue recognition of the Company.

Changes in accounting policies resulting from application of IFRS 15

i) Revenue Recognition

Management fee

The Company recognizes revenue based on a five step model as set out in IFRS 15:

Step-1 Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step-2 Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

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Step-3 Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step-4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step-5 Recognize revenue when (or as) the Company satisfies a performance obligation.

The Company recognizes management fee as and when it becomes receivable under the contracts with the Government authorities.

Impact of adoption of IFRS 15 on the financial statements

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any significant impact on the revenue recognition of the Company because there is one performance obligation and revenue is recognized over the time. Further, there are few changes in the terminologies that are to be used in accordance with IFRS 15 as mentioned in respective note to the financial statements and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of accumulated surplus in the period of initial application is nil.

4.1.2 IFRS 9 Financial Instruments

Changes in accounting policies resulting from application of IFRS 9

Financial instruments: assets

The Company applied IFRS 9 effective from 01 July 2018. All comparative figures for financial year 2018 were prepared under IAS 39. This is the first year of IFRS 9 adoption and comparatives have not been restated.

i) Classification and measurement of financial instruments

IFRS 9 Financial Instruments: Recognition and Measurement outlines the requirements for the recognition and measurement of financial assets and liabilities and replaces IAS 39.

Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument.

IFRS 9 classification is based on two aspects; the business model within which the asset is held (the business model test) and the contractual cash flows of the asset which meet the solely payments of principal and interest ('SPPI') test.

IFRS 9 includes three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The Company determines the classification at initial recognition.

Financial assets at amortized cost

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

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

Financial assets at FVTOCI

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

The Company does not have any financial asset designated at fair value through other comprehensive income.

Financial assets at fair value through profit or loss

A financial asset is mandatorily classified in this category if it is acquired principally for the purpose of selling in the short term, or if it fails the SPPI test. Derivatives are classified as FVTPL as they do not meet the SPPI criteria.

A financial asset can be classified in this category by choice if so designated by management at inception. This designation is because the relevant assets and liabilities (including derivatives) are managed together and internal reporting is evaluated on a fair value basis.

The Company defines fair value as the price, as at the measurement date, that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

The Company does not have any financial asset designated at fair value through profit and loss.

ii) Initial recognition

At initial recognition, an entity shall measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

iii) Subsequent measurement

Gains and losses arising from changes in the fair value of assets classified as fair value through profit or loss are included in the statement of income and expenditure in the period in which they arise.

Gains and losses arising from changes in the fair value of debt instruments classified as fair value through other comprehensive income are recognized as other comprehensive income until the financial asset is derecognized or impaired, at which time the cumulative gain or loss previously recognized as other comprehensive income is recognized in the statement of income and expenditure. Any premium or discount paid on the purchase of securities held at amortized cost is amortized through the statement of income and expenditure using the effective interest rate method.

The fair values of quoted investments in active markets are based on current bid prices. In other cases, the Company establishes fair value by using appropriate valuation techniques.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Company has either transferred substantially all of the risks and rewards of ownership or the Company deems that it no longer retains control of the risks and rewards of ownership.

The Company has no modified financial instruments.

iv) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. IFRS 9 requires impairment assessment on all of the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments measured at amortized cost or FVTOCI
- lease receivables; and
- loan commitments and financial guarantee contracts issued.

Under IFRS 9, no impairment loss is recognized on equity investments. IFRS 9 requires a loss allowance to be recognized at an amount equal to either 12-month Expected Credit Loss (ECL) or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The term 'expected credit loss' does not imply that losses are anticipated, rather that there is recognition of the potential risk of loss.

Financial instruments: liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through income ad expenditure, 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.

ii) Subsequent measurement

Financial liabilities are subsequently measured at amortized cost.

iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of income and expenditure.

Impacts of adoption of IFRS 9 on the financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9. The management has reviewed and assessed the Company's existing financial assets for impairment in accordance with the guidance included in IFRS 9, to determine the credit risk associated with the respective financial assets and has incorporated the same in the financial statements of the Company. The management has also concluded that the impact of impairment of these financial assets under IFRS 9 is insignificant for the Company's financial statements of prior year and accordingly no adjustment has been made to the figures reported in previous year.

4.2 Property and Equipment

Property and Equipment are stated at cost less accumulated depreciation and impairment losses, if any. Expenditure attributable to acquisition of the equipment is capitalized till its commissioning to form part of the cost of the asset.

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

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Depreciation on operating fixed assets is charged on reducing balance method. Depreciation commences from the month when the asset is available for intended use and continues till the month prior to the, asset is derecognized.

The Company has a policy to assess at each statement of financial position date whether there is any indication that the equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of income and expenditure for the year.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense.

4.3 Inventories

Inventories are measured at lower of cost and net realizable value. Cost of Inventories is determined using the First-in First-out (FIFO) method. Provision is made in the financial statements for obsolete and expired stock based on management estimate.

4.4 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash at bank.

4.5 Deferred grant

4.5.1 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 income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets from government, the asset and the grant are recorded at fair value.

4.6 Advances and prepayments

Advances are carried at original invoice amount less provision, if any, made for receivables considered doubtful for recovery. Prepayments and other receivables are recognized at nominal amount which is the fair value of the consideration to be received /adjusted in the future.

4.7 Trade and other payables

Liabilities for trade and other amounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

4.8 Related party transactions

All transactions with related parties are entered in accordance with the terms mutually agreed between the parties.

4.9 Standard, interpretations and amendments to approved published accounting standards that are not

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 - Definition of a Business (Amendments)	01 January 2020
IFRS 3 - Business Combinations: Previously held interests in a joint operation	01 January 2019
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS	01 July 2019
IFRS 9 - Prepayment Features with Negative Compensation (Amendments)	01 July 2019
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in	Not yet finalized
IFRS 11 - Joint Arrangements: Previously held interests in a joint operation	01 January 2019
IFRS 16 - Leases	01 January 2019
IAS 1 & IAS 8 - Definition of Material (Amendments)	01 January 2020
IAS 12 - Income Taxes: Income tax consequences of payments on financial	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalization	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards do not have any impact on the Company's financial statements in the period of initial application.

The International Accounting Standards Board (IASB) has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:

Standard	IASB effective date (Annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 July 2009
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 17 – Insurance Contracts	01 January 2021

The Company expects that adoption of above new standards will not have any material impact on the Company's financial statements in the period of initial application.

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5 PROPERTY AND EQUIPMENT

	Note	2019 Rupees	2018 Rupees
Operating fixed assets	5.1	238,890,608	176,384,329

5.1 Operating Fixed Assets

Description	2019 Cost: As at 01 July 2018	Transfer from Punjab Rural Support	Additions	As at 30 June 2019	Accumulated Depreciation: As at 01 July 2018	Transfer from Punjab Rural Support	Charge for the year	As at 30 June 2019	Net book value As at 30 June 2019	Depreciation rate
	Rupees									%
Owned assets:										
Medical equipment	27,489,610	-	83,042,740	110,532,350	9,278,225	-	14,384,282	23,662,507	86,869,843	20%
Electrical equipment	13,207,204	-	1,709,950	14,917,154	900,073	-	2,536,694	3,436,767	11,480,387	20%
Office equipment	145,192,654	-	21,562,669	166,755,323	61,343,853	-	30,293,107	91,636,960	75,118,363	30%
Furniture and fixture	51,068,069	-	1,311,784	52,379,853	28,784,223	-	3,393,537	32,177,760	20,202,093	15%
Vehicles	75,275,474	-	16,234,450	91,509,924	35,542,308	-	10,747,694	46,290,002	45,219,922	20%
As at 30 June 2019	312,233,011	-	123,861,593	436,094,604	135,848,682	-	61,355,314	197,203,996	238,890,608	

Description	2018 Cost: As at 01 July 2017	Transfer from Punjab Rural Support	Additions	As at 30 June 2018	Accumulated Depreciation: As at 01 July 2017	Transfer from Punjab Rural Support	Charge for the year	As at 30 June 2018	Net book value As at 30 June 2018	Depreciation rate
	Rupees									%
Owned assets:										
Medical equipment	-	10,954,434	16,535,176	27,489,610	-	8,039,610	1,238,615	9,278,225	18,211,385	20%
Electrical equipment	213,876	-	12,993,328	13,207,204	3,564	-	896,509	900,073	12,307,131	20%
Office equipment	2,301,715	66,436,728	76,454,211	145,192,654	57,543	49,859,502	11,426,808	61,343,853	83,848,801	30%
Furniture and fixture	3,025,753	41,683,724	6,358,592	51,068,069	37,822	25,408,894	3,337,507	28,784,223	22,283,846	15%
Vehicles	259,500	36,815,429	38,200,545	75,275,474	4,325	32,132,697	3,405,286	35,542,308	39,733,166	20%
As at 30 June 2018	5,800,844	155,890,315	150,541,852	312,233,011	103,254	115,440,703	20,304,725	135,848,682	176,384,329	

		Note	2019	2018
5.2	Depreciation charge for the year has been allocated as follows:		Rupees	Rupees
	Operating expenses	16	26,856,203	12,243,924
	General and administrative expenses	17	34,499,111	8,060,801
			61,355,314	20,304,725

6. INTANGIBLES - SOFTWARE

	2019	2018
Opening balance	1,350,000	-
Addition	450,000	1,350,000
Amortization for the year	180,000	-
Closing balance	1,620,000	1,350,000
Amortization Rate	20%	20%

7. ADVANCES TO SUPPLIERS AND SECURITY DEPOSIT

	Note	2019	2018
Security Deposit			
Advance to Medi Urge (Pvt.) Limited for Mobile Health Units operationalization		29,036,532	29,036,532
Advances			
Advance for vehicles		2,115,000	7,591,500
Advance to Directorate General Health Services	7.1 & 7.2	11,576,800	11,576,800
Advance to Executive Engineering Building Division	7.3 & 7.4	117,614,300	90,639,300
		160,342,632	138,844,132

7.1 This represents advance given to the Directorate General Health Services (DGHS), a division of Punjab Primary and Secondary Healthcare Department of the Government of Punjab for the purchase of ultrasound machines.

7.2 The maximum aggregate amount due from DGHS with reference to month end balances during the year amounted to Rs. 11,576,800 (2018: Rs. 11,576,800).

7.3 This represents advance given to the Executive Engineering Building Division of the Government of Punjab for the construction and remodeling of Multan office and health facilities in other districts of Punjab.

7.4 The maximum aggregate amount due from Executive Engineering Building Division with reference to month end balances during the year amounted to Rs. 117,614,300 (2018: Rs. 90,639,300).

		Note	2019	2018
8.	**Inventories**		Rupees	Rupees
	Medicines and drugs	8.1	635,534,501	626,651,101
	Stationery	8.2	77,472,799	95,144,778
			713,007,300	721,795,879

		Note	2019 Rupees	2018 Rupees
8.1	The location wise break of Inventories as at year end is as follows:			
	Lahore		51,848,658	37,675,741
	Kasur		49,867,021	40,003,879
	Faisalabad		155,804,810	94,369,105
	Vehari		56,198,769	41,812,496
	Sahiwal		33,153,094	41,404,090
	Lodhran		30,111,314	24,621,804
	Rahim Yar Khan		64,682,602	58,026,751
	Dera Ghazi Khan		36,699,922	19,307,627
	Rajanpur		12,116,281	12,464,697
	Chakwal		32,454,606	26,317,810
	Pakpattan		28,218,471	34,495,024
	Hafizabad		24,189,954	21,399,376
	Mianwali		25,950,662	29,382,790
	Toba Tek Singh		34,228,802	47,146,491
	Medical store depot		-	98,223,420
			635,524,966	626,651,101

8.2	The location wise break of stationery as at year end is as follows:			
	Lahore		5,720,948	5,766,730
	Kasur		5,971,128	7,571,114
	Faisalabad		15,070,229	25,853,343
	Vehari		5,615,066	4,228,479
	Sahiwal		1,831,402	1,188,907
	Lodhran		1,878,609	5,197,802
	Rahim Yar Khan		3,614,774	8,639,960
	Dera Ghazi Khan		8,957,639	5,132,616
	Rajanpur		3,438,962	3,237,224
	Chakwal		7,501,939	5,646,234
	Pakpattan		6,372,548	5,172,698
	Hafizabad		987,366	2,581,750
	Mianwali		4,320,912	3,911,647
	Toba Tek Singh		6,200,814	11,016,274
	Closing balance		77,482,336	95,144,778

9. ADVANCES AND PREPAYMENTS

Advances to suppliers - unsecured		131,547	52,790
Prepaid rent		275,000	250,000
		406,547	302,790

10. CASH AND BANK BALANCES

Cash at bank - current account	10.1	3,275,669,903	2,011,653,788
Cash in hand	10.2	514,945	-
		3,276,184,848	2,011,653,788

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		Note	2019	2018
			Rupees	Rupees
10.1	Cash at bank in current accounts			
	- Head Office		3,131,647,713	1,974,728,847
	- District Offices		144,022,190	36,924,941
			3,275,669,903	2,011,653,788

		2019	2018
10.2	**Cash in hand**		
	- MHU 101	37,326	-
	- MHU 102	77,627	-
	- MHU 103	100,000	-
	- MHU 104	100,000	-
	- MHU 105	100,000	-
	- Head office	99,992	-
		514,945	-

11. DEFERRED GRANTS - RESTRICTED

	Note	2019	2018
Grants related to income	11.2	3,427,533,516	2,351,990,011
Grants related to capital expenditure	11.3	537,300,708	445,434,429
		3,964,834,224	2,797,424,440

11.1 Grants received during the year

	2019	2018
Grand received in cash		
Grants related to income		
- for operational expenses	4,896,667,319	4,872,831,734
- for remodeling of health facilities owned by GoP	18,223,000	45,000,000
	4,914,890,319	4,917,831,734
Grants related to capital expenditure	153,401,593	405,699,452
	5,068,291,912	5,323,531,186
Grand received in kind		
Stocks transferred from PRSP	-	407,692,756
Equipment transferred from PRSP	-	40,449,612
	-	448,142,368
	5,068,291,912	5,771,673,554

11.2 Grants related to income

	Note	2019	2018
Opening balance		2,351,990,011	195,590,649
Received during the year			
- for operational expenses		4,896,667,319	5,280,524,490
- for remodeling of health facilities owned by GoP	11.2.1	18,223,000	45,000,000
	11.4	4,914,890,319	5,325,524,490
Less: Amortization of grant		(3,839,346,814)	(3,169,125,128)
Closing balance		3,427,533,516	2,351,990,011

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11.2.1 This represents grant received from the Government of Punjab for remodeling of health facilities under the control of the Primary and Secodary Healthcare Department of the Government of Punjab.

		Note	2019	2018
11.3	**Grants related to capital expenditure**		**Rupees**	Rupees
	Opening balance		**445,434,429**	19,590,090
	Received during the year	**11.5**	**153,401,593**	446,149,064
	Less: Amortization of grant		**(61,535,314)**	(20,304,725)
	Closing balance		**537,300,708**	445,434,429

		2019	2018
11.4	**Grants received related to income**		
	Funds received from PRSP	**24,649,916**	761,962,281
	Benefits received from PRSP	**-**	407,692,756
	Government grants	**4,985,378,286**	4,147,069,453
	DFID grant	**-**	8,800,000
		5,010,028,202	5,325,524,490

		2019	2018
11.5	**Grants received related to capital expenditure**		
	Fixed assets received from PRSP	**-**	40,449,612
	Government grants	**153,401,593**	261,699,452
	DFID grants	**-**	144,000,000
		153,401,593	446,149,064

11.6 All grants received during the year from the Government are restricted and are being utilized as per budgetary allocations.

		2019	2018
12.	**TRADE AND OTHER PAYABLES**	**Rupees**	Rupees
	Trade payables	**168,990,546**	94,172,177
	Accrued liabilities	**47,073,006**	42,701,908
	Withholding tax payable	**3,200,873**	2,919,152
	EOBI payable	**5,145,333**	4,440,313
	Other payables	**71,433**	328,453
		224,481,191	144,562,003

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

Contingencies as at year end were Rs. Nil (2018: Rs. Nil).

13.2 Commitments

The amount of future payments under consultancy and rental agreements and the periods in which these payments will become due are as follows:

	2019	2018
	Rupees	Rupees
Not later than one year	**5,181,340**	6,697,658
Later than one year but not later than five years	**299,667**	3,715,667

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14.	**MANAGEMENT FEE**		**95,137,883**	108,643,494

This represents fee for the management of health facilities at the rate of two percent of grants received as per the agreements entered into with District Health Authorities.

		Note	2019	2018
15.	**OTHER INCOME**		**Rupees**	Rupees
	Bidding Fee		**41,100**	-
	Tender Fee		**10,500**	-
			51,600	-

		Note	2019	2018
16.	**OPERATING EXPENSES**			
	Medicines and drugs		**765,712,433**	565,156,776
	Consumable supplies		**44,886,260**	30,737,768
	Salaries and benefits		**2,304,572,865**	2,002,209,890
	Anesthesia Management System expenses		**-**	114,527,230
	Travelling and conveyance		**13,647,553**	27,748,098
	Utilities		**192,776,350**	104,495,536
	Outsourced medical and other services	**16.2**	**151,402,863**	58,807,997
	Communication expense		**26,431,310**	14,854,112
	Printing and stationery expenses		**109,079,232**	42,158,806
	Rent, rate and taxes		**6,286,970**	4,385,667
	Conferences, meetings and seminars		**862,843**	6,286,770
	Fuel charges		**18,599,193**	12,552,248
	Locum expenses		**-**	620,000
	Transportation and freight charges		**15,082,717**	5,737,654
	Repair and maintenance of medical equipment		**9,947,134**	4,394,762
	Office repair and maintenance		**31,218,028**	10,404,135
	Transformer		**6,736,864**	7,301,394
	Vehicle running expenses		**6,917,281**	6,311,013
	Security services		**15,179,122**	5,875,429
	Entertainment expenses		**477,045**	9,676,877
	Depreciation	**5.2**	**26,856,203**	12,243,924
	Office Supplies		**25,936,668**	9,399,862
	Miscellaneous expenses		**8,331,227**	1,253,346
			3,780,940,161	3,057,139,294

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16.1 The district wise break of operating expenses is as follows:

Expense	Mianwali	Toba Tek Singh	Faisalabad	Kasur	Chakwal	Lahore	Vehari	Lodhran	Rahim Yar Khan	DG Khan	Rajanpur	Hafizabad	Sahiwal	Pakpattan	Other operating expenses	Total
	Rupees															
Medicines and drugs	40,720,816	54,039,941	138,278,282	67,377,878	36,474,256	53,630,769	51,520,069	38,876,759	90,444,665	26,684,176	29,364,258	22,474,427	57,715,489	39,706,552	18,404,096	765,712,433
Consumable supplies	164,530	1,602,049	4,476,159	4,049,999	2,576,786	21,617,047	18,252	-	4,673,514	1,104,846	837,845	208,243	938,077	2,519,026	99,887	44,886,260
Salaries and benefits	98,143,840	173,274,943	457,499,114	188,649,274	134,883,127	207,281,728	188,097,770	110,669,552	214,036,906	109,228,482	52,631,124	72,873,824	183,657,873	113,645,308	-	2,304,572,865
Anesthesia related expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travelling and conveyance	900,864	1,019,430	1,715,595	275,542	1,260,472	756,380	979,380	1,243,305	432,244	391,454	431,539	363,690	401,822	523,760	2,952,076	13,647,553
Utilities	9,373,551	12,869,045	26,687,817	21,770,917	6,037,312	25,246,577	10,565,946	8,165,509	22,902,643	10,266,388	7,357,757	6,515,260	13,514,466	11,503,162	-	192,776,350
Outsourced medical services	58,000	-	-	-	-	428,154	-	-	-	-	-	-	-	-	150,916,709	151,402,863
Communication expense	955,292	826,818	1,564,788	1,064,820	1,379,842	1,609,717	1,199,250	1,022,448	1,498,749	928,499	652,995	453,748	1,994,864	831,565	10,447,915	26,431,310
Printing and stationery expenses	3,667,118	5,875,459	22,626,183	7,388,411	3,715,209	14,221,950	7,070,433	8,841,124	12,298,678	1,672,948	2,844,920	4,650,213	8,511,521	5,107,521	587,544	109,079,232
Rent, rate and taxes	33,600	-	88,197	-	289,500	348,763	120	1,773,390	1,009,832	780,790	241,585	42,000	1,007,127	672,066	-	6,286,970
Conference and seminars	128,204	-	15,445	25,350	13,000	201,730	50,193	74,683	10,590	74,568	4,900	14,319	195,786	33,475	20,600	862,843
Fuel expense	1,209,985	690,348	2,110,076	750,728	996,519	2,325,849	795,722	1,422,139	2,598,788	987,510	1,691,589	936,464	1,129,910	953,566	-	18,599,193
Locum expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation charges	1,099,847	518,841	1,303,582	1,576,334	1,650,617	1,375,776	869,314	557,175	2,051,940	1,192,714	900,885	266,412	1,307,463	370,830	40,987	15,082,717
Repair and maintenance of																-
medical equipment	91,500	51,330	698,071	436,985	1,226,177	783,846	510,657	827,932	3,403,396	41,479	8,900	301,948	1,260,850	304,063	-	9,947,134
Office repair and maintenance	1,503,033	720,859	1,704,816	2,557,299	1,351,407	7,595,606	1,238,823	726,419	5,136,435	686,473	2,238,806	91,132	903,710	1,351,808	3,411,402	31,218,028
Transformer	-	-	1,363,300	-	-	-	-	-	-	4,976,636	-	67,488	-	329,440	-	6,736,864
Vehicle running expenses	433,281	32,953	412,768	225,004	321,325	1,180,363	491,381	1,004,659	379,585	793,295	634,616	223,452	511,349	273,250	-	6,917,281
Security services	-	-	-	-	-	14,668,262	-	443,760	-	-	67,100	-	-	-	-	15,179,122
Entertainment expenses	1,080	480	43,841	19,297	171,363	5,019	14,127	17,079	99,066	12,045	7,340	-	7,460	78,848	-	477,045
Depreciation	724,252	764,360	1,125,540	927,829	878,564	7,601,942	666,203	1,634,415	378,893	675,150	341,694	383,664	388,355	466,209	9,899,133	26,856,203
Office and health facilities																
supplies	1,540,771	1,093,170	873,690	2,206,528	306,325	4,483,016	335,568	2,386,612	2,905,831	3,725,791	935,713	837,408	1,879,343	2,426,902	-	25,936,668
Miscellaneous expenses	86,244	33,727	496,064	111,653	29,464	6,562,914	51,295	249,461	136,572	22,211	69,177	965	23,150	458,330	-	8,331,227
	160,835,808	253,413,753	663,083,328	299,413,848	193,561,265	371,925,408	264,474,503	179,936,421	364,398,327	164,245,455	101,262,743	110,704,657	275,348,615	181,555,681	196,780,349	3,780,940,161

16.2 This includes Rs. 132,182,239 (2018: Rs. 40,530,378) in respect of services rendered by Medi Urge (Pvt.) Limited to operate 14 Mobile health units in various districts of Punjab.

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17. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2019	2018
		Rupees	Rupees
Salaries and benefits		**53,109,480**	50,712,508
Consultancy fee		**4,567,724**	37,899,533
Legal and professional charges		**522,949**	4,834,866
Office repair and maintenance		**2,911,481**	5,218,384
Communication expense		**2,634,682**	1,642,481
Printing and stationery expenses		**1,653,396**	1,829,702
Fuel charges		**5,163,325**	1,731,541
Repair and maintenance expenses of IT equipment and furniture		**936,519**	816,978
Vehicle Repair and Maintenance		**2,869,431**	1,107,208
Security services		**774,900**	753,375
Training expenses		**298,500**	911,028
Auditor's remuneration		**3,600,000**	2,200,000
Utilities		**1,798,730**	1,457,534
Rent, rate and taxes		**3,288,000**	2,754,790
Depreciation	5.2	**34,499,111**	8,060,801
Amortization		**180,000**	-
Entertainment expenses		**210,355**	871,621
Rent of vehicles		**-**	8,127,095
Bank charges		**447,763**	651,056
Office Supplies		**294,362**	524,076
Miscellaneous expenses		**232,859**	185,982
		119,993,567	132,290,559

18. TAXATION

The Company, under the order of the Federal Board of Revenue dated 3 January 2018, has been granted the status of Non Profit Organization under Section 2 (36) of the Income Tax Ordinance, 2001 (the Ordinance). Accordingly, the Company has been allowed under Section 100C of the said Ordinance, a tax credit equal to one hundred percent of the tax payable, including minimum tax and final taxes payable under any of the provisions of the Ordinance.

19. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of the Government of Punjab, departments owned / controlled by the Government of Punjab and Key Management Personnel of the Company.

The Company has entered into transactions or has agreements arrangements in place during the financial year with the following related parties:

Name of Related Party	Basis of relationship
Executive Engineering Building Division	Common Control
Directorate General Health Services	Common Control
Primary and Secondary Healthcare Department, Government of the Punjab	Common Control

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Aggregate transactions during the year with the related parties except for remuneration of key management personnel as disclosed in Note 20 are as follows:

		2019	2018
		Rupees	Rupees
Year end balances			
The Bank of Punjab	Bank balance	**3,275,669,903**	2,011,653,788
Executive Engineering Building Division	Advance	**117,614,300**	90,639,300
Directorate General Health Services	Advance	**11,576,800**	11,576,800
Transaction during the year			
Executive Engineering Building Division	Advance for remodeling and improvement of Health Facilities	**26,975,000**	90,639,300
Directorate General Health Services	Advance for purchase of ultrasound machines	-	11,576,800
Primary and Secondary Healthcare Department	Advance for London Health Road Show	-	2,051,250
The Government of Punjab	Grants received	**5,068,291,912**	5,771,673,554
	Management fee	**95,137,883**	108,643,494

There are no transactions with key management personnel other than under the terms of employment or otherwise disclosed elsewhere in these financial statements.

20. REMUNERATION OF KEY MANAGEMENT PERSONNEL

	Chief Executive		**Executives**	
	2019	**2018**	**2019**	**2018**
	---------- Rupees ----------			
Basic salary	**1,423,565**	6,545,455	**41,895,408**	43,273,573
Other benefits	**1,166,943**	654,545	**2,436,000**	4,069,091
	2,590,508	7,200,000	**44,331,408**	47,342,664
Number of persons	**1**	1	**21**	16

20.1 Some executives have been provided with Company maintained vehicles.

20.2 No remuneration has been paid to the Directors of the Company.

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21. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks; market risk, credit risk and liquidity risk. The Company's principal financial liabilities comprise trade and other payables. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the Company's operations. The Company has various financial assets such as deposits and cash and bank balances, which are directly related to its operations.

21.1 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 market prices. Market prices comprise three types of risk: profit rate risk, currency risk and other price risk. Financial instruments susceptible to market risk include trade and other payables.

21.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if the counter parties failed to perform as contracted. Credit risk of the Company arises from cash and cash equivalents and deposits. The Company manages its credit risk by dealing with banks with strong credit rating. The carrying values of financial assets susceptible to credit risk but not impaired are as under:

	2019	2018
	Rupees	Rupees
Long term deposits	**2,260,000**	260,000
Bank balances	**3,276,184,848**	2,011,653,788
	3,278,444,848	2,011,913,788

Credit quality of financial assets

The credit quality of cash at bank as per credit rating agencies are as follows:

	Rating		**Agency**	**2019**	2018
	Short term	**Long term**		**Rupees**	Rupees
The Bank of Punjab	**A1+**	**AA**	**PACRA**	**3,276,184,848**	2,011,653,788

21.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments.

Due to nature of the Company's operations, the management closely monitors the Company's liquidity and cash flow position. The Company's liquidity risk management involves projecting cash flows for the upcoming years and considering the level of liquid assets necessary to meet the liabilities and monitoring statement of financial position liability ratio against internal requirements.

	Amortized Cost	**Total**
	Rupees	**Rupees**
30 June 2019		
Trade and other payables	**224,481,191**	224,481,191
30 June 2018		
Trade and other payables	144,562,003	144,562,003

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21.4 **Fair value of financial assets and liabilities**

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair values are observable either, directly or indirectly.

Level 3: Techniques which uses inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Fair value is determined on the basis of objective evidence at each reporting date.

	2019	2018
Classification of financial instruments	**Rupees**	Rupees
	Cash and cash equivalents	
Current assets		
Cash and bank balances	**3,276,184,848**	2,011,653,788
	Financial liabilities at amortized cost	
Current liabilities		
Trade and other payables	**221,280,318**	144,562,003

22. NUMBER OF EMPLOYEES

	2019	2018
Number of employees as at 30 June - Contractual	**6,878**	6160
Average number of employees during the year - Contractual	**6,353**	5788

23. CORRESPONDING FIGURES

Corresponding figures have been re-arranged or reclassified wherever necessary, for better and fair presentation. No significant re-arrangement or reclassification has been made during the year.

24. DATE OF AUTHORISATION FOR ISSUE AND SUBSEQUENT EVENT

These financial statements were authorized for issue on ______________ by the Board of Directors of the Company.

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CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR