



EY

Building a better
working world



**Building a better
working world**

UNIVERSAL SERVICE FUND

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

EY Ford Rhodes
Chartered Accountants
Eagle Plaza 75-West, Fazlul-Haq Road
Blue Area, P.O. Box 2388
Islamabad 44000, Pakistan

Tel: +9251 234 4160-62
Fax: +9251 234 4163
ey.isb@pk.ey.com
ey.com/pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Universal Service Fund** ("the Company") as at 30 June, 2016 and the related income and expenditure account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4.4 with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, statement of other comprehensive income, cash flow statement and statement of changes in funds and reserves together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2016 and, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



Building a better
working world

Emphasis of Matter

We draw attention to note 14.2 to the financial statements, which describes the uncertainty related to the outcome of certain legal cases. Based upon the advice of the Company's tax advisor, management of the Company is confident of a favorable outcome in these cases. Accordingly, no provision has been recognized, by the Company, in the financial statements. Our opinion is not qualified in respect of this matter.

Other Matter

The financial statements of the Company for the year ended 30 June, 2015, were audited by another firm of chartered accountants, who expressed an unqualified opinion, with the inclusion of an emphasis on the same matter as reported above in their report on those financial statements, on 03 August, 2016.

Ed Ford Rhodes

Chartered Accountants

Audit Engagement Partner's name: Mr. Khayyam Mushir

Date: 16 February, 2017

Place: Islamabad

UNIVERSAL SERVICE FUND
(A Company incorporated under Section 42 of the Companies Ordinance, 1984)

BALANCE SHEET
AS AT 30 JUNE, 2016

		2016	2015
	Note	-----Rupees-----	Restated (Note 22)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	28,254,275	41,909,488
Intangible assets	6	2,678,800	4,137,790
Long-term deposits		127,500	127,500
		<u>31,060,575</u>	<u>46,174,778</u>
CURRENT ASSETS			
Advances	7	145,707,369	564,327
Short-term prepayments	8	14,364,768	185,867
Interest accrued		55,223,236	31,001,017
Other receivables	9	128,548	988,120,352
Cash and bank balance	10	3,338,681,054	414,401,535
		<u>3,554,104,975</u>	<u>1,434,273,098</u>
TOTAL ASSETS		<u><u>3,585,165,550</u></u>	<u><u>1,480,447,876</u></u>
EQUITY AND LIABILITIES			
EQUITY			
		-	-
NON-CURRENT LIABILITIES			
Fund balance (restricted)	11	2,726,068,260	-
Deferred capital grant	12	30,933,075	46,047,278
		<u>2,757,001,335</u>	<u>46,047,278</u>
CURRENT LIABILITIES			
Trade and other payables	13	828,164,215	1,434,400,598
TOTAL EQUITY AND LIABILITIES		<u><u>3,585,165,550</u></u>	<u><u>1,480,447,876</u></u>
CONTINGENCIES AND COMMITMENTS			
	14		

The annexed notes, from 1 to 25, form an integral part of these financial statements.



CHIEF EXECUTIVE




DIRECTOR

UNIVERSAL SERVICE FUND
(A Company incorporated under Section 42 of the Companies Ordinance, 1984)

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE, 2016

	Note	2016 -----Rupees-----	2015 Restated (Note 22)
INCOME			
Amortization of deferred capital grant	12	16,174,453	13,106,578
EXPENDITURE			
Administrative and general expenses	15	243,431,865	225,477,354
Subsidy grant for projects	16	4,311,898,653	4,315,694,709
Fee to technical auditors for projects	17	10,305,100	21,168,957
		4,565,635,618	4,562,341,020
		(4,549,461,165)	(4,549,234,442)
EXPENDITURE CHARGED TO FUND BALANCE	11	4,548,901,950	4,548,888,771
NET LOSS FOR THE YEAR		(559,215)	(345,671)
OTHER COMPREHENSIVE INCOME			
Item not to be reclassified to income and expenditure account in subsequent periods			
Remeasurement gain on deferred benefit plan		559,215	345,671
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-

The annexed notes, from 1 to 25, form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

UNIVERSAL SERVICE FUND
(A Company incorporated under Section 42 of the Companies Ordinance, 1984)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2016

	Note	2016 -----Rupees-----	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Subsidy grant disbursement		(5,127,575,224)	(2,514,175,117)
Technical audit fee		(12,044,639)	(17,055,038)
Liquidated damages, profit on deposit account and others		389,457,285	933,881,564
Payment to suppliers and employees		(173,797,653)	(210,031,918)
Net cash used in operating activities		(4,923,960,231)	(1,807,380,509)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(1,060,250)	(11,004,485)
Proceeds from disposal of property and equipment		-	868,030
Purchase of intangible assets		-	(4,377,404)
Net cash used in investing activities		(1,060,250)	(14,513,859)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant received		7,849,300,000	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		2,924,279,519	(1,821,894,368)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		414,401,535	2,236,295,903
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	3,338,681,054	414,401,535

The annexed notes, from 1 to 25, form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

UNIVERSAL SERVICE FUND
(A Company incorporated under Section 42 of the Companies Ordinance, 1984)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE, 2016

	EQUITY
	-----Rupees-----
Balance at 01 July, 2014	-
Net loss for the year	(345,671)
Other comprehensive income	345,671
	-
Balance as at 30 June, 2015	-
Net loss for the year	(559,215)
Other comprehensive income	559,215
	-
Balance as at 30 June, 2016	-

The annexed notes, from 1 to 25, form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

UNIVERSAL SERVICE FUND
(A Company incorporated under Section 42 of the Companies Ordinance, 1984)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2016

1 STATUS AND ACTIVITIES

The Universal Service Fund ("the Company"/"USF") was incorporated in Pakistan as a Public Company, limited by guarantee, not having a share capital and licensed under section 42 of the Companies Ordinance, 1984 on 12 December, 2006 as a not-for-profit entity. The Company was formed under Section 10 of the Universal Service Fund Rules, 2006 ("the Rules") and its registered office is situated at 5th floor, HBL Tower, Jinnah Avenue, Islamabad.

Pursuant to Section 16 of the Rules, operations of the Company are funded by the Ministry of Information Technology (MoIT), Government of Pakistan through the Universal Service Fund ("USF"), a separate entity established under section 33 A of the Telecommunication Re-organization Act, 1996. Effective from 29 June, 2013, the USF is kept in the Federal Consolidated Fund and the Ministry of Finance releases the funds of the USF. The primary objective of the Company is to plan, develop, finance and execute communication network projects and services to un-served or under-served areas of Pakistan as defined under Section 26 of the Rules mainly through disbursement of grants received from Government of Pakistan, in the form of subsidies to selected contributors to USF, for execution of the related teleco projects.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for liability for gratuity, which is carried at present value of defined benefit obligation, and plan asset, which is carried at fair value.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

4.1 Functional and presentation currency

These financial statements have been presented in Pak Rupees which is the Company's functional and presentation currency.

4.2 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. Estimates 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. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments, which are significant to the financial statements:

4.2.1 Property and equipment and intangible assets

The Company reviews the appropriateness of the rate of depreciation, useful lives and residual values used in the calculation of depreciation/ amortization on an annual basis. Any change in estimates in the future years might affect the carrying amounts of the respective items of property and equipment and intangible assets, with a corresponding effect on the depreciation and amortization charge.

4.2.2 Employee benefits

Certain actuarial assumptions have been adopted for valuation of present value of defined benefit obligations. Changes in these assumptions in future years may affect the liability under these schemes in those years.

4.2.3 Provision for doubtful advances, project and other receivables

The Company has used judgments, based on the history of its transactions and the future outlook of the concerned receivable party, for making provisions for doubtful advances, project receivables and other receivables. Any change in estimates in future years might affect the carrying amounts of the respective assets with a corresponding affect on income and expenditure account. Management believes that the changes in the outcome of these estimates will not have a significant effect on the financial statements.

4.2.4 Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws, and decisions taken by the taxation authorities. In instances where the Company's views differ from the views taken by the income tax department at the assessment stage, and where the Company considers that its views on items of a material nature are in accordance with the law, the related amounts are disclosed as contingent liabilities.

4.2.5 Provisions and contingencies

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost, if any.

Where 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, it is disclosed as contingent liability.

4.3 Amendments to approved accounting standards that are not yet effective

The following amendments with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below against the respective standard and have not been adopted early by the Company:

Standard	Effective date (annual periods beginning on or after)
IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendment)	01 January, 2018
IFRS 10 Consolidated Financial Statements, IFRS 12; Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements Investment Entities: Applying the Consolidation Exception (Amendment)	Not yet finalized
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	01 January, 2016
IFRS 11 Joint Arrangements Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January, 2016
IAS 1 Presentation of Financial Statements Disclosure Initiative (Amendment)	01 January, 2016
IAS 7 Statement of Cash Flows (Amendments) Disclosure initiative	01 January, 2017
IAS 12 Income Taxes (amendments) Recognition of Deferred Tax Assets for unrecognized losses	01 January, 2017
IAS 16 Property, Plant and Equipment and IAS 38 Intangible assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January, 2016
IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants (Amendment)	01 January, 2016
IAS 27 Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)	01 January, 2016

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

In addition to the above amendments, improvements to various accounting standards (under the Annual Improvements 2012-14 cycle) have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January, 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

Standard		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 July, 2009
IFRS 9	Financial Instruments: Classification and Measurement	01 January, 2018
IFRS 14	Regulatory Deferral Accounts	01 January, 2016
IFRS 15	Revenue from Contracts with Customers	01 January, 2018
IFRS 16	Leases	01 January, 2019

Further, the SECP has also notified the application of an Accounting Standard for Not-For-Profit Organizations, issued by the Institute of Chartered Accountants of Pakistan, for companies licensed under section 42 of the Companies Ordinance, 1984, for the annual financial period beginning on or after 01 July, 2016. The Company is in the process of assessing the implication of adopting this standard.

4.4 Changes in accounting policies and disclosures resulting from adoption of standards during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

New Standards

The Company has adopted the following accounting standards, which became effective for the current year:

IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IFRS 14	Regulatory deferral accounts
IAS 1	Presentation of financial statements
IAS 16	Property, plant and equipment
IAS 19	Employs benefits
IAS 27	Separate Financial Statements
IAS 28	Investments in Associates and Joint Ventures

The adoption of the above accounting standards did not have any effect on the financial statements.

4.5 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses (if any). Cost comprises of acquisition cost, non-refundable indirect taxes and any other directly attributable costs.

Depreciation is charged on assets using the straight line method, at the rates stated in note 5. A full month's depreciation is charged in the month of acquisition of an asset, while no depreciation is charged in the month of an assets' retirement.

Useful lives are determined by the management based on the expected usage of an asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end. The effects of adjustments to residual values, useful lives and methods are recognized prospectively as a change in accounting estimates.

An item of property and equipment 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 assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income and expenditure account in the year the asset is derecognized.

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property and equipment is recognized in the income and expenditure account as incurred.

4.6 Intangibles

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and that cost of such an asset can also be measured reliably.

Intangible assets are measured on initial recognition at cost, being the fair value of the consideration given. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment, if any.

The useful lives of intangible assets are assessed either as finite or indefinite. The Company does not have an intangible asset with indefinite useful life. Intangible assets with finite useful lives are amortized over the period of their useful life, at rate mentioned in note 6. In respect of additions and disposal of intangible assets during a year, amortization is charged to income and expenditure account from the month of acquisition and up to the month preceding the disposal of such intangible assets.

Gains and losses arising from the derecognition of intangible assets are measured as the difference between the net disposal proceeds and carrying amount of the asset, and recognized in income and expenditure account when the asset is derecognized.

Changes in expected useful lives or the expected pattern of consumption of future economic benefits, embodied in intangible assets, are accounted for by changing the useful life or amortization method, as appropriate, and treated as a change in accounting estimate.

4.7 Advances, deposits and other receivables

These are recognized at cost, which is the fair value of the consideration given. However, an assessment is made at each balance sheet date to determine whether there is an indication that a financial asset or group of assets may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized for the difference between the asset's recoverable amount and its carrying value.

4.8 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet in case of local currency balances and at closing exchange rate, in case of foreign currency balances.

4.9 Fund balance (restricted)

Amounts received from the MoIT are included in the fund balance. Any income earned on these funds is also included in the fund. Expenditure incurred, as reduced by the income earned on these funds, is transferred from the fund balance to the income and expenditure account to match the net expenditure incurred during the year.

4.10 Deferred capital grant

Restricted funds utilized for capital expenditure are transferred from the Fund Balance (restricted) and accounted for as a deferred capital grant. An amount equal to the charge for depreciation and amortization for the year, on fixed assets acquired, is then recognized in the income and expenditure account.

4.11 Trade and other payables

Creditors and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received.

4.12 Provision

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

4.13 Staff benefits

i) Defined Contribution Plan

The Company operates a funded gratuity scheme for employees who have completed the minimum qualifying period of service to the Company. Provision for gratuity is made to cover obligations under the scheme in accordance with the actuarial recommendations using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 30 June 2016, details are given in the note 13 of the financial statements.

ii) Compensated absences

The compensated absences provides a short-term leave encashment benefit to its employees whereby, employees can carry forward upto a maximum of 10 leaves for a year. Employees can either avail these leaves or encash them.

4.14 Taxation**i) Current**

Provision for taxation is based on taxable profits, at the current rates of taxation, after taking into account tax credits and tax rebates, if any. Further, the Company's income is not liable for minimum tax, under Section 113 of the Income Tax Ordinance, 2001, as the Company considers the amount received from the MoIT as grant.

No provision for current tax has been recognized in these financial statements, owing to tax losses in current and prior years.

ii) Deferred

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

Deferred income tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and / or carry-forward of unused tax losses can be utilized.

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

Deferred income 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 the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.15 Income**i) Profit on bank deposits**

Profit on bank deposit is accrued using the effective interest rate method.

ii) Other income

Any other income is recorded on an accrual basis.

Profit on bank deposits and other receipts are made part of fund balance (restricted) and are adjusted against future funding from MoIT.

4.16 Foreign currency translation

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to the income and expenditure account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.17 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Gains or losses on derecognition of the financial assets and financial liabilities are taken to the income and expenditure account immediately.

(a) Financial assets**Classification, initial recognition and subsequent measurement**

The Company classifies its financial assets in the four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Company commits to purchase or sell the asset.

(i) Financial assets - at fair value through profit or loss

Financial assets at fair value through profit or loss account include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets are classified as held-for-trading if they are acquired for the purpose of short-term profit making. These are initially measured at fair value. Whereas on subsequent reporting dates, these are measured at fair value on the basis of observable market yields, and any changes in fair value are recognized in the income and expenditure account.

The Company has not designated any financial asset at fair value through profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has a positive intention and ability to hold these assets to maturity. These are initially recognized at fair value plus transaction costs. After initial recognition, held-to-maturity investments are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in the income and expenditure account when the investments 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 in other operating income in the Income and Expenditure account.

No financial asset of the Company has been classified as held-to-maturity.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, which are either designated in this category, or not classified in any of the other categories. These are included in non-current assets, unless management intends to dispose them off within 12 months from the balance sheet date.

These are initially recognized at fair value plus any transaction costs. After initial measurement, available-for-sale financial investments are subsequently measured at fair value, with unrealized gains or losses recognized as other comprehensive income until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income; if determined to be impaired, the cumulative loss is reclassified to the Income and Expenditure account.

The Company has not classified any financial asset as available-for-sale investment.

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets, classified as loans and receivables, are initially measured at fair value. At subsequent reporting dates, these are carried at amortized cost using the EIR method less impairment losses, if any. The Company's loans and receivables comprise of deposits, accrued interest, other receivables and cash and bank balances.

Derecognition of financial assets

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The right to receive cash flows from the asset have expired;
- The Company has transferred its right 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 right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

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.

(b) Financial liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories: at fair value through profit or loss and other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of other financial liabilities, also include directly attributable transaction costs.

The subsequent measurement of financial liabilities depend on their classification, as follows:

(i) 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 being at fair value through profit or loss. The Company has not designated any financial liability, upon recognition, as being at fair value through profit or loss.

(ii) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortized cost, using the EIR method. Gain and losses are recognized in the income and expenditure account, when the liabilities are derecognized as well as through effective interest rate amortization process.

Derecognition of financial liabilities

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

4.18 Impairment

i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost, and is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original EIR.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the income and expenditure account.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the income and expenditure account.

47

ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income and expenditure account. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and fair value less cost to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss recognized in the prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i In the principal market for the asset or liability; or
- ii In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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:

- i Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- ii Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- iii Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Chief Financial Officer determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External valuers may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

The Company does not measure any of its assets or liabilities at fair value, except plan assets for gratuity, under the gratuity scheme.

5 PROPERTY AND EQUIPMENT

	COST					ACCUMULATED DEPRECIATION				WRITTEN DOWN
	As at 01 July	Additions	Disposals	As at 30 June	Rate	As at 01 July	Charge for the year	On disposals	As at 30 June	As at 30 June
	----- Rupees -----					%	----- Rupees -----			
2016										
Vehicles	29,704,498	-	-	29,704,498	20	18,512,749	4,773,564	-	23,286,313	6,418,185
Furniture and equipment	32,447,268	812,320	-	33,259,588	20	10,480,949	6,184,864	-	16,665,813	16,593,775
Computer and accessories	27,095,584	247,930	-	27,343,514	33	18,495,840	3,690,715	-	22,186,555	5,156,959
Communication equipment	799,289	-	-	799,289	20-33	647,613	66,320	-	713,933	85,356
	90,046,639	1,060,250	-	91,106,889		48,137,151	14,715,463	-	62,852,614	28,254,275

5.1 Additions during the year represent assets purchased, by the Company, utilizing the grant received by the Company from the MoIT.

5.2 Depreciation for the year is charged to Administrative and General expenses (refer to note 15).

	COST					ACCUMULATED DEPRECIATION				WRITTEN DOWN
	As at 01 July	Additions	Disposals	As at 30 June	Rate	As at 01 July	Charge for the year	On disposals	As at 30 June	As at 30 June
	----- Rupees -----					%	----- Rupees -----			
2015										
Vehicles	29,902,632	1,688,874	(1,887,008)	29,704,498	20	14,901,263	4,775,136	(1,163,650)	18,512,749	11,191,749
Furniture and equipment	24,077,067	8,370,201	-	32,447,268	20	4,826,657	5,654,292	-	10,480,949	21,966,319
Computer and accessories	19,412,309	7,781,275	(98,000)	27,095,584	33	16,254,714	2,339,126	(98,000)	18,495,840	8,599,744
Communication equipment	954,789	-	(155,500)	799,289	20-33	704,903	98,210	(155,500)	647,613	151,676
	74,346,797	17,840,350	(2,140,508)	90,046,639		36,687,537	12,866,764	(1,417,150)	48,137,151	41,909,488

6 INTANGIBLE ASSETS

	COST					ACCUMULATED AMORTIZATION				WRITTEN DOWN VALUE
	As at 01 July	Additions	Disposals	As at 30 June	Rate	As at 01 July	Charge for the year	On disposals	As at 30 June	As at 30 June
	----- Rupees -----					%	----- Rupees -----			
2016										
Digital Maps	7,500,000	-	-	7,500,000	25	7,499,990	-	-	7,499,990	10
Software	10,491,993	-	-	10,491,993	25	6,354,213	1,458,990	-	7,813,203	2,678,790
	17,991,993	-	-	17,991,993		13,854,203	1,458,990	-	15,313,193	2,678,800

6.1 Amortization for the year is charged to Administrative and General expenses (refer to note 15).

	COST					ACCUMULATED AMORTIZATION				WRITTEN DOWN
	As at 01 July	Additions	Disposals	As at 30 June	Rate	As at 01 July	Charge for the year	On disposals	As at 30 June	As at 30 June
	----- Rupees -----					%	----- Rupees -----			
2015										
Digital Maps	7,500,000	-	-	7,500,000	25	7,499,990	-	-	7,499,990	10
Software	6,114,589	4,377,404	-	10,491,993	25	6,114,399	239,814	-	6,354,213	4,137,780
	13,614,589	4,377,404	-	17,991,993		13,614,389	239,814	-	13,854,203	4,137,790

		2016	2015
	Note	-----Rupees-----	
7	ADVANCES		
	considered good, secured		
	To employees	832,404	564,327
	To contributory to a USF	144,874,965	-
		<u>145,707,369</u>	<u>564,327</u>
7.1	This represents unutilized portion of an advance paid to Telenor Pakistan (Private) Limited, in respect of a project in Zhob (refer to note 16).		
8	SHORT-TERM PREPAYMENTS		
	Rent	14,185,600	-
	Insurance	130,900	145,250
	Others	48,268	40,617
		<u>14,364,768</u>	<u>185,867</u>
8.1	This represents advance rent paid to the landlord of the Company's head office, for the period from 01 July, 2016 to 28 March, 2017.		
9	OTHER RECEIVABLES		
	Receivable from USF	-	986,845,453
	Tax refund due from Government	-	438,735
	Gratuity fund	-	831,664
	Other receivables	128,548	4,500
		<u>128,548</u>	<u>988,120,352</u>
10	CASH AND BANK BALANCE		
	Cash in hand	43,758	2,765
	Cash at bank		
	Deposit account - local currency	3,338,637,296	414,398,770
		<u>3,338,681,054</u>	<u>414,401,535</u>
10.1	This carries mark-up at rates ranging between 5.35% to 5.6% per annum (2015: 4.5% to 8.0% per annum). The profit on bank deposit is receivable with reference to the daily balance in the bank account.		
11	FUND BALANCE (RESTRICTED)		
	Balance at the beginning of the year	-	2,272,596,370
	Grant received during the year	7,849,300,000	-
	Profit on deposit account	81,235,682	115,203,613
	Gain on disposal of property and equipment	-	144,672
	Miscellaneous receipts	332,899,446	1,195,938,730
		<u>8,263,435,128</u>	<u>3,583,883,385</u>
	Grants transferred to:		
	Deferred capital grant	1,060,250	21,494,396
	Income and expenditure account	4,548,901,950	4,548,888,771
	Experience adjustment	559,215	345,671
		<u>4,550,521,415</u>	<u>4,570,728,838</u>
		<u>3,712,913,713</u>	<u>(986,845,453)</u>
	Transferred from/(to) other receivables	(986,845,453)	986,845,453
		<u>2,726,068,260</u>	<u>-</u>
11.1	Profit on bank deposit and other receipts are adjustable against future funding from MoIT, Government of Pakistan and accordingly they are included in the fund balance.		
11.2	This includes amount of Rs. 332,365,822 (2015: Rs. 1,084,467,746) against liquidated damages recovered from operators/vendors.		

		2016	2015
		-----Rupees-----	
12	DEFERRED CAPITAL GRANT		
	Balance at beginning of the year	46,047,278	37,659,460
	Transferred from fund balance (restricted)	1,060,250	21,494,396
	Depreciation / amortization charged during the year	(16,174,453)	(13,106,578)
	Balance at end of the year	<u>30,933,075</u>	<u>46,047,278</u>
12.1	As at the report date, the Company has utilized Rs.116.70 million (2015: Rs.115.64 million) out of grant received for capital expenditure.		
13	TRADE AND OTHER PAYABLES		
	Project subsidy payable	741,299,016	1,412,100,622
	Technical auditor fee payable	3,019,882	4,759,421
	Payable to suppliers	5,743,295	15,497,896
	Accrued liabilities	2,335,885	1,465,483
	Payable to gratuity fund	2,811,474	-
	Earnest money	72,954,663	577,176
		<u>828,164,215</u>	<u>1,434,400,598</u>
13.1	Debit balance is shown under Other Receivables.		
13.2	The movement in net liability is as follows:		
	Balance at beginning of the year	(831,664)	5,793,627
	Charge for the year	9,012,114	9,373,994
	Remeasurement gain	(559,215)	(345,671)
	Contribution	(4,809,761)	(15,653,614)
	Balance at end of the year- (payable) / receivable	<u>2,811,474</u>	<u>(831,664)</u>
13.3	The details of actuarial valuation carried out as at 30 June, 2016 and 2015 are as follows:		
13.3.1	Reconciliation of payable to Defined Benefit Plan		
	Present value of the defined benefit obligation	47,779,970	38,771,756
	Fair value of the plan assets	(44,968,496)	(39,603,420)
		<u>2,811,474</u>	<u>(831,664)</u>
13.3.2	Change in the present value of defined benefit obligation		
	Opening balance	38,771,756	32,245,569
	Current service cost	9,327,677	9,738,644
	Interest cost on defined benefit obligation	3,702,842	3,949,449
	Benefits paid	(1,587,786)	(4,876,819)
	Actuarial loss	(2,434,519)	(2,285,087)
		<u>47,779,970</u>	<u>38,771,756</u>
13.3.3	Charge for the year is as follows:		
	Current service cost	9,327,677	9,738,644
	Interest expense	3,702,842	3,949,449
	Interest income on plan assets	(4,018,405)	(4,314,099)
	Interest income - net	(315,563)	(364,650)
		<u>9,012,114</u>	<u>9,373,994</u>

	Note	2016	2015
		-----Rupees-----	
13.3.4 Remeasurement gain - net is as follows:			
Actuarial (gain) / loss recognized		(2,434,519)	(2,285,087)
Return on plan assets, excluding the amount included in interest income		1,875,304	1,939,416
		<u>(559,215)</u>	<u>(345,671)</u>

13.3.5 Change in fair value of plan assets

Opening balance		39,603,420	27,889,732
Interest income		4,018,405	4,314,099
Contribution made directly to Fund		3,221,975	8,837,379
Payments made on behalf of the Fund		1,587,786	6,816,235
Benefits paid		(1,587,786)	(6,314,609)
Return on plan assets, excluding the amount included in interest income		<u>(1,875,304)</u>	<u>(1,939,416)</u>
		<u>44,968,496</u>	<u>39,603,420</u>

Major categories of the plan assets as a percentage of total plan assets are as follows:

	Rupees	%
Cash and other deposits		
30 June, 2016	<u>44,968,496</u>	<u>100</u>
30 June, 2015	<u>39,603,420</u>	<u>100</u>

13.3.6 The principal actuarial assumptions used were as follows:

Actuarial valuation of the plan was carried out as at 30 June, 2016, by an independent valuer using Projected Unit Credit Method, on following assumptions:

	2016	2015
Valuation discount rate	<u>9.00%</u>	<u>9.75%</u>
Salary increase used for year end obligation		
Salary Increase FY 2016	<u>N/A</u>	<u>N/A</u>
Salary Increase FY 2017	<u>8.00%</u>	<u>8.75 %</u>
Salary Increase FY 2018	<u>8.00%</u>	<u>8.75 %</u>
Salary Increase FY 2019	<u>8.00%</u>	<u>8.75 %</u>
Salary Increase FY 2020	<u>8.00%</u>	<u>8.75 %</u>
Salary Increase FY 2021 onwards	<u>8.00%</u>	<u>8.75 %</u>
Expected return on plan assets	<u>8.00%</u>	<u>8.75 %</u>
Next salary is increased on	<u>9.00%</u>	<u>9.75%</u>
Mortality rates	<u>1-Jul-16</u>	<u>1-Jul-15</u>
	<u>SLIC 2001-2005</u>	<u>SLIC 2001-2005</u>
Withdrawal rates	<u>Setback 1 year</u>	<u>Setback 1 year</u>
	<u>Age-Based</u>	<u>Age-Based</u>
Retirement assumption	<u>(per appendix)</u>	<u>(per appendix)</u>
	<u>Age 60</u>	<u>Age 60</u>

13.3.7 Estimated expenses to be charged to income and expenditure in

	Financial Year 2017	Financial Year 2016
Current service cost	9,327,677	9,327,677
Net Interest	<u>(315,563)</u>	<u>(375,882)</u>
	<u>9,012,114</u>	<u>8,951,795</u>

13.4 For a change of 100 basis points in these assumptions, keeping other present value of defined benefit obligation as at 30 June, 2016 would have been as follows:

	2016		2015	
	Present value of obligation		Present value of obligation	
	1 % Increase	1 % decrease	1 % Increase	1 % decrease
-----Rupees'-----				
Discount rate	<u>43,023,855</u>	<u>53,182,689</u>	<u>35,699,466</u>	<u>42,331,129</u>
Salary increase rate	<u>53,262,764</u>	<u>42,738,704</u>	<u>42,525,297</u>	<u>35,482,571</u>

	2016	2015
The average duration of the defined benefit obligation is	9 Years	9 Years

13.5 Historical information	2016	2015	2014	2013
	Rupees			
Net staff retirement benefit liability	2,811,474	(831,664)	5,793,627	(306,098)
Experience adjustment	(559,215)	(345,671)	147,343	884,265

13.6 Expected maturity profile

Following is the expected distribution and timing of benefit payments at reporting date;

	2016	2015
	-----Rupees-----	
Year 1	6,552,710	7,832,230
Year 2	3,841,496	5,354,349
Year 3	3,796,259	5,168,676
Year 4	3,430,894	5,021,429
Year 5	3,238,287	4,981,488
Year 6 to Year 10	18,706,483	28,048,903
Year 11 and above	623,361,834	449,784,065

13.7 Risks associated with defined benefit plans**Investment risks:**

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity Risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the accrual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

14 CONTINGENCIES AND COMMITMENTS

		2016	2015
14.1 Commitments	Note	----- Rupees -----	
Subsidy grant disbursements	16	15,538,512,341	9,149,386,886
Technical auditors	17	28,887,379	28,787,666

ky

14.2 Contingencies

During FY 2013-14, the Additional Commissioner Inland Revenue (ACIR) raised a demand in respect of tax years 2008 to 2013, amounting to Rs. 3,939,571,607, by treating the grant received from MoIT as taxable income, after giving benefit for the Company's Administrative and General expenses. The Company filed appeals against this demand, with the Commissioner Inland Revenue Appeals [CIR(A)], for re-examining of facts for disallowing subsidy grant for projects and fee for technical auditors. The Company has filed appeals with the Appellate Tribunal Inland Revenue (ATIR) against the ACIR's refusal to treat the Company as a welfare organization. The decision of the ATIR is pending.

Management, based upon the advice of its tax advisors, is confident of a favorable outcome of the above cases. Accordingly, no provision in this regard has been recognized.

In respect of the Tax Year 2013, the taxation officer raised a demand of Rs.139,511,568, under section 161/205 of the Income Tax Ordinance 2001, alleging short payment of withholding tax. On an appeal filed by the Company, the CIR(A) set-aside the order and directed the CIR to re-examine the matter, which is pending.

15	ADMINISTRATIVE AND GENERAL EXPENSES	Note	2016	2015
			-----Rupees-----	
	Salaries and benefits	15.1	164,301,590	155,389,057
	Legal and professional charges		7,388,037	4,355,111
	Rent		21,278,400	19,988,800
	Utilities and office supplies		2,613,398	3,723,953
	Communication charges		949,006	1,268,446
	Entertainment		679,734	667,733
	Traveling		8,322,182	10,440,883
	Printing and stationery		1,431,657	1,066,136
	Vehicle fuel expenses		5,508,593	7,812,966
	Repairs and maintenance		7,527,658	2,762,116
	Advertisement		4,674,189	3,100,560
	Depreciation	5	14,715,463	12,866,764
	Amortization of intangible asset	6	1,458,990	239,814
	Auditors' remuneration	15.2	400,000	285,000
	Insurance expense		1,558,427	1,489,692
	Bank charges		20,318	20,323
	Income tax refund written-off		604,223	-
			<u>243,431,865</u>	<u>225,477,354</u>

15.1 Salaries and benefits include Rs. 9,012,114 (2015: Rs. 9,373,994) charged in respect of staff retirement gratuity.

15.2	Auditor's remuneration	2016	2015
		-----Rupees-----	
	EY Ford Rhodes		
	Audit of statutory financial statements	215,000	-
	Review of interim financial information	85,000	-
	Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013	100,000	-
		<u>400,000</u>	<u>-</u>
	KPMG Taseer Hadi & Co.		
	Audit of statutory financial statements	-	200,000
	Review of interim financial information	-	85,000
		<u>-</u>	<u>285,000</u>

Sr. No.	Project / Lot	Allotted to	Contract date	Total subsidy as per contract	Subsidy due				Subsidy disbursed			Balance commitment	Bank guarantee	Milestones achieved	
					As of 30 June 2015	For the year			As of 30 June 2016	As of 30 June 2015	For the year				As of 30 June 2016
						Capex	Opex	Total							

Rupees

A) RURAL TELECOM & E-SERVICES-RTes

1	Malakand	Telenor*	4-Oct-07	62,029,745	62,029,745	-	-	-	62,029,745	62,029,745	-	62,029,745	-	-	Closed
2	Sukkur	PMCL**	15-Jan-08	112,300,000	112,300,000	-	-	-	112,300,000	112,300,000	-	112,300,000	-	-	Completed
3	DG Khan	Warid***	7-Feb-08	78,847,036	78,847,036	-	-	-	78,847,036	78,847,036	-	78,847,036	-	-	Completed
4	Pishin	PTCL****	29-May-08	175,000,000	175,000,000	-	-	-	175,000,000	175,000,000	-	175,000,000	-	-	Completed
5	Mansehra	PTCL****	24-Jun-08	40,548,153	120,000,000	(79,451,847)	-	(79,451,847)	40,548,153	120,000,000	(79,451,847)	40,548,153	-	-	Desopped (Closed)
6	Dadu	PTCL****	25-Jul-08	250,000,000	250,000,000	-	-	-	250,000,000	250,000,000	-	250,000,000	-	-	Completed
7	Bahawalpur	Telenor*	22-Sep-08	248,381,865	248,381,865	-	-	-	248,381,865	248,381,865	-	248,381,865	-	-	Completed
8	Mirpur Khas	Telenor*	13-Mar-09	930,000,000	930,000,000	-	-	-	930,000,000	930,000,000	-	930,000,000	-	-	Completed
9	Larkana	PTCL****	17-May-09	228,000,000	136,800,000	-	-	-	136,800,000	136,800,000	-	136,800,000	91,200,000	-	Up to 2nd
10	Nasirabad	CM Pak *****	28-Jul-09	1,277,855,892	1,277,855,892	-	-	-	1,277,855,892	1,277,855,892	-	1,277,855,892	-	629,098,286	Completed
11	Mastung	PTCL****	31-May-12	3,155,516,334	2,415,166,667	-	30,860,779	30,860,779	2,446,027,446	2,400,000,000	43,391,334	2,443,391,334	709,488,888	1,262,400,000	Up to 3rd & Opex
12	Turbat	CM Pak *****	21-Feb-13	3,952,561,742	652,357,744	303,638,412	383,187,820	686,826,232	1,339,183,976	607,276,824	303,638,412	910,915,236	2,613,377,766	1,581,024,697	Up to 2nd
13	Chitral	Telenor*	19-Feb-15	1,905,393,349	296,190,422	592,380,844	14,203,742	606,584,586	902,775,008	296,190,422	296,190,422	592,380,844	1,002,618,341	762,157,340	Upto 2nd
14	Shangla	Telenor*	15-Jun-15	1,950,000,000	-	327,718,197	-	327,718,197	327,718,197	-	327,718,197	327,718,197	1,622,281,803	780,000,000	Mobilization Adv.
15	Zhob	Telenor*	7-Aug-15	3,614,575,335	-	543,281,118	-	543,281,118	543,281,118	-	688,156,083	688,156,083	3,071,294,217	1,445,953,618	Mobilization Adv.
16	Sibi	PTML*****	14-Sep-15	3,195,107,745	-	571,437,001	-	571,437,001	571,437,001	-	571,437,001	571,437,001	2,623,670,744	1,278,100,000	Mobilization Adv.
17	Kalat	PTML*****	16-Dec-15	2,184,483,291	-	425,000,000	-	425,000,000	425,000,000	-	425,000,000	425,000,000	1,759,483,291	873,800,000	Mobilization Adv.
Sub-total (A)				23,360,600,487	6,754,929,371	2,684,003,725	428,252,341	3,112,256,066	9,867,185,437	6,694,681,784	2,576,079,602	9,270,761,386	13,493,415,050	8,612,533,941	

B) OPTICAL FIBER CABLE- OFC

1	Sindh-Package	Wateen Telecom	11-Feb-09	449,000,000	449,000,000	-	-	-	449,000,000	449,000,000	-	449,000,000	-	179,600,000	Completed
2	Balochistan Package-1	Wateen Telecom	17-May-09	374,000,000	374,000,000	-	-	-	374,000,000	374,000,000	-	374,000,000	-	149,600,000	Completed
3	Balochistan Package-2	PTCL****	25-Jun-09	1,200,000,000	960,000,000	-	-	-	960,000,000	960,000,000	-	960,000,000	240,000,000	480,000,000	Up to 3rd
4	Balochistan-Punjab Package-3	Wateen Telecom	24-Nov-09	986,000,000	591,600,000	-	-	-	591,600,000	591,600,000	-	591,600,000	394,400,000	394,400,000	Up to 2nd
5	Balochistan-Punjab Package-5	PTCL****	17-May-10	1,498,000,000	898,800,000	-	-	-	898,800,000	898,800,000	-	898,800,000	599,200,000	599,200,000	Up to 2nd
6	Balochistan-Package-4	Wateen Telecom	13-Jul-11	1,965,000,000	1,580,000,000	385,000,000	-	385,000,000	1,965,000,000	1,580,000,000	385,000,000	1,965,000,000	-	790,000,000	Completed
Sub-total (B)				6,472,000,000	4,853,400,000	385,000,000	-	385,000,000	5,238,400,000	4,853,400,000	385,000,000	5,238,400,000	1,233,600,000	2,592,800,000	

C) BROADBAND

1	FTR	PTCL****	27-Apr-09	1,183,720,000	1,183,720,000	-	-	-	1,183,720,000	892,988,537	290,731,463	1,183,720,000	-	476,648,000	Completed
2	FTR-1	Wateen Telecom	27-Apr-09	238,832,000	238,832,000	-	-	-	238,832,000	254,547,534	(15,715,534)	238,832,000	-	95,656,000	Completed
3	MTR	PTCL****	25-Jun-09	1,152,452,500	1,152,452,500	-	-	-	1,152,452,500	1,051,209,894	101,242,606	1,152,452,500	-	464,417,600	Completed
4	STR-1	PTCL****	25-Jun-09	480,651,511	480,651,511	-	-	-	480,651,511	480,651,511	-	480,651,511	-	219,822,300	Completed
5	MTR	Worldcall Telecom	28-Jul-09	785,721,250	785,721,250	-	-	-	785,721,250	785,721,250	-	785,721,250	-	314,288,500	Completed
6	HTR	PTCL****	24-Nov-09	211,591,697	169,273,356	-	-	-	169,273,356	169,273,356	-	169,273,356	42,318,341	84,636,679	Up to 3rd
7	HTR	Wateen Telecom	24-Nov-09	54,799,000	54,799,000	-	-	-	54,799,000	54,799,000	-	54,799,000	-	21,919,600	Completed
8	GTR	PTCL****	22-Mar-10	394,283,250	394,283,250	-	-	-	394,283,250	394,283,250	-	394,283,250	-	157,714,000	Completed
9	GTR	Worldcall Telecom	30-Mar-10	479,212,250	479,212,250	-	-	-	479,212,250	479,212,250	-	479,212,250	-	192,566,100	Completed
10	GTR	Wateen Telecom	13-Apr-10	244,869,250	244,869,250	-	-	-	244,869,250	244,869,250	-	244,869,250	-	97,947,700	Completed
11	CTR	Wateen Telecom	28-Apr-10	-	-	-	-	-	-	-	-	-	-	-	SSA terminated
12	CTR	PTCL****	28-Apr-10	503,272,000	503,272,000	-	-	-	503,272,000	503,272,000	-	503,272,000	-	205,108,800	Completed
13	STR-V	PTCL****	8-May-12	1,206,175,000	723,705,000	-	-	-	723,705,000	723,705,000	-	723,705,000	482,470,000	482,470,000	Up to 2nd
14	RTR	PTCL****	11-Dec-13	1,391,972,500	556,789,000	556,789,000	-	556,789,000	1,113,578,000	278,394,500	835,183,500	1,113,578,000	278,394,500	556,789,000	Up to 3rd
15	NTR-1	PTCL****	11-Dec-13	1,162,000,000	929,600,000	232,400,000	-	232,400,000	1,162,000,000	232,400,000	929,600,000	1,162,000,000	-	464,800,000	Completed
Sub-total (C)				9,489,552,208	7,897,180,367	789,189,000	-	789,189,000	8,686,369,367	6,545,327,332	2,141,042,035	8,686,369,367	803,182,841	3,834,784,279	

Σ

Sr. No.	Project / Lot	Allotted to	Contract date	Total subsidy as per contract	Subsidy due			Subsidy disbursed				Balance commitment	Bank guarantee	Milestones achieved
					As of 30 June 2015	For the year		As of 30 June 2015	As of 30 June 2015	For the year	As of 30 June 2016			
						Capex	Opex							

Rupees

D) SPECIAL PROJECTS- TELECENTERS

1	Broadband Mera Baghwal	NAYATEL- Broadband for MCT Mera Bhagwal	15-Mar-10	9,210,918	9,210,918	-	-	-	9,210,918	9,210,918	-	9,210,918	-	-	Completed
2	Broadband Pilot MCT Sites	PTCL- Broadband for Pilot MCT Sites	16-Mar-10	34,873,934	27,899,147	-	-	-	27,899,147	27,899,147	-	27,899,147	6,974,787	-	Up to 3rd
3	Broadband Pilot MCT Sites	World Call- Broadband for Pilot MCT Sites	31-Mar-10	5,944,157	5,944,157	-	-	-	5,944,157	5,944,157	-	5,944,157	-	-	Completed

Sub-total (D)

50,029,009	43,054,222	-	-	-	43,054,222	43,054,222	-	43,054,222	6,974,787	-
------------	------------	---	---	---	------------	------------	---	------------	-----------	---

E) SPECIAL PROJECTS-OTHER ICT SERVICES

1	Rawalpindi / Sukkur / Kohat	Aishifa Trust- ICT for Disabled- Up gradation / Establishment of Computerized Low Vision rehabilitation centre	8-Jul-08	24,716,660	24,716,660	-	-	-	24,716,660	24,716,660	-	24,716,660	-	-	Completed
2	Rawalpindi /Islamabad	Pakistan Foundation Fighting Blindness-PFFB - ICT for Disabled- Up gradation of Audio World & Access Internet Café (I.T Help & Audio World Programmes)	15-Sep-08	6,494,118	6,494,118	-	-	-	6,494,118	6,494,118	-	6,494,118	-	-	Completed
3	Rawalpindi / Karachi / Multan	Oratier Technologies Pvt Ltd - Telemedicine Project	14-Oct-11	59,657,213	59,657,213	-	-	-	59,657,213	59,657,213	-	59,657,213	-	-	Completed
4	Petaro	Cadet College Petaro- Model ICT Labs	2-Apr-11	23,690,883	23,690,883	-	-	-	23,690,883	23,690,883	-	23,690,883	-	-	Completed
5	Educational Institutions, Bait ul Mall, Sweet Homes	Establishment of 13 Computer labs in Selected Institutions- Analytical Solutions Pvt Ltd	5-Nov-15	26,793,250	-	25,453,587	-	25,453,587	25,453,587	-	25,453,587	25,453,587	1,339,663	2,679,325	Upto 3rd

Sub-total (E)

141,352,124	114,558,874	25,453,587	-	25,453,587	140,012,461	114,558,874	25,453,587	140,012,461	1,339,663	2,679,325
-------------	-------------	------------	---	------------	-------------	-------------	------------	-------------	-----------	-----------

Total (A+B+C+D+E)

39,513,533,828	19,663,122,834	3,883,646,312	428,252,341	4,311,898,653	23,975,021,487	18,251,022,212	5,127,575,224	23,378,597,436	15,538,512,341	15,042,797,545
----------------	----------------	---------------	-------------	---------------	----------------	----------------	---------------	----------------	----------------	----------------

* Telenor Pakistan (Private) Limited (Telenor)

** Pakistan Mobile Communications Limited (PMCL)

*** Wariid Telecom (Private) Limited (Wariid)

**** Pakistan Telecommunication Company Limited (PTCL) (a related party)

***** CM Pak Limited (a related party)

***** Pakistan Telecomm Mobile Limited (PTML Ufone)

No.	Project / Lot	Allotted to	Contract date	Total subsidy as per contract	Subsidy due			Subsidy Disbursed			Balance commitment	Bank guarantee	Milestones achieved		
					As of 30 June 2014	For the year		As of 30 June 2015	As of 30 June 2014	For the year				As of 30 June 2015	
						Capex	Opex								Total
					Restated										
Rupees															
RURAL TELECOM & E-SERVICES-RTes															
1	Malakand	Telenor*	4-Oct-07	62,029,745	62,029,745	-	-	-	62,029,745	62,029,745	-	-	-	Closed	
2	Sukkur	PMCL**	15-Jan-08	112,300,000	112,300,000	-	-	-	112,300,000	112,300,000	-	-	-	Completed	
	DG Khan	Warid***	7-Feb-08	78,847,036	78,847,036	-	-	-	78,847,036	72,800,000	6,047,036	-	-	Completed	
	Pishin	PTCL****	29-May-08	175,000,000	175,000,000	-	-	-	175,000,000	-	-	-	-	Completed	
	Mansehra	PTCL****	24-Jun-08	300,000,000	120,000,000	-	-	-	120,000,000	120,000,000	-	-	-	Up to 1st	
6	Dadu	PTCL****	25-Jul-08	250,000,000	250,000,000	-	-	-	250,000,000	250,000,000	-	-	-	Completed	
7	Bahawalpur	Telenor*	22-Sep-08	248,381,865	248,381,865	-	-	-	248,381,865	248,381,865	-	-	-	Completed	
8	Mirpur Khas	Telenor*	13-Mar-09	930,000,000	930,000,000	-	-	-	930,000,000	930,000,000	-	-	-	Completed	
	Larkana	PTCL****	17-May-09	228,000,000	136,800,000	-	-	-	136,800,000	136,800,000	-	91,200,000	-	Up to 2nd	
	Nasirabad	CM Pak*****	28-Jul-09	1,277,855,892	1,277,855,892	-	-	-	1,277,855,892	1,277,855,892	-	-	629,098,286	Completed	
	Mastung	PTCL****	31-May-12	3,156,000,000	1,800,000,000	600,000,000	15,166,667	615,166,667	2,415,166,667	1,800,000,000	600,000,000	740,833,333	1,262,400,000	Up to 3rd	
12	Turbat	CM Pak*****	21-Feb-13	3,952,561,742	607,276,824	-	45,080,920	652,357,744	607,276,824	607,276,824	-	3,300,203,998	1,581,024,697	Up to 1st	
13	Chitral	Telenor*	19-Feb-15	1,905,393,349	-	296,190,422	-	296,190,422	296,190,422	-	296,190,422	1,609,202,927	762,157,340	Mobilization Adv.	
Sub-total (A)				12,676,369,629	5,798,491,362	896,190,422	60,247,587	956,438,009	6,754,929,371	5,792,444,326	902,237,458	6,694,681,784	5,921,440,258	4,234,680,323	
OPTICAL FIBER CABLE- OFC															
1	Sindh-Package	Wateen Telecom	11-Feb-09	449,000,000	449,000,000	-	-	-	449,000,000	449,000,000	-	-	-	179,600,000	Completed
2	Balochistan Package-1	Wateen Telecom	17-May-09	374,000,000	374,000,000	-	-	-	374,000,000	374,000,000	-	-	-	149,600,000	Completed
3	Balochistan Package-2	PTCL****	25-Jun-09	1,200,000,000	960,000,000	-	-	-	960,000,000	960,000,000	-	-	240,000,000	480,000,000	Up to 3rd
4	Balochistan-Punjab Package-	Wateen Telecom	24-Nov-09	986,000,000	591,600,000	-	-	-	591,600,000	591,600,000	-	-	394,400,000	394,400,000	Up to 2nd
5	Balochistan-Punjab Package-5	PTCL****	17-May-10	1,498,000,000	898,800,000	-	-	-	898,800,000	898,800,000	-	-	599,200,000	599,200,000	Up to 2nd
6	Balochistan-Package-4	Wateen Telecom	13-Jul-11	1,975,000,000	1,185,000,000	395,000,000	-	395,000,000	1,580,000,000	1,185,000,000	395,000,000	1,580,000,000	395,000,000	790,000,000	Up to 3rd
Sub-total (B)				6,482,000,000	4,458,400,000	395,000,000	-	395,000,000	4,853,400,000	4,458,400,000	395,000,000	4,853,400,000	1,628,600,000	2,592,800,000	
BROADBAND															
1	FTR	PTCL****	27-Apr-09	1,183,720,000	476,648,000	707,072,000	-	707,072,000	1,183,720,000	476,648,000	416,340,537	892,988,537	-	476,648,000	Completed-LD payable
2	FTR-1	Wateen Telecom	27-Apr-09	238,832,000	191,312,000	47,520,000	-	47,520,000	238,832,000	191,312,000	63,235,534	254,547,534	-	95,656,000	Completed
3	MTR	PTCL****	25-Jun-09	1,152,452,500	696,626,400	455,826,100	-	455,826,100	1,152,452,500	696,626,400	354,583,494	1,051,209,894	-	464,417,600	Completed
4	STR-1	PTCL****	25-Jun-09	480,651,511	480,651,511	-	-	-	480,651,511	480,651,511	-	-	-	219,822,300	Completed
5	MTR	Worldcall Telecom	28-Jul-09	785,721,250	785,721,250	-	-	-	785,721,250	785,721,250	-	-	-	314,288,500	Completed
6	HTR	PTCL****	24-Nov-09	211,591,697	169,273,356	-	-	-	169,273,356	169,273,356	-	-	42,318,341	84,636,679	Up to 3rd
7	HTR	Wateen Telecom	24-Nov-09	54,799,000	54,799,000	-	-	-	54,799,000	54,799,000	-	-	-	21,919,600	Completed
8	GTR	PTCL****	22-Mar-10	394,283,250	394,283,250	-	-	-	394,283,250	394,283,250	-	-	-	157,714,000	Completed
9	GTR	Worldcall Telecom	30-Mar-10	479,212,250	479,212,250	-	-	-	479,212,250	479,212,250	-	-	-	192,566,100	Completed
10	GTR	Wateen Telecom	13-Apr-10	244,869,250	244,869,250	-	-	-	244,869,250	222,516,228	22,353,022	244,869,250	-	97,947,700	Completed
11	CTR	Wateen Telecom	28-Apr-10	-	104,943,500	(104,943,500)	-	(104,943,500)	-	104,943,500	(104,943,500)	-	-	-	SSA terminated
12	CTR	PTCL****	28-Apr-10	503,272,000	102,554,400	400,717,600	-	400,717,600	503,272,000	102,554,400	400,717,600	503,272,000	-	205,108,800	Completed
13	STR-V	PTCL****	8-May-12	1,206,175,000	241,235,000	482,470,000	-	482,470,000	723,705,000	241,235,000	482,470,000	723,705,000	482,470,000	482,470,000	Up to 2nd
14	RTR	PTCL****	11-Dec-13	1,391,972,500	278,394,500	278,394,500	-	278,394,500	556,789,000	278,394,500	-	278,394,500	835,183,500	556,789,000	Upto 1st
15	NTR-1	PTCL****	11-Dec-13	1,162,000,000	232,400,000	697,200,000	-	697,200,000	929,600,000	232,400,000	-	232,400,000	232,400,000	464,800,000	Up to 3rd
Sub-total (C)				9,489,552,208	4,932,923,667	2,964,256,700	-	2,964,256,700	7,897,180,367	4,910,570,645	1,634,756,687	5,545,327,332	1,592,371,841	3,834,784,279	

5

Sr. No.	Project / Lot	Allotted to	Contract date	Total subsidy as per contract	0			Subsidy Disbursed			Balance commitment	Bank guarantee	Milestones achieved	
					As of 30 June 2014	For the year		As of 30 June 2015	As of 30 June 2014	For the year				As of 30 June 2015
						Capex	Opex							

Rupees

D) SPECIAL PROJECTS- TELECENTERS

1	Broadband Mera Baghwal	NAYATEL- Broadband for MCT Mera Baghwal	15-Mar-10	9,210,918	9,210,918	-	-	-	9,210,918	9,210,918	-	9,210,918	-	-	Completed
2	Broadband Pilot MCT Sites	PTCL- Broadband for Pilot MCT Sites	16-Mar-10	34,873,934	27,899,147	-	-	-	27,899,147	27,899,147	-	27,899,147	6,974,787	-	Up to 3rd
3	Broadband Pilot MCT Sites	World Call- Broadband for Pilot MCT Sites	31-Mar-10	5,944,157	5,944,157	-	-	-	5,944,157	5,944,157	-	5,944,157	-	-	Completed
Sub-total (D)				50,029,009	43,054,222	-	-	-	43,054,222	43,054,222	-	43,054,222	6,974,787	-	

E) SPECIAL PROJECTS-OTHER ICT SERVICES

1	Rawalpindi / Sukkur / Kohat	Alshifa Trust- ICT for Disabled- Up gradation / Establishment of Computerized Low Vision rehabilitation centre	8-Jul-08	24,716,660	24,716,660	-	-	-	24,716,660	24,716,660	-	24,716,660	-	-	Completed
2	Rawalpindi / Islamabad	Pakistan Foundation Fighting Blindness-PFFB - ICT for Disabled- Up gradation of Audio World & Access Internet Café(I.T Help & Audio World Programmes)	15-Sep-08	6,494,118	6,494,118	-	-	-	6,494,118	6,494,118	-	6,494,118	-	-	Completed
3	Rawalpindi / Karachi/Multan	Oratier Technologies Pvt Ltd- Telemedicine Project	14-Oct-11	59,657,213	59,657,213	-	-	-	59,657,213	59,657,213	-	59,657,213	-	-	Completed
4	Petaro	Cadet College Petaro- Model ICT Labs	2-Apr-11	23,690,883	23,690,883	-	-	-	23,690,883	23,690,883	-	23,690,883	-	-	Completed
Sub-total (E)				114,558,874	114,558,874	-	-	-	114,558,874	114,558,874	-	114,558,874	-	-	
Total (A+B+C+D+E)				28,812,509,720	15,347,428,125	4,255,447,122	60,247,587	4,315,694,709	19,663,122,834	15,319,028,067	2,931,994,145	18,251,022,212	9,149,386,886	10,662,264,602	

- * Telenor Pakistan (Private) Limited (Telenor)
- ** Pakistan Mobile Communications Limited (PMCL)
- *** Warid Telecom (Private) Limited (Warid)
- **** Pakistan Telecommunication Company Limited (PTCL) (a related party)
- ***** CM Pak Limited (a related party)

Luy

17 FEE TO TECHNICAL AUDITORS FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract	Technical audit fee due			Technical audit fee disbursed			Balance commitment	Milestones achieved
					As of 30 June 2015	For the year	As of 30 June 2016	As of 30 June 2015	For the year	As of 30 June 2016		

Rupees

A) RURAL TELECOM & E-SERVICES-RTeS

1	Malakand	Telecom Services *	02-Aug-08	5,000,000	5,000,000	-	5,000,000	5,000,000	-	5,000,000	-	Contract Closed
2	DG Khan	Telecom Services *	01-Jan-09	12,594,400	12,594,400	-	12,594,400	12,594,400	-	12,594,400	-	Completed
3	Sukkur	Optiwave **	01-Jan-09	11,327,700	11,327,700	-	11,327,700	11,327,700	-	11,327,700	-	Completed
4	Bahawalpur	Telecom Services *	26-Mar-09	8,975,000	8,975,000	-	8,975,000	8,975,000	-	8,975,000	-	Completed
5	Dadu	Myson Engineering	15-Apr-09	6,400,000	6,400,000	-	6,400,000	6,400,000	-	6,400,000	-	Completed
6	Pishin	Myson Engineering	15-Apr-09	6,700,000	6,700,000	-	6,700,000	6,700,000	-	6,700,000	-	Completed
7	Mansehra	Optiwave **	09-Dec-09	5,264,040	5,264,040	-	5,264,040	5,264,040	-	5,264,040	-	Up to 2nd, Contract Closed
8	MirpurKhas	Telecom Services *	30-Dec-09	3,375,000	3,375,000	-	3,375,000	3,375,000	-	3,375,000	-	Completed
9	Nasirabad	Technology at Work	08-Feb-10	7,809,678	7,809,678	-	7,809,678	7,809,678	-	7,809,678	-	Upto 4th 5th 50% and Idle days
10	Turbat	Technology at Work	21-May-14	6,916,952	1,383,390	1,383,390	2,766,780	1,383,390	1,383,390	2,766,780	4,150,172	Up to 2nd
11	Mastung	Komkonsult ****	23-May-14	2,974,211	1,784,526	-	1,784,526	1,784,526	-	1,784,526	1,189,685	Up to 3rd
12	Chitral	Myson Engineering	03-Nov-15	10,258,912	-	4,103,564	4,103,564	-	2,051,782	2,051,782	6,155,348	Up to 2nd
13												
Sub-total (A)				87,595,893	70,613,734	5,486,954	76,100,688	70,613,734	3,435,172	74,048,906	11,495,205	

B) OPTICAL FIBER CABLE- OFC

1	Sindh-Package	Technology at Work	29-Sep-09	12,002,488	12,002,488	-	12,002,488	12,002,488	-	12,002,488	-	Completed and Idle days
2	Balochistan Package-1	Technology at Work	17-Mar-10	7,226,443	7,226,443	-	7,226,443	7,226,443	-	7,226,443	-	Completed and 2 Idle days
3	Balochistan Package-2	Shaukat Hayat Javed	21-May-10	8,601,988	6,245,588	-	6,245,588	6,245,588	-	6,245,588	2,356,400	Up to 3rd, 2 Idle days/Adl node
4	Balochistan-Punjab Package-3	Teralight Limited	27-Sep-10	835,858	835,858	-	835,858	835,858	-	835,858	-	Up to 1st, Contract Closed
5	Balochistan-Punjab Package-5	TEACH ***	19-May-11	2,850,000	1,767,000	-	1,767,000	1,767,000	-	1,767,000	1,083,000	Up to 2nd, 3rd 50%
6	Balochistan-Punjab Package-4	TEACH ***	28-Oct-13	3,952,193	2,687,488	1,264,705	3,952,193	2,687,488	1,264,705	3,952,193	-	Completed
7	Balochistan-Punjab Package-3	TEACH ***	16-Apr-14	8,974,928	2,243,732	-	2,243,732	2,243,732	-	2,243,732	6,731,196	Up to 2nd
Sub-total (B)				44,443,898	33,008,597	1,264,705	34,273,302	33,008,597	1,264,705	34,273,302	10,170,596	

3

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract	Technical audit fee due			Technical audit fee disbursed			Balance commitment	Milestones achieved
					As of 30 June 2015	For the year	As of 30 June 2016	As of 30 June 2015	For the year	As of 30 June 2016		
Rupees												
C) BROADBAND												
1	STR-1	BIDCON	27-Jul-10	13,689,376	13,689,376	-	13,689,376	13,689,376	-	13,689,376	-	Completed
2	HTR-PTCL	People Logic	27-Jul-10	4,668,084	3,422,676	-	3,422,676	3,422,676	-	3,422,676	1,245,408	Up to 3rd/4th 50% and Idle days
3	HTR-Wateen	People Logic	27-Jul-10	2,343,463	1,987,633	-	1,987,633	1,987,633	-	1,987,633	355,830	Up to 4th and Idle days
4	MTR-World call	Emerging Systems	27-Jul-10	7,336,740	7,336,740	-	7,336,740	7,336,740	-	7,336,740	-	Completed
5	MTR-PTCL	Emerging Systems	27-Jul-10	10,567,406	10,421,505	145,901	10,567,406	8,220,484	2,346,922	10,567,406	-	Completed
6	CTR	Optiwave **	05-Aug-11	-	-	-	-	-	-	-	-	Advance refunded,
7	GTR-World call	Technology at Work	05-Aug-11	3,508,042	3,508,042	-	3,508,042	2,792,407	715,635	3,508,042	-	Completed
8	GTR-Wateen	Technology at Work	05-Aug-11	1,590,300	1,590,300	-	1,590,300	1,272,240	318,060	1,590,300	-	Completed
9	GTR-PTCL	Technology at Work	05-Aug-11	2,783,025	2,783,025	-	2,783,025	2,226,420	556,605	2,783,025	-	Completed
10	FTR-PTCL	Technology at Work	18-Apr-14	5,492,920	5,492,920	-	5,492,920	5,492,920	-	5,492,920	-	Completed, Descoped
11	FTR-Wateen	Technology at Work	18-Apr-14	1,386,228	1,386,228	-	1,386,228	1,386,228	-	1,386,228	-	Completed
12	STR-V PTCL	Seronic Pvt Limited	22-May-14	6,915,000	2,766,000	-	2,766,000	2,766,000	-	2,766,000	4,149,000	Up to 2nd
13	NTR-1 PTCL	Seronic Pvt Limited	17-Oct-14	4,840,500	2,904,300	1,936,200	4,840,500	1,936,200	1,936,200	3,872,400	-	Completed
14	RTR-1 PTCL	Makkays	23-Oct-14	3,678,350	735,670	1,471,340	2,207,010	735,670	1,471,340	2,207,010	1,471,340	Up to 3rd
Sub-total (C)				68,799,434	58,024,415	3,553,441	61,577,856	53,264,994	7,344,762	60,609,756	7,221,578	
Total (A+B+C)				200,839,225	161,646,746	10,305,100	171,951,846	156,887,325	12,044,639	168,931,964	28,887,379	

* Telecom Services & Consultants (Private) Limited- Tel-e-Com

** Optiwave Technologies (Pvt.) Ltd.

*** Telecom Engineering & Consultancy House (Pvt) Limited- TEACH

**** Komkonsult Private Limited

my

FEE TO TECHNICAL AUDITORS FOR PROJECTS-continued

Comparative note for the year ended 30 June, 2015

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract	Technical audit fee due			Technical audit fee disbursed			Balance commitment	Milestones achieved
					As of 30 June 2014	For the year	As of 30 June 2015	As of 30 June 2014	For the year	As of 30 June 2015		

Rupees

A) RURAL TELECOM & E-SERVICES-RTeS

1	Malakand	Telecom Services *	02-Aug-08	5,000,000	5,000,000	-	5,000,000	5,000,000	-	5,000,000	-	Contract Closed
2	DG Khan	Telecom Services *	01-Jan-09	12,594,400	12,594,400	-	12,594,400	12,594,400	-	12,594,400	-	Completed
3	Sukkur	Optiwave **	01-Jan-09	11,327,700	11,327,700	-	11,327,700	11,327,700	-	11,327,700	-	Completed
4	Bahawalpur	Telecom Services *	26-Mar-09	8,975,000	8,975,000	-	8,975,000	8,975,000	-	8,975,000	-	Completed
5	Dadu	Myson Engineering	15-Apr-09	6,400,000	6,400,000	-	6,400,000	6,400,000	-	6,400,000	-	Completed
6	Pishin	Myson Engineering	15-Apr-09	6,700,000	6,700,000	-	6,700,000	6,700,000	-	6,700,000	-	Completed
7	Mansehra	Optiwave **	09-Dec-09	5,264,040	5,264,040	-	5,264,040	5,264,040	-	5,264,040	-	Up to 2nd, Contract Closed
8	MirpurKhas	Telecom Services *	30-Dec-09	3,375,000	3,375,000	-	3,375,000	3,375,000	-	3,375,000	-	Completed
9	Nasirabad	Technology at Work	08-Feb-10	7,809,678	7,809,678	-	7,809,678	7,809,678	-	7,809,678	-	Upto 4th 5th 50% and Idle days
10	Turbat	Technology at Work	21-May-14	6,916,952	1,383,390	-	1,383,390	1,383,390	-	1,383,390	5,533,562	Up to 1st
11	Mastung	Komkonsult ****	23-May-14	2,974,211	1,189,684	594,842	1,784,526	1,189,684	594,842	1,784,526	1,189,685	Up to 3rd
Sub-total (A)				77,336,981	70,018,892	594,842	70,613,734	70,018,892	594,842	70,613,734	6,723,247	

B) OPTICAL FIBER CABLE- OFC

1	Sindh-Package	Technology at Work	29-Sep-09	12,002,488	12,002,488	-	12,002,488	12,002,488	-	12,002,488	-	Completed & Idle days
2	Balochistan Package-1	Technology at Work	17-Mar-10	7,226,443	7,484,443	(258,000)	7,226,443	7,484,443	(258,000)	7,226,443	-	Completed & 2 Idle days
3	Balochistan Package-2	Shaukat Hayat Javed	21-May-10	8,601,988	6,245,588	-	6,245,588	6,245,588	-	6,245,588	2,356,400	Up to 3rd, 2 Idle days/Adl node
4	Balochistan-Punjab Package-3	Teralight Limited	27-Sep-10	835,858	835,858	-	835,858	835,858	-	835,858	-	Up to 1st, Contract Closed
5	Balochistan-Punjab Package-5	TEACH ***	19-May-11	2,850,000	1,767,000	-	1,767,000	1,767,000	-	1,767,000	1,083,000	Up to 2nd, 3rd 50%
6	Balochistan-Punjab Package-4	TEACH ***	28-Oct-13	3,952,193	2,055,138	632,350	2,687,488	2,055,138	632,350	2,687,488	1,264,705	Up to 3rd
7	Balochistan-Punjab Package-3	TEACH ***	16-Apr-14	8,974,928	2,243,732	-	2,243,732	2,243,732	-	2,243,732	6,731,196	Up to 2nd
Sub-total (B)				44,443,898	32,634,247	374,350	33,008,597	32,634,247	374,350	33,008,597	11,435,301	

Σ

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract	Technical audit fee due			Technical audit fee disbursed			Balance commitment	Milestones achieved
					As of 30 June 2014	For the year	As of 30 June 2015	As of 30 June 2014	For the year	As of 30 June 2015		

Rupees

C) BROADBAND

1	STR-1	BIDCON	27-Jul-10	13,689,376	13,689,376	-	13,689,376	13,689,376	-	13,689,376	-	Completed
2	HTR-PTCL	People Logic	27-Jul-10	4,668,084	3,422,676	-	3,422,676	3,422,676	-	3,422,676	1,245,408	Up to 3rd/4th 50% and Idle days
3	HTR-Wateen	People Logic	27-Jul-10	2,343,463	1,987,633	-	1,987,633	1,987,633	-	1,987,633	355,830	Up to 4th and Idle days
4	MTR-World call	Emerging Systems	27-Jul-10	7,336,740	7,336,740	-	7,336,740	7,336,740	-	7,336,740	-	Completed
5	MTR-PTCL	Emerging Systems	27-Jul-10	10,421,505	4,402,044	6,019,461	10,421,505	4,402,044	3,818,440	8,220,484	-	Completed
6	CTR	Optiwave **	05-Aug-11	-	-	-	-	-	-	-	-	Advance refunded, Contract Closed
7	GTR-WorldCall	Technology at Work	05-Aug-11	3,508,042	2,792,407	715,635	3,508,042	2,146,905	645,502	2,792,407	-	Completed
8	GTR-Wateen	Technology at Work	05-Aug-11	1,590,300	1,272,240	318,060	1,590,300	1,272,240	-	1,272,240	-	Completed
9	GTR-PTCL	Technology at Work	05-Aug-11	2,783,025	2,226,420	556,605	2,783,025	2,226,420	-	2,226,420	-	Completed
10	FTR-PTCL	Technology at Work	18-Apr-14	5,492,920	-	5,492,920	5,492,920	-	5,492,920	5,492,920	-	Completed, Descoped
11	FTR-Wateen	Technology at Work	18-Apr-14	1,386,228	695,114	691,114	1,386,228	695,114	691,114	1,386,228	-	Completed
12	STR-V PTCL	Seronic Pvt Limited	22-May-14	6,915,000	-	2,766,000	2,766,000	-	2,766,000	2,766,000	4,149,000	Up to 2nd
13	NTR-1 PTCL	Seronic Pvt Limited	17-Oct-14	4,840,500	-	2,904,300	2,904,300	-	1,936,200	1,936,200	1,936,200	Up to 3rd
14	RTR-1 PTCL	Makkays	23-Oct-14	3,678,350	-	735,670	735,670	-	735,670	735,670	2,942,680	Up to 1st
Sub-total (C)				68,653,533	37,824,650	20,199,765	58,024,415	37,179,148	16,085,846	53,264,994	10,629,118	
Total (A+B+C)				190,434,412	140,477,789	21,168,957	161,646,746	139,832,287	17,055,038	156,887,325	28,787,666	

* Telecom Services & Consultants (Private) Limited- Tel-e-Com

** Optiwave Technologies (Pvt.) Ltd.

*** Telecom Engineering & Consultancy House (Pvt) Limited- TEACH

**** Komkonsult Private Limited

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk and
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors of the Company oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

18.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Company's credit risk is primarily attributable to advances, deposits, interest accrued, other receivables and balance at bank.

The Company limits its exposure to credit risk by maintaining bank account only with counterparties that have a credit rating of at least A 1 and A. Considering the high credit rating, the credit risk in respect of bank balance is considered to be low. The Company's other financial assets are not significant to its operations. The carrying values of financial assets represents the maximum credit exposure at the reporting date are as follows:

	2016	2015
	-----Rupees-----	
Long-term deposits	127,500	127,500
Advances	832,404	564,327
Interest accrued	55,223,236	31,001,017
Other receivables	128,548	986,849,953
Bank balance	3,338,637,296	414,398,770
	<u>3,394,948,984</u>	<u>1,432,941,567</u>

Geographically there is no concentration of credit risk. None of the financial assets are overdue. Based on the past experience, the management believes that no impairment allowance is necessary in respect of the Company's financial assets.

The credit quality of financial assets, for which the counter party is a bank, can be assessed by reference to external credit ratings as shown below:

Bank name	Rating	Rating Agency	2016	2015
			-----Rupees-----	
National Bank of Pakistan	AAA/A-1+	JCR-VIS		
Bank balance			3,338,637,296	414,398,770
Interest accrued			55,223,236	31,001,017
			<u>3,393,860,532</u>	<u>445,399,787</u>

The management believes that no impairment allowance is necessary in respect of these financial assets unless explicitly stated in the respective notes.

18.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed condition, without incurring any unacceptable loss or damage to the Company's reputation.

The maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

	Carrying amount	Contractual cash flows	Maturity upto 1 year	Maturity over 1 year and upto 5 years
Rupees				
2016				
Project subsidy payable	741,299,016	741,299,016	741,299,016	-
Technical auditor fee payable	3,019,882	3,019,882	3,019,882	-
Payable to suppliers	5,743,295	5,743,295	5,743,295	-
Accrued liabilities	2,335,885	2,335,885	2,335,885	-
Earnest money	72,954,663	72,954,663	72,954,663	-
	825,352,741	825,352,741	825,352,741	-
2015				
Project subsidy payable	1,412,100,622	1,412,100,622	1,412,100,622	-
Technical auditor fee payable	4,759,421	4,759,421	4,759,421	-
Payable to suppliers	15,497,896	15,497,896	15,497,896	-
Accrued liabilities	1,465,483	1,465,483	1,465,483	-
Earnest money	577,176	577,176	577,176	-
	1,434,400,598	1,434,400,598	1,434,400,598	-

It is not expected that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

18.3 Market risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, due to changes in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. The Company is not significantly exposed to market risk.

18.3.1 Currency risk

Currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is not exposed to currency risks as it has no transaction in foreign currency.

18.3.2 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rate.

The Company has no significant long-term interest bearing financial asset and liability whose fair value or future cash flows will fluctuate because of changes in market interest rates.

Financial assets include Rs. 3,338,637,296 (2015: Rs. 414,398,770) which earn interest. Applicable interest rates for financial assets have been indicated in note 10.1.

As the interest rates on the Company's financial assets are fixed, there is no exposure to any fluctuation in future cash flows.

Fair value sensitivity analysis for fixed rate instruments

The Company does not hold any financial asset at fair value through profit and loss. Therefore a change in interest rate at reporting date would not affect income and expenditure account of the Company.

57

18.3.3 Other price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end the Company is not exposed to price risk since there are no financial instruments whose fair value or future cash flows will fluctuate because of changes in market prices.

18.4 Off-setting of financial assets and liabilities

The Company does not off-set any of its financial assets and financial liabilities.

18.5 Determination of fair values

Fair values of financial and non-financial assets and liabilities are determined for measurement and/or disclosure on the basis of accounting policies disclosed in the financial statements. As at the reporting date, carrying value of the Company's financial assets and liabilities are reasonable approximation of their fair value. Accordingly, no fair value information has been disclosed in these financial statements.

18.6 Capital risk management

The Board of Directors monitors the Company's performance against target set on an annual basis. All of the financing required by the Company, for its activities, is provided through Grant from MoIT. The outstanding balance of the Grant is normally adequate for a year's operation. MoIT remains committed to met the requirements of the company.

19 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Company is governed by the Ministry of Information Technology, Government of Pakistan (GoP). Therefore, all departments and agencies controlled by the GoP ("State-controlled entities") are related parties of the Company. Other related parties include directors, members, key management personnel, USF Employees' Gratuity Fund and entities under common directorship. Remuneration to the Chief Executive is disclosed in note 20 to these financial statements. Balances with related parties are disclosed in note 11 and 16 to the financial statements and significant transactions with related parties are as follows:

	Note	2016 Rupees	2015 Rupees
State-controlled entities			
Grant received during the year		7,849,300,000	-
Associate due to common directorship			
Subsidy grant disbursement	16		
Pakistan Telecommunication Company Limited		2,120,697,056	2,254,111,631
Pak Telecom Mobile Limited (Ufone)		996,437,001	-
CMPak Limited		303,638,412	-
		3,420,772,469	2,254,111,631
USF Employees' Gratuity Fund			
Contributions paid by the Company	13	4,809,761	15,653,614

20 REMUNERATION OF CHIEF EXECUTIVE

Managerial remuneration		8,869,872	8,175,000
Allowances	20.1	6,725,928	6,309,000
Bonus		1,090,000	-
Compensated absences		354,795	333,333
		17,040,595	14,817,333

20.1 This includes monetization allowance, amounting to Rs. 1,140,000 (2015: Rs. 1,140,000) provided in lieu of the Company maintained car to the entitled employees across the Board. Further, the Chief Executive Officer is also entitled to gratuity, the provision for which is determined by the actuary.

20.2 The Directors of the Company were not paid any remuneration during the year except for the meeting fee of Rs. 340,000 (2015: Rs. 440,000). The total number of directors amount to 9 (2015: 9).

21 NUMBER OF EMPLOYEES

Employees at the year end (Number)

2016**2015**8276

Average employees during the year (Number)

7980**22 CORRECTION OF PRIOR YEAR ERROR**

In the previous year, the Company did not recognize the project subsidy payable to Pakistan Telecommunication Company Limited and CMPak Limited in respect of operating expenditure incurred by them for projects in Mastung and Turbat, respectively, for the periods from Feb 2015 to June 2015 and May 2015 to June 2015. The correction of the error has been made retrospectively in these financial statements by restating the corresponding figures, in accordance with International Accounting Standard - 8 "Accounting policies, Change in Accounting Estimates and Errors".

The effect of the restatements on the financial statements for the current year are as follows:

	As originally reported in 2015	Effect of prior period errors	2015 Restated
-----Rupees-----			
Restatement in balance sheet			
Other receivables	927,872,765	60,247,587	988,120,352
Trade and other payables	1,374,153,011	60,247,587	1,434,400,598
Restatement in income and expenditure account			
Subsidy grant for projects	4,255,447,122	60,247,587	4,315,694,709
Expenditure charged to fund balance	4,488,641,184	60,247,587	4,548,888,771

As the above rectifications did not effect the balances at the beginning of the preceding period, no third balance sheet has been presented.

23 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary, for more appropriate presentation of transactions and events for the purpose of comparisons. Significant reclassification is as follows:

From	To	2015 Rupees
Advances, deposits and prepayments	Long-term deposits	<u>127,500</u>
	Advances	<u>564,327</u>
	Short-term prepayments	<u>185,867</u>

24 DATE OF AUTHORIZATION FOR ISSUE

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

16 FEB 2017

25 GENERAL

Figures in these financial statements have been rounded off to the nearest rupee.


CHIEF EXECUTIVE


DIRECTOR

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2016 EY Ford Rhodes
All Rights Reserved.
ey.com/pk