

# UNIVERSAL SERVICE FUND

A Company Incorporated Under Section 42 Of The Companies Ordinance, 1984

## AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

**ILYAS SAEED & CO.**  
CHARTERED ACCOUNTANTS



OFFICE # 26, 2<sup>ND</sup> FLOOR, ROSE PLAZA, I-8 MARKAZ, ISLAMABAD  
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# ILYAS SAEED & Co.

CHARTERED ACCOUNTANTS

OFFICE # 26, 2<sup>ND</sup> FLOOR, ROSE PLAZA, I-8 MARKAZ, ISLAMABAD. PH: 051-4102626-27

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of M/s UNIVERSAL SERVICE FUND ("hereinafter referred to as "the Company") as at June 30, 2011 and the related income and expenditure account, statement of cash flows and statement of changes in fund together with notes forming part thereof (hereinafter referred to as the financial statements) for the year then ended and we state that we have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose 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 financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial 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 accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion;
  - (i) the financial statements 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;
  - (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 explanation given to us, the financial statements conform with 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 affair as at June 30, 2011 and of the surplus, its cash flows and its changes in fund balance 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).

ISLAMABAD: 28-12-2011

*Ilyas Saeed & Co.*  
CHARTERED ACCOUNTANTS  
Engagement Partner: IMRAN ILYAS, FCA

**UNIVERSAL SERVICE FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2011**

	Note	30 June 2011 Rupees	30 June 2010 Rupees
<b>PROPERTY &amp; ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	4	6,205,031	10,538,645
Intangible assets	5	3,823,561	7,181,086
<b>Total non-current assets</b>		<b>10,028,592</b>	<b>17,719,731</b>
<b>CURRENT ASSETS</b>			
Advances, prepayments and other receivables	6	9,665,708	7,163,284
Securities deposits		72,000	72,000
Receivable profit on bank deposit		29,480,808	2,514,078
Advance tax		285,610	270,807
Cash and bank balances	7	509,080,927	1,307,100
<b>Total current assets</b>		<b>548,585,053</b>	<b>11,327,269</b>
<b>Total assets</b>		<b>558,613,645</b>	<b>29,047,000</b>
<b>FUNDS &amp; LIABILITIES</b>			
<b>NON - CURRENT LIABILITIES</b>			
Fund balance (restricted)		539,836,436	(4,069,493)
Deferred grant	8	10,028,592	17,719,731
Deferred liability for staff retirement gratuity	9	11,523	3,177,720
<b>CURRENT LIABILITIES</b>			
Creditors accrued and other liabilities	10	8,737,094	12,219,042
<b>Total liabilities</b>		<b>558,613,645</b>	<b>29,047,000</b>
<b>Commitment</b>	11	-	-

The annexed notes (1) to (20) form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**  
**ISLAMABAD:**

  
**DIRECTOR**



# UNIVERSAL SERVICE FUND

## INCOME AND EXPENDITURE ACCOUNT

### FOR THE YEAR ENDED JUNE 30, 2011

PARTICULARS	<i>Note</i>	30 June 2011 Rupees	30 June 2010 Rupees
<b>INCOME</b>			
Transferred from Fund Balance		3,632,330,713	2,318,626,019
		3,632,330,713	2,318,626,019
<b>EXPENDITURE</b>			
Deferred grant recognized	8	7,897,658	9,288,842
Administrative and general expenses	13	(124,948,811)	(149,401,070)
Subsidy grant payments for projects	14	(3,487,706,917)	(2,150,906,853)
Fee payment to technical auditors for projects	15	(27,572,643)	(27,606,938)
		(3,632,330,713)	(2,318,626,019)
 Surplus / (Deficit) for the year		-	-

The annexed notes (1) to (20) form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**  
**ISLAMABAD:**

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**DIRECTOR**

**UNIVERSAL SERVICE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>PARTICULARS</b>	<b>30 June 2011 Rupees</b>	<b>30 June 2010 Rupees</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Subsidy grant payment	(3,487,706,917)	(2,150,906,853)
Technical audit fee	(27,572,643)	(27,606,938)
Profit on bank deposit and other receipts	3,459,431	28,275,439
Cash payments to suppliers and employees	(126,319,940)	(135,582,601)
Advance taxes paid	(14,803)	(50,619)
<i>Net cash used in operating activities</i>	<u>(3,638,154,872)</u>	<u>(2,285,871,572)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(98,300)	(4,450,599)
Proceeds from sale of property and equipment	26,999	87,465
Long term deposits	-	(11,000)
Purchase of intangible assets	-	(3,317,052)
<i>Net cash used in investing activities</i>	<u>(71,301)</u>	<u>(7,691,186)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Grant received	4,146,000,000	2,294,373,000
<i>Net cash flow from financing activities</i>	<u>4,146,000,000</u>	<u>2,294,373,000</u>
Net increase in cash and cash equivalents during the period	507,773,827	810,242
Cash and cash equivalents at beginning of the period	1,307,100	496,858
Cash and cash equivalents at end of the period	<u>509,080,927</u>	<u>1,307,100</u>

The annexed notes (1) to (20) form an integral part of these financial statements.

  
**CHIEF EXECUTIVE  
ISLAMABAD:**

  
**DIRECTOR**



**UNIVERSAL SERVICE FUND**  
**STATEMENT OF CHANGES IN FUND (RESTRICTED)**  
**AS AT JUNE 30, 2011**

<b>PARTICULARS</b>	<i>Note</i>	<b>30 June 2011</b> Rupees	30 June 2010 Rupees
Balance at beginning of the period		(4,069,493)	4,032,951
Grant received from GoP during the period for:			
-operational and capital expenditure		121,659,000	109,858,000
-subsidy grant payment		3,993,841,000	2,156,375,000
-fee payment to technical auditor		30,500,000	28,140,000
		<u>4,146,000,000</u>	<u>2,294,373,000</u>
Profit on bank deposits & other receipts	12	30,443,161	24,386,204
		<u>4,172,373,668</u>	<u>2,322,792,155</u>
Less: Grants transferred to income and expenditure account		(3,632,330,713)	(2,318,626,019)
Less: Grants transferred for capital expenditure to Deferred Grant		(206,519)	(8,235,629)
		<u>(3,632,537,232)</u>	<u>(2,326,861,648)</u>
<b>Balance at the end of the year</b>		<u><u>539,836,436</u></u>	<u><u>(4,069,493)</u></u>

The annexed notes (1) to (20) form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**  
**ISLAMABAD:**

  
**DIRECTOR**



# Universal Service Fund

## Notes to the Financial Statements

For the year ended June 30, 2011

### 1. STATUS AND OPERATIONS

The Universal Service Fund ("the Company") was incorporated in Pakistan as a public company (limited by guarantee and not having a share capital) under section 42 of the Companies Ordinance, 1984 on December 12, 2006 as a not for profit entity. The Company was formed under Section 10 of the Universal Service Fund Rules, 2006 ("the Rules"). The Company is domiciled in Islamabad.

Pursuant to Section 16 of the Rules, operations of the Company are funded by the Ministry of Information Technology, Government of Pakistan through Universal Service Fund ("the Fund"), a separate entity established under section 33A of Telecommunication Re-organization Act, 1996. 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 subsidy to selected contributors to the Fund for execution of the projects.

### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPERATION

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 Standard Board (IASB) as are notified under the Companies Ordinance, 1984 and the 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.

#### 2.1 Functional and presentation currency

These financial statements of the Company are presented in Pak Rupees, which is the Company's functional and presented currency.

#### 2.2 Significant estimates

The preparation of financial statements in accordance with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year mainly relate to the useful lives and residual values of property, plant and equipment and intangible assets. Any change in useful life and residual value will affect the depreciation/amortization charge in the year of change.

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Universal Service Fund  
Notes to the Financial Statements  
For the year ended June 30, 2011

**3 SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items that are considered material to the Company's financial statements.

**3.1 Accounting convention**

These financial statements have been prepared under the historical cost convention except for modification of defined benefit plan which is measured at present value.

**3.2 Property, plant and equipment**

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged using the straight-line method. The rates of depreciation are specified in note 4. Full month's depreciation is charged on property and equipment for the month of acquisition while depreciation is not charged for the month of disposal.

Renewals and replacements are recognized in the carrying amount of the property, plant and equipment if it is probable that future embodied economic benefits will flow to the Company. Other maintenance and repairs are charged during the year and included in the income and expenditure account. Gain or loss on disposal is taken to income and expenditure account.

**3.3 Intangible assets**

Intangible assets are stated at cost less accumulated amortization and impairment. Amortization is charged on a straight-line method at rates specified in note 5 based over the useful life of the intangible asset and charged to the income and expenditure account.

**3.4 Receivables**

Receivables are stated at original invoice value as reduced by appropriate provision for impairment, if any. Known bad receivables are written off.

**3.5 Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand and bank balances.

**3.6 Grant / Fund**

Grant received for capital expenditures is transferred from fund balance and accounted for as deferred grant. An amount equal to the annual charge for depreciation and amortization on assets so acquired is recognized as income in the income and expenditure account. Amounts received for ongoing administrative expenses together with the interest income and other receipts are recognized in fund balance. An amount equivalent to the expenses incurred during the period is transferred to income and expenditure account and the remaining unspent amount is included in the fund balance.

**3.7 Funds received for subsidy and subsidy grant payments**

Amounts received from Government of Pakistan for subsidy to selected contributors to the Fund for execution of the projects in un-served and under-served areas of Pakistan are initially

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Universal Service Fund  
Notes to the Financial Statements  
For the year ended June 30, 2011

recognized in the fund balance and grants equal to actual disbursement to the contributors are transferred to income & expenditure account. Any un-disbursed subsidy amount remains in the closing balance of the fund.

**3.8 Provisions**

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

**3.9 Trade and other payables**

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

**3.10 Impairment**

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

The recoverable amount of an asset or a cash generating unit is the greater of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount of an asset or a cash generating unit exceeds its estimated recoverable amount. Impairment losses/reversal of impairment losses are recognized in income and expenditure account.

**3.11 Financial instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to contractual provisions of the instrument. The Company de-recognizes financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments.

**3.12 Offsetting**

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set-off the recognized amounts and intends to settle on a net basis or to-realize the asset and settle the liability simultaneously.

**3.13 Staff retirement gratuity**

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. The latest actuarial valuation was carried out as at June 30, 2010 on the Projected Unit Credit Method based on the following significant assumptions:

Discount rate	12% per annum
Expected rate of increase in salary	11% per annum
Average expected remaining working life time of the employee	3 Years

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Universal Service Fund  
Notes to the Financial Statements  
For the year ended June 30, 2011

**3.14 Taxation**

The Company has been granted conditional approval as non profit organization under the Income Tax Ordinance, 2001. The Company enjoys the exemption owing to the nature of its operations and accordingly, provision for taxation has not been made in these financial statements.

**3.15 Initial application of IFRS**

The Company has applied Revised IAS 1 - Presentation of financial statements which became applicable for the periods starting from January 1, 2009. Revised IAS 1 introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. Revised IAS 1 also introduces the terms statement of financial position, statement of cash flows for balance sheet and cash flow statement respectively.

**3.16 Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

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

	<b>Standard or Interpretation</b>	<b>Effective Date</b>
IFRS 1	First-time adoption of International Financial Reporting Standards – Replacement of “fixed dates” for certain exceptions with the “date of transition to IFRSs”	July 1, 2011
IFRS 1	First-time adoption of International Financial Reporting Standards – Additional Exemption for entities ceasing to suffer from severe Hyperinflation	July 1, 2011
IFRS 7	Financial Instrument: Disclosures –Amendments enhancing disclosures about transfer of financial assets	July 1, 2011
IFRS 9	Financial Instruments	January 1, 2013
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint arrangements	January 1, 2013
IFRS 12	Disclosure of interests in other entities	January 1, 2013
IFRS 13	Fair value measurement	January 1, 2013
IAS 1	Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented	July 1, 2012
IAS 12	Income taxes – Limited scope amendment (recovery of underlying assets)	January 1, 2012
IAS 19	Employee benefits – Amended standard resulting from the post employment benefits and termination benefits project	January 1, 2013
IAS 27	Consolidated and Separate Financial Statements – Reissued as IAS 27 “Separate Financial Statements”(as amended in 2011)	January 1, 2013
IAS 28	Investment in associates – Reissued as IAS 28 :Investment in associates and joint ventures” (as amended in 2011)	January 1, 2013

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# Universal Service Fund

## Notes to the Financial Statements

For the year ended June 30, 2011

The Company expects that the adoption of the above standards and interpretations will not have any material impact on its financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its annual improvement project in April 2009. Such improvements are generally effective for the accounting periods beginning on or after January 1, 2010. 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.

### Standards, interpretations effective but are not relevant to the Company

The following standards and interpretations are effective for financial periods beginning on or after July 01, 2009 but are either not relevant or do not have any effect / material effect on the financial statements of the Company.

	<b>Standard or Interpretation</b>
IFRS 1	First-time adoption of International Financial Reporting Standards – Cost of an investment in a subsidiary, Jointly Controlled Entity or Associate (Amendments)
IFRS 2	Share – based payments – Vesting Conditions and Cancellations (Amendments)
IFRS 2	Group Cash-settled Share-based Payment Arrangements
IFRS 3	Business Combinations (Revised)
Amendment to IFRS 5	Non – current assets held for sale and discontinued operations
IFRS 8	Operating Segments
IAS 23	Borrowing Costs (Revised)
IAS 32	Financial Instruments : Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments)
IAS 39	Financial Instruments : Recognition and Measurement – Eligible hedged items (Amendments)
IFRIC 14	Prepayments of a Minimum Funding Requirement (amendment)
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net investments in a Foreign Operation
IFRIC 17	Distributions of Non-Cash Assets to Owners
IFRIC 18	Transfers of Assets from Customers
IFRIC 19	Extinguishing Financial Liabilities With Equity Instruments

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4 **PROPERTY, PLANT & EQUIPMENT**

Cost

Balance as of 01 July 2009  
 Additions during the year  
 Adjustments  
 Balance as of 30 June 2010

Balance as of 01 July 2010  
 Additions during the period  
 Adjustments  
 Balance as of 30 June 2011

Depreciation

Balance as of 01 July 2009  
 Charge for the year  
 Balance as of 30 June 2010

Balance as of 01 July 2010  
 Charge for the period  
 Adjustments  
 Balance as of 30 June 2011

Net book value as of 30 June 2010  
 Net book value as of 30 June 2011  
 Rates of depreciation - (%age)

	Vehicles	Furniture and equipment	Computers and accessories	Communication equipment	Total
	Rupees				
	11,995,757	1,345,786	9,055,914	750,532	23,147,989
	841,655	441,082	2,968,542	199,320	4,450,599
	-	(82,485)	-	(11,200)	(93,685)
	12,837,412	1,704,383	12,024,456	938,652	27,504,903
	12,837,412	1,704,383	12,024,456	938,652	27,504,903
	135,218	-	86,300	12,000	233,518
	-	-	(68,400)	(233,700)	(302,100)
	12,972,630	1,704,383	12,042,356	716,952	27,436,321
	3,986,495	268,168	5,656,085	298,740	10,209,488
	2,469,290	316,613	3,735,387	243,074	6,764,364
	-	(1,374)	-	(6,220)	(7,594)
	6,455,785	583,407	9,391,472	535,594	16,966,258
	6,455,785	583,407	9,391,472	535,594	16,966,258
	2,573,921	340,878	1,426,870	198,464	4,540,133
	-	-	(68,400)	(206,701)	(275,101)
	9,029,706	924,285	10,749,942	527,357	21,231,290
	6,381,627	1,120,976	2,632,984	403,058	10,538,645
	3,942,924	780,098	1,292,414	189,595	6,205,031
	20	20	33.33	20-33	

5 **INTANGIBLE ASSETS**

Cost

Balance as of 01 July 2009  
 Additions during the year  
 Balance as at 30 June 2010  
 Balance as of 01 July 2010  
 Additions during the period  
 Balance as of 30 June 2011

Amortization

Balance as of 01 July 2009  
 Amortization for the year  
 Balance as at 30 June 2010  
 Balance as of 01 July 2010  
 Amortization for the period  
 Balance as of 30 June 2011  
 Net book value as of 30 June 2010  
 Net book value as of 30 June 2011  
 Rates of amortization- (% age)

	Digital Maps	Software's	Total
	(Rupees)		
	7,500,000	2,243,468	9,743,468
	-	3,871,121	3,871,121
	7,500,000	6,114,589	13,614,589
	7,500,000	6,114,589	13,614,589
	-	-	-
	7,500,000	6,114,589	13,614,589
	3,125,000	784,025	3,909,025
	1,500,000	1,024,478	2,524,478
	4,625,000	1,808,503	6,433,503
	4,625,000	1,808,503	6,433,503
	1,500,000	1,857,525	3,357,525
	6,125,000	3,666,028	9,791,028
	2,875,000	4,306,086	7,181,086
	1,375,000	2,448,561	3,823,561
	20	33.33	

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6 **ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**

Advances to contractors & employees - Considered good		438,362	55,408
Prepayments		7,187,954	5,662,274
Other receivables-unsecured considered good	6.1	2,039,392	1,445,602
		<u>9,665,708</u>	<u>7,163,284</u>

6.1 This include expenses incurred on behalf of National Information Communication Technologies Research and Development Fund Company (a related party due to the factors explained at Note 17 of these financial statements. This is interest free and recoverable on demand. The maximum exposure against this receivable is the carrying amount. This receivable is from an associated undertaking and the management therefore considers this receivable to be good.

7 **CASH AND BANK BALANCES**

Cash in hand		34,681	6,616
Cash at bank - local currency deposit account	7.1	509,046,246	1,300,484
		<u>509,080,927</u>	<u>1,307,100</u>

7.1 Local currency deposit account carry interest ranging between 5% & 9% per annum. The maximum exposure is the carrying amount. Cash at bank is placed with a bank with strong credit rating and the management believes that credit risk is not significant.

8 **DEFERRED GRANT**

Opening balance		17,719,731	18,772,944
Transferred from fund balance		206,519	8,235,629
Less: Depreciation/amortization charged during the year		(7,897,658)	(9,288,842)
Closing balance		<u>10,028,592</u>	<u>17,719,731</u>

Up to period end, the Company has utilized Rs.41.35 million (30 June 2010: Rs.40.58 million) out of grant received for capital expenditure.

9 **DEFERRED LIABILITY FOR STAFF RETIREMENT GRATUITY**

Present value of defined benefit obligation		<u>11,523</u>	<u>3,177,720</u>
Reconciliation of amount payable to defined benefit plan			
Present value of obligation		(18,547,042)	(13,445,590)
Fair value of plan assets		<u>18,547,042</u>	<u>10,267,870</u>
Surplus/(deficit)		-	(3,177,720)
Unrecognized actuarial gain/(loss)		-	-
Net liability Recognized in Balance sheet		<u>-</u>	<u>(3,177,720)</u>
<b>Charge for defined benefit plan</b>			
Current service cost		5,850,105	4,894,556
Interest cost		483,491	862,868
Expected Return on Plan Assets		(1,232,144)	-
Actuarial (gain)/loss		-	311,200
		<u>5,101,452</u>	<u>6,068,624</u>
<b>Movement in the liability for defined benefit plan</b>			
Present value of defined benefits		<u>3,177,720</u>	<u>7,190,563</u>
Expense for the year		<u>5,101,452</u>	<u>6,068,624</u>
Balance available		8,279,172	13,259,187
Payments made during the year			
Benefits Paid		(273,767)	(81,467)
Contribution payment to plan asset		(7,993,882)	(10,000,000)
Payments made during the year		(8,267,649)	(10,081,467)
Balance at the year end		<u>11,523</u>	<u>3,177,720</u>

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**Comparison of the present value of defined benefit obligation for the current and previous year**

Present value of defined benefit obligation	11,523	3,177,720
Experience adjustments	-	311,200
Expected change for the year 2010-11 is Rs. 6,231,432.		

Actuarial Valuation of the plan was carried out as at June 30, 2010 from an independent Valuer using Projected Unit Credit Method. Significant Actuarial assumptions were as follows:

Discount rate	12% per annum	12% per annum
Expected rate of eligible salary increase in future years	11 % per annum	11 % per annum
Average expected remaining working lifetime of employees	3 Years	3 Years

**10 CREDITORS, ACCRUED AND OTHER LIABILITIES**

Payable to suppliers	6,241,254	5,182,571
Accrued expenses	1,387,721	460,103
Other liabilities	1,108,119	6,576,368
	<u>8,737,094</u>	<u>12,219,042</u>

**11 COMMITMENTS**

As detailed in Note 14, the commitment in respect of subsidy grant payments as at 30 June, 2011 amounts to Rs.7,747 million (June 2010: Rs.11,235 million)

As detailed in Note 15, the commitment in respect of outstanding payment to technical auditors amounts to Rs. 71.793 Million (June 2010: Rs 99.365 Million)

**12 PROFIT ON BANK DEPOSIT AND OTHER RECEIPTS**

As per the understanding, profit on bank deposit and other receipts are adjusted against future funding from Ministry of Information Technology, Government of Pakistan and accordingly they are made part of the fund balance.

**13 ADMINISTRATIVE AND GENERAL EXPENSES**

Salaries and benefits	13.1	71,192,901	77,760,774
Legal and professional charges		5,497,798	19,171,794
Rent		9,002,400	9,002,400
Office supplies		1,402,003	1,533,473
Communication charges		2,670,033	2,613,556
Entertainment		217,564	236,174
Traveling		3,709,869	5,222,031
Printing and stationery		444,800	714,999
Vehicle fuel expenses		3,390,574	3,236,686
Repairs and maintenance		1,481,235	1,288,497
Advertisement		17,581,839	18,632,454
Depreciation		4,540,133	6,764,364
Amortization of intangible asset		3,357,525	2,524,478
Auditors' remuneration		140,000	177,500
Insurance expense		289,784	501,683
Bank charges		30,353	20,207
		<u>124,948,811</u>	<u>149,401,070</u>

13.1 Salaries and benefits include Rs.5,089,929 ( 30 June 2010: Rs.6,068,624) charged in respect of staff gratuity.

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SR.#	LOT	ALLOTTED TO	CONTRACT DATED	TOTAL SUBSIDY AS PER CONTRACT	PAYMENTS			BALANCE COMMITMENT	BANK GUARANTEE	MILESTONES ACHIEVED
					OPENING SUBSIDY PAID	PAID DURING THE YEAR	TOTAL PAYMENT			
<b>RURAL TELECOM SERVICES</b>										
1	Malakand	Telenor Pakistan (Private) Limited (Telenor)	October 4, 2007	310,148,725	62,029,745	-	62,029,745	248,118,980	124,059,490	Mobilization Adv.
2	Sukkur	Pakistan Mobile Communications Limited (PMCL)	January 15, 2008	112,300,000	112,300,000	-	112,300,000	-	44,920,000	Completed
3	DG Khan	Warid Telecom (Private) Limited (Warid)	February 7, 2008	91,000,000	72,800,000	-	72,800,000	18,200,000	36,400,000	Upto 3rd
4	Pishin	Pakistan Telecommunication Company Limited (PTCL)	May 29, 2008	175,000,000	175,000,000	-	175,000,000	-	70,000,000	Completed
5	Mansera	Pakistan Telecommunication Company Limited (PTCL)	June 24, 2008	300,000,000	120,000,000	-	120,000,000	180,000,000	120,000,000	Upto 1st
6	Dadu	Pakistan Telecommunication Company Limited (PTCL)	July 25, 2008	250,000,000	250,000,000	-	250,000,000	-	100,000,000	Completed
7	Bahawalpur	Telenor Pakistan (Private) Limited (Telenor)	September 22, 2008	248,381,865	248,381,865	-	248,381,865	-	99,352,746	Completed
8	Mirpur Khas	Telenor Pakistan (Private) Limited (Telenor)	March 13, 2009	930,000,000	558,000,000	372,000,000	930,000,000	-	372,000,000	Completed
9	Larkana	Pakistan Telecommunication Company Limited (PTCL)	May 17, 2009	228,000,000	136,800,000	-	136,800,000	91,200,000	91,200,000	Upto 2nd
10	Nasirabad	CM Pak Limited	July 28, 2009	1,572,745,714	314,549,143	314,549,142	629,098,285	945,647,429	629,098,286	Upto 1st
<b>SUB TOTAL</b>				<b>4,217,576,304</b>	<b>2,049,860,753</b>	<b>686,549,142</b>	<b>2,736,409,895</b>	<b>1,481,166,409</b>	<b>1,687,030,522</b>	

**SPECIAL PROJECTS - OTHER ICT SERVICES**

1	Rawalpindi/Sukkur/Kohat	Alshifa Trust- ICT for Disabled- Up gradation / Establishment of Computerized Low Vision rehabilitation centre	July 8, 2008	24,716,660	24,716,660	-	24,716,660	-	25,026,900	Completed
2	Rawalpindi/Islamabad	Pakistan Foundation Fighting Blindness-PFFB - ICT for Disabled- Up gradation of Audio World & Access Internet Cafe( I.T Help & Audio World Programmes)	September 15, 2008	6,494,118	6,494,118	-	6,494,118	-	-	Completed
<b>SUB TOTAL</b>				<b>31,210,778</b>	<b>31,210,778</b>	<b>-</b>	<b>31,210,778</b>	<b>-</b>	<b>25,026,900</b>	

**SPECIAL PROJECTS - TELECENTERS**

1	BB- Mera Beuhval	NAYATEL- Broadband for MCT Meeera Bhagwal	March 15, 2010	9,210,918	1,842,183	7,368,735	9,210,918	-	3,684,368	Completed
2	BB- Pilot MCT Sites	PTCL- Broadband for Pilot MCT Sites	March 16, 2010	34,873,934	9,281,912	18,617,235	27,899,147	6,974,787	18,563,850	Upto 3rd
3	BB- Pilot MCT Sites	World Call- Broadband for Pilot MCT Sites	March 31, 2010	5,944,157	1,188,831	4,458,117	5,646,948	297,209	2,377,663	Upto 3rd
<b>SUB TOTAL</b>				<b>50,029,009</b>	<b>12,312,926</b>	<b>30,444,087</b>	<b>42,757,013</b>	<b>7,271,996</b>	<b>24,625,881</b>	

**SPECIAL PROJECTS - OPTICAL FIBER**

1	SINDH-OFC	Wateen Telecom	February 11, 2009	449,000,000	179,600,000	171,648,210	351,248,210	97,751,790	179,600,000	Upto 3rd
2	OFC-Balochistan Package-1	Wateen Telecom	May 17, 2009	374,000,000	149,600,000	-	149,600,000	224,400,000	149,600,000	Upto 1st
3	OFC- Balochistan Package-2	Pakistan Telecommunication Company Limited (PTCL)	June 25, 2009	1,200,000,000	240,000,000	480,000,000	720,000,000	480,000,000	480,000,000	Upto 2nd
4	OFC- Balochistan & Punjab Package-3	Wateen Telecom	November 24, 2009	986,000,000	197,200,000	197,200,000	394,400,000	591,600,000	394,400,000	Upto 1st
5	OFC- Balochistan Package-5	Pakistan Telecommunication Company Limited (PTCL)	May 17, 2010	1,498,000,000	-	898,800,000	898,800,000	599,200,000	599,200,000	Upto 2nd
<b>SUB TOTAL</b>				<b>4,507,000,000</b>	<b>766,400,000</b>	<b>1,747,648,210</b>	<b>2,514,048,210</b>	<b>1,992,951,790</b>	<b>1,802,800,000</b>	

**BROADBAND PROJECTS**

1	FTR	Pakistan Telecommunication Company Limited (PTCL)	April 27, 2009	1,191,620,000	238,324,000	238,324,000	476,648,000	714,972,000	476,648,000	Upto 1st
2	FTR-1	Wateen Telecom	April 27, 2009	259,140,000	47,828,000	47,828,000	95,656,000	143,484,000	95,656,000	Upto 1st
3	MTR	Pakistan Telecommunication Company Limited (PTCL)	June 25, 2009	1,161,044,000	232,208,800	-	232,208,800	928,835,200	464,417,600	Mobilization Adv.
4	STR-1	Pakistan Telecommunication Company Limited (PTCL)	June 25, 2009	549,555,618	109,911,124	277,380,855	387,291,979	162,263,639	219,822,300	Upto 3rd
5	MTR	World Call Telecom	July 28, 2009	785,721,250	157,144,250	157,144,250	314,288,500	471,432,750	314,288,500	Upto 1st
6	HTR	Pakistan Telecommunication Company Limited (PTCL)	November 24, 2009	211,591,697	42,318,339	62,011,073	104,329,412	107,262,285	84,636,679	Upto 3rd
7	HTR	Wateen Telecom	November 24, 2009	54,799,000	10,959,800	32,879,400	43,839,200	10,959,800	21,919,600	Upto 3rd
8	GTR	Pakistan Telecommunication Company Limited (PTCL)	March 22, 2010	394,283,250	78,856,650	-	78,856,650	313,426,600	157,714,000	Mobilization Adv.
9	GTR	World Call Telecom	March 30, 2010	481,415,250	96,283,050	-	96,283,050	385,132,200	192,566,100	Mobilization Adv.
10	GTR	Wateen Telecom	April 13, 2010	234,869,250	48,973,850	-	48,973,850	195,895,400	97,947,700	Mobilization Adv.
11	CTR	Wateen Telecom	April 28, 2010	524,717,500	-	104,943,500	104,943,500	419,774,000	209,887,000	Mobilization Adv.
12	CTR	Pakistan Telecommunication Company Limited (PTCL)	April 28, 2010	512,772,000	-	102,554,400	102,554,400	410,217,600	205,108,800	Mobilization Adv.
<b>SUB TOTAL</b>				<b>6,351,528,815</b>	<b>1,062,807,863</b>	<b>1,023,065,478</b>	<b>2,085,873,341</b>	<b>4,265,655,474</b>	<b>2,540,612,279</b>	

GRAND TOTAL

15,157,344,906 3,922,592,320 3,487,706,917 7,410,299,237 7,747,045,669 6,080,095,582

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14.1 **SUBSIDY GRANT PAYMENTS - continued**

**COMPARATIVE NOTE FOR THE YEAR ENDED JUNE 30, 2010**

Amount in Pak Rupees

SR.#	LOT	ALLOTTED TO	CONTRACT DATED	TOTAL SUBSIDY AS PER CONTRACT	PAYMENTS			BALANCE COMMITMENT	BANK GUARANTEE	MILESTONES ACHIEVED
					OPENING SUBSIDY PAID	PAID DURING THE YEAR	TOTAL PAYMENT			
<b>RURAL TELECOM SERVICES</b>										
1	Malakand	Telenor Pakistan (Private) Limited (Telenor)	October 4, 2007	310,148,725	62,029,745	-	62,029,745	248,118,980	124,059,490	Mobilization Adv.
2	Sukkur	Pakistan Mobile Communications Limited (PMCL)	January 15, 2008	112,300,000	67,380,000	44,920,000	112,300,000	-	44,920,000	Completed
3	DG Khan	Ward Telecom (Private) Limited (Ward)	February 7, 2008	91,000,000	54,600,000	18,200,000	72,800,000	18,200,000	36,400,000	Upto 3rd
4	Pishin	Pakistan Telecommunication Company Limited (PTCL)	May 29, 2008	175,000,000	35,000,000	140,000,000	175,000,000	-	70,000,000	Completed
5	Mansera	Pakistan Telecommunication Company Limited (PTCL)	June 24, 2008	300,000,000	60,000,000	60,000,000	120,000,000	180,000,000	120,000,000	Upto 1st
6	Dadu	Pakistan Telecommunication Company Limited (PTCL)	July 25, 2008	250,000,000	100,000,000	150,000,000	250,000,000	-	190,000,000	Completed
7	Bahawalpur	Telenor Pakistan (Private) Limited (Telenor)	September 22, 2008	248,381,865	99,352,746	149,029,119	248,381,865	-	99,352,746	Completed
8	Mirpur Khas	Telenor Pakistan (Private) Limited (Telenor)	March 13, 2009	930,000,000	186,000,000	372,000,000	558,000,000	372,000,000	372,000,000	Upto 2nd
9	Larkana	Pakistan Telecommunication Company Limited (PTCL)	May 17, 2009	228,000,000	45,600,000	91,200,000	136,800,000	91,200,000	91,200,000	Upto 2nd
10	Nasirabad	CM Pak Limited	July 28, 2009	1,572,745,714	-	314,549,143	314,549,143	1,258,196,571	629,098,286	Mobilization Adv.
<b>SUB TOTAL</b>				<b>4,217,576,304</b>	<b>709,962,491</b>	<b>1,339,898,262</b>	<b>2,049,860,753</b>	<b>2,167,715,551</b>	<b>1,687,030,532</b>	

**SPECIAL PROJECTS - OTHER ICT SERVICES**

1	Rawalpindi/ Sukkur / Kohat	Alshifa Trust- ICT for Disabled- Up gradation / Establishment of Computerized Low Vision rehabilitation centre	July 8, 2008	24,716,660	24,025,063	691,597	24,716,660	-	25,026,900	Completed
2	Rawalpindi/ Islamabad	Pakistan Foundation Fighting Blindness-PFFB - ICT for Disabled- Up gradation of Audio World & Access Internet Cafes I.T Help & Audio World Programmes)	September 15, 2008	6,494,118	4,825,989	1,668,129	6,494,118	-	-	Completed
<b>SUB TOTAL</b>				<b>31,210,778</b>	<b>28,851,052</b>	<b>2,359,726</b>	<b>31,210,778</b>	<b>-</b>	<b>25,026,900</b>	

**SPECIAL PROJECTS - TELECENTERS**

1	BB- Mera Beuhwal	NAYATEL- Broadband for MCT Meera Bhagwal	March 15, 2010	9,210,918	-	1,842,183	1,842,183	7,368,735	3,684,368	Mobilization Adv.
2	BB- Pilot MCT Sites	PTCL- Broadband for Pilot MCT Sites	March 16, 2010	34,873,934	-	9,281,912	9,281,912	25,592,022	18,563,850	Mobilization Adv.
3	BB- Pilot MCT Sites	World Call- Broadband for Pilot MCT Sites	March 31, 2010	5,944,157	-	1,188,831	1,188,831	4,755,326	2,377,663	Mobilization Adv.
<b>SUB TOTAL</b>				<b>50,029,009</b>	<b>-</b>	<b>12,312,926</b>	<b>12,312,926</b>	<b>37,716,083</b>	<b>24,625,881</b>	

**SPECIAL PROJECTS - OPTICAL FIBER**

1	SINDH-OFC	Wateen Telecom	February 11, 2009	449,000,000	89,800,000	89,800,000	179,600,000	269,400,000	179,600,000	Upto 1st
2	OFC-Balochistan Package-1	Wateen Telecom	May 17, 2009	374,000,000	74,800,000	74,800,000	149,600,000	224,400,000	149,600,000	Upto 1st
3	OFC- Balochistan Package-2	Pakistan Telecommunication Company Limited (PTCL)	June 25, 2009	1,200,000,000	240,000,000	-	240,000,000	960,000,000	480,000,000	Mobilization Adv.
4	OFC- Balochistan & Punjab Package-3	Wateen Telecom	November 24, 2009	986,000,000	-	197,200,000	197,200,000	788,800,000	394,400,000	Mobilization Adv.
5	OFC- Balochistan Package-5	Pakistan Telecommunication Company Limited (PTCL)	May 17, 2010	1,498,000,000	-	-	-	1,498,000,000	599,200,000	Contract Made
<b>SUB TOTAL</b>				<b>4,507,000,000</b>	<b>404,600,000</b>	<b>361,800,000</b>	<b>766,400,000</b>	<b>3,740,600,000</b>	<b>1,802,800,000</b>	

**BROADBAND PROJECTS**

1	FTR	Pakistan Telecommunication Company Limited (PTCL)	April 27, 2009	1,191,620,000	238,324,000	-	238,324,000	953,296,000	476,648,000	Mobilization Adv.
2	FTR-1	Wateen Telecom	April 27, 2009	239,140,000	47,828,000	-	47,828,000	191,312,000	95,656,000	Mobilization Adv.
3	MTR	Pakistan Telecommunication Company Limited (PTCL)	June 25, 2009	1,161,044,000	232,208,800	-	232,208,800	928,835,200	464,417,600	Mobilization Adv.
4	STR-1	Pakistan Telecommunication Company Limited (PTCL)	June 25, 2009	549,555,618	109,911,124	-	109,911,124	439,644,494	219,822,300	Mobilization Adv.
5	MTR	World Call Telecom	July 28, 2009	785,721,250	-	157,144,250	157,144,250	628,577,000	314,288,500	Mobilization Adv.
6	HTR	Pakistan Telecommunication Company Limited (PTCL)	November 24, 2009	211,591,697	-	42,318,339	42,318,339	169,273,358	84,636,679	Mobilization Adv.
7	HTR	Wateen Telecom	November 24, 2009	54,799,000	-	10,959,800	10,959,800	43,839,200	21,919,600	Mobilization Adv.
8	GTR	Pakistan Telecommunication Company Limited (PTCL)	March 22, 2010	394,283,250	-	78,856,650	78,856,650	315,426,600	157,714,000	Mobilization Adv.
9	GTR	World Call Telecom	March 30, 2010	481,415,250	-	96,283,050	96,283,050	385,132,200	192,566,100	Mobilization Adv.
10	GTR	Wateen Telecom	April 13, 2010	244,869,250	-	48,973,850	48,973,850	195,895,400	97,947,700	Mobilization Adv.
11	CTR	Wateen Telecom	April 28, 2010	524,717,500	-	-	-	524,717,500	209,887,000	Contract Made
12	CTR	Pakistan Telecommunication Company Limited (PTCL)	April 28, 2010	512,772,000	-	-	-	512,772,000	205,108,800	Contract Made
<b>SUB TOTAL</b>				<b>6,351,528,815</b>	<b>628,271,924</b>	<b>434,535,939</b>	<b>1,062,807,863</b>	<b>5,288,720,952</b>	<b>2,540,612,379</b>	
<b>GRAND TOTAL</b>				<b>15,157,344,906</b>	<b>1,771,685,467</b>	<b>2,150,906,853</b>	<b>3,922,592,320</b>	<b>11,234,752,586</b>	<b>6,080,095,582</b>	

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SR. #	LOT	ALLOTTED TO	CONTRACT DATED	TOTAL COST AS PER CONTRACT	PAYMENTS			BALANCE COMMITMENT	MILESTONES ACHIEVED
					OPENING PAYMENT	PAID DURING THE YEAR	TOTAL PAYMENT		
1	Malakand	Telecom Services & Consultants (Private) Limited- Tel-e-Com	August 2, 2008	28,550,000	5,000,000	-	5,000,000	23,550,000	Upto 1st
2	DG Khan	Telecom Services & Consultants (Private) Limited- Tel-e-Com	January 1, 2009	12,594,398	7,556,640	5,037,760	12,594,400	(2)	Completed
3	Sukkur	Optiwave Technologies (Pvt.) Ltd.	January 1, 2009	11,327,700	11,327,700	-	11,327,700	-	Completed
4	Bahawalpur	Telecom Services & Consultants (Private) Limited- Tel-e-Com	March 26, 2009	8,975,000	8,975,000	-	8,975,000	-	Completed
5	Dadu	Myson Engineering	April 15, 2009	6,400,000	5,120,000	1,280,000	6,400,000	-	Completed
6	Pishin	Myson Engineering	April 15, 2009	6,700,000	5,360,000	1,340,000	6,700,000	-	Completed
8	Mansehra	Optiwave Technologies (Pvt.) Ltd.	December 9, 2009	8,773,400	1,754,680	1,754,680	3,509,360	5,264,040	Upto 2nd
9	MirpurKhas	Telecom Services & Consultants (Private) Limited- Tel-e-Com	December 30, 2009	3,375,000	2,025,000	1,350,000	3,575,000	-	Completed
13	Nasirabad	Technology at Work	February 8, 2010	4,642,650	-	928,530	928,530	3,714,120	Upto 1st
SUB TOTAL				91,338,148	47,119,020	11,690,970	58,809,990	32,528,158	
7	SINDH	Technology at Work	September 29, 2009	7,280,075	1,456,015	2,912,030	4,368,045	2,912,030	Upto 3rd
10	BP-Pckg-1	Technology at Work	March 17, 2010	4,911,975	982,395	-	982,395	3,929,580	Upto 1st
11	BP-Pckg-2	Shaukat Hayat Javed	May 21, 2010	5,891,000	-	2,356,400	2,356,400	3,534,600	Upto 2nd
12	BP-Pckg-3	Teralight Limited	September 27, 2010	4,179,290	-	835,858	835,858	3,343,432	Upto 1st
18	BP-Pckg-5	Telecom Engineering & Consultancy House (Pvt) Limited- TEACH	May 19, 2011	2,850,000	-	1,482,000	1,482,000	1,368,000	Upto 2nd
SUB TOTAL				25,112,340	2,438,410	7,586,288	10,024,698	15,087,642	
14	STR-1	BIDCON	July 27, 2010	8,200,000	-	4,100,000	4,100,000	4,100,000	Upto 3rd
15	HTR-PTCL	People Logic	July 27, 2010	4,151,360	-	1,660,544	1,660,544	2,490,816	Upto 2nd
16	HTR-Waten	People Logic	July 27, 2010	1,779,154	-	1,067,493	1,067,493	711,661	Upto 3rd
17	Worldcall & Ptel	Emerging Systems	July 27, 2010	18,341,850	-	1,467,348	1,467,348	16,874,502	Upto 1st
SUB TOTAL				32,472,364	-	8,295,385	8,295,385	24,176,979	
GRAND TOTAL 2011				148,922,852	49,557,430	27,572,643	77,130,073	71,792,779	

## 15.1 COMPARATIVE NOTE FOR THE YEAR ENDED JUNE 30, 2010

SR. #	LOT	ALLOTTED TO	CONTRACT DATED	TOTAL COST AS PER CONTRACT	PAYMENTS			BALANCE COMMITMENT	MILESTONES ACHIEVED
					OPENING PAYMENT	PAID DURING THE YEAR	TOTAL PAYMENT		
1	Malakand	Telecom Services & Consultants (Private) Limited- Tel-e-Com	August 2, 2008	28,550,000	5,000,000	-	5,000,000	23,550,000	Upto 1st
2	DG Khan	Telecom Services & Consultants (Private) Limited- Tel-e-Com	January 1, 2009	12,594,398	6,549,088	1,007,552	7,556,640	5,037,758	Upto 3rd
3	Sukkur	Optiwave Technologies (Pvt.) Ltd.	January 1, 2009	11,327,700	5,890,404	5,437,296	11,327,700	-	Completed
4	Bahawalpur	Telecom Services & Consultants (Private) Limited- Tel-e-Com	March 26, 2009	8,975,000	3,231,000	5,744,000	8,975,000	-	Completed
5	Dadu	Myson Engineering	April 15, 2009	6,400,000	1,280,000	3,840,000	5,120,000	1,280,000	Upto 4th
6	Pishin	Myson Engineering	April 15, 2009	6,700,000	-	5,360,000	5,360,000	1,340,000	Upto 4th
8	Mansehra	Optiwave Technologies (Pvt.) Ltd.	December 9, 2009	8,773,400	-	1,754,680	1,754,680	7,018,720	Upto 1st
9	MirpurKhas	Telecom Services & Consultants (Private) Limited- Tel-e-Com	December 30, 2009	3,375,000	-	2,025,000	2,025,000	1,350,000	Upto 3rd
13	Nasirabad	Technology at Work	February 8, 2010	4,642,650	-	-	-	4,642,650	Contract Made
SUB TOTAL				91,338,148	21,950,492	25,168,528	47,119,020	44,219,128	
7	SINDH	Technology at Work	September 29, 2009	7,280,075	-	1,456,015	1,456,015	5,824,060	Upto 1st
10	BP-Pckg-1	Technology at Work	March 17, 2010	4,911,975	-	982,395	982,395	3,929,580	Upto 1st
11	BP-Pckg-2	Shaukat Hayat Javed	May 21, 2010	5,891,000	-	-	-	5,891,000	Contract Made
12	BP-Pckg-3	Teralight Limited	September 27, 2010	4,179,290	-	-	-	4,179,290	Contract Made
18	BP-Pckg-5	Telecom Engineering & Consultancy House (Pvt) Limited- TEACH	May 19, 2011	2,850,000	-	-	-	2,850,000	Contract Made
SUB TOTAL				25,112,340	-	2,438,410	2,438,410	22,673,930	
14	STR-1	BIDCON	July 27, 2010	8,200,000	-	-	-	8,200,000	Contract Made
15	HTR-PTCL	People Logic	July 27, 2010	4,151,360	-	-	-	4,151,360	Contract Made
16	HTR-Waten	People Logic	July 27, 2010	1,779,154	-	-	-	1,779,154	Contract Made
17	Worldcall & Ptel	Emerging Systems	July 27, 2010	18,341,850	-	-	-	18,341,850	Contract Made
SUB TOTAL				32,472,364	-	-	-	32,472,364	
GRAND TOTAL 2010				148,922,852	21,950,492	27,606,938	49,557,430	99,365,422	

DESCRIPTION	INTEREST / MARK-UP BEARING			NON INTEREST / MARK-UP BEARING			TOTAL	
	Maturity up to one year	Maturity after one year	Sub Total	Maturity up to one year	Maturity after one year	Sub Total	30 June 2011	30 June 2010
<b>FINANCIAL ASSETS</b>								
Advances, Deposits & Prepayments	-	-	-	2,763,364	72,000	2,835,364	2,835,364	1,788,409
Cash & Bank Balances	509,046,246	-	509,046,246	34,681	-	34,681	509,080,927	1,307,100
Receivable on account of Bank Profits	-	-	-	29,480,808	-	29,480,808	29,480,808	2,514,078
	509,046,246	-	509,046,246	32,278,853	72,000	32,350,853	541,397,099	5,609,587
<b>FINANCIAL LIABILITIES</b>								
Deferred liability for staff retirement gratuity	-	11,523	11,523	-	-	-	11,523	3,177,720
Creditors accrued and other liabilities	-	-	-	8,737,094	-	8,737,094	8,737,094	12,219,042
	-	11,523	11,523	8,737,094	-	8,737,094	8,748,617	15,396,762

#### 16.1 Financial risk management

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

- credit risk
- liquidity risk
- market risk.

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

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.

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.

#### 16.2 Concentration of credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash at bank and other receivable. The management of the Company is not exposed to significant concentration of credit risk against these financial assets.

#### 16.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities.

#### 16.4 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rate. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

##### a) Interest rate risk

The Company has no interest-bearing liabilities so it is not exposed to interest rate risk.

##### b) Currency risk

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

#### 16.5 Capital risk management

The Board's objective when managing funds is to safeguard the Company's ability to continue as a going concern so that it can achieve its primary objective, provide educational and cultural activities to the stakeholders and to maintain fund balance to support the sustained development of its activities.

#### 16.6 Fair values of financial assets and liabilities

Fair values of the Company's financial assets and liabilities approximate their book values.

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17 **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 and entities under common directorship. Remuneration to the chief executive is disclosed in note 18 to these financial statements. Balance with related party is disclosed in note 6.1 to these financial statements. Insignificant transactions with Government of Pakistan and Government owned entities are not disclosed as the management is of the opinion that it is impracticable to disclose such transactions due to the nature of the Company's operations. Significant transactions with State-controlled entities are as follows:

<i>State owned entities</i>		
Grant received during the period	4,146,000,000	2,294,373,000
<i>Associate due to common directorship</i>		
Subsidy grant payment	2,449,687,563	1,249,830,270
Expenses incurred on behalf of associates	1,801,065	1,429,020

18 **REMUNERATION OF CHIEF EXECUTIVE**

<b>Gross salary:</b>		
Managerial remuneration	8,250,000	8,250,000
Allowances	4,950,000	4,950,000
Total	<u>13,200,000</u>	<u>13,200,000</u>

Chief executive officer is also provided company maintained vehicle. Expenses reimbursed to CEO on account of fuel & driver salary for the current period is amounting to Rs.489,380 . Further chief executive officer is also entitled to gratuity, the provision for which is determined by actuary.

19 **DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorized for issue by the Board on 28-12-2011

20 **GENERAL**

20.1 The Commissioner Inland Revenue , Regional Tax Office, Islamabad vide Order No. 510 dated June 28, 2010 granted the Company conditional approval for exemption under section 2(36) of the Income Tax Ordinance, 2001 up to June 30, 2011 subject to the condition that the Company will provide PCP Certification by December 31, 2010. The Company applied for PCP certification in May, 2010. PCP, however, replied that USF does not fall under purview of PCP. Subsequently, on June 29, 2011 the Commissioner Inland Revenue withdrew the aforesaid exemption and the Company has filed an appeal against such withdrawal. The withholding tax already deducted by the parties has been treated as advance tax by the Company in these financial statements, pending decision of the appeal.

20.2 Figures have been rounded off to the nearest Pak Rupee.

  
CHIEF EXECUTIVE  
ISLAMABAD:

  
DIRECTOR

*Devo*