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PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2017**

EY Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Punjab Health Initiative Management Company** (the Company) as at **30 June 2017**, the related income and expenditure account, cash flow statement and statement of changes in funds 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 conduct 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 accounts 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 accounts 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 explanations given to us, the balance sheet, income and expenditure account, cash flow statement and statement of changes in funds together with the notes forming part thereof 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 affairs as at **30 June 2017** and of the surplus, its cash flows, and changes in fund 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).

Other Matters

The financial statements for the year ended 30 June 2016 were audited by another firm of chartered accountants. The audit report dated 28 November 2016 expressed an unmodified opinion.



Chartered Accountants
Engagement Partner: Farooq Hameed
Lahore: 20 November 2017

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY
BALANCE SHEET
AS AT 30 JUNE 2017

	Note	2017 (Rupees)	2016 (Rupees)
NON CURRENT ASSETS			
Property and equipment	5	18,223,735	-
Intangibles	6	1,203,737	-
Long term deposits	7	2,850,000	-
		22,277,472	-
CURRENT ASSETS			
Advances and prepayments	8	202,191,672	41,724
Cash and bank balances	9	1,305,851,435	243,761,086
		1,508,043,107	243,802,810
LESS: CURRENT LIABILITIES			
Creditors, accrued and other liabilities	10	19,443,353	3,188,127
NET CURRENT ASSETS		1,488,599,754	240,614,683
NON CURRENT LIABILITIES			
Deferred grant related to assets	11	19,427,472	-
NET ASSETS		1,491,449,754	240,614,683
REPRESENTED BY:			
Grant from Government of Punjab	12	1,491,449,752	240,614,681
Accumulated Surplus		2	2
		1,491,449,754	240,614,683
CONTINGENCIES AND COMMITMENTS	13	-	-

The annexed notes from 1 to 23 form an integral part of these financial statements.



 DIRECTOR



 CHIEF EXECUTIVE

**PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2017**

	<u>Note</u>	<u>2017</u> <u>(Rupees)</u>	<u>2016</u> <u>(Rupees)</u>
INCOME			
Grant related to income	12	525,667,524	9,385,319
Grant related to assets	11	1,569,933	-
Other income	14	18,411,209	2
		545,648,666	9,385,321
EXPENDITURE			
Program cost	15	443,437,870	-
Salaries and other benefits	16	45,050,066	7,396,529
Other operating expenses	17	55,056,964	1,987,248
Finance cost	18	2,103,766	1,542
		545,648,666	9,385,319
Surplus of income over expenditures		-	2

The annexed notes from 1 to 23 form an integral part of these financial statements.



DIRECTOR



CHIEF EXECUTIVE

**PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2017**

	Grant from Government of Punjab Rupees	Accumulated Surplus Rupees	Total Rupees
Balance as at 01 July 2015	-	-	-
Grant received during the year	250,000,000	-	250,000,000
Less: Grant recognized during the year against expenses	(9,385,319)	2	(9,385,317)
Balance as at 30 June 2016	240,614,681	2	240,614,683
Grant received during the year	1,797,500,000	-	1,797,500,000
Less: Grant recognized during the year against expenses	(546,664,929)	-	(546,664,929)
Balance as at 30 June 2017	<u>1,491,449,752</u>	<u>2</u>	<u>1,491,449,754</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.



DIRECTOR

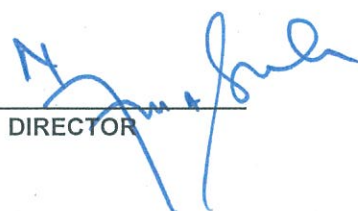


CHIEF EXECUTIVE

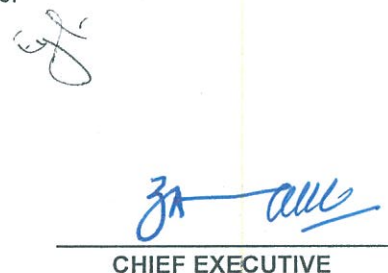
PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	<u>Note</u>	<u>2017</u> <u>(Rupees)</u>	<u>2016</u> <u>(Rupees)</u>
CASH FLOW FROM OPERATING ACTIVITIES			
Excess of income over expenditures		-	2
Reconciliation of non cash items:			
Depreciation	5.1	1,543,158	-
Amortization of intangible assets	6	26,775	-
Amortization of grant		(527,237,457)	(9,385,319)
Cash flow from operating activities before working capital changes		<u>(525,667,524)</u>	<u>(9,385,317)</u>
Working capital changes			
Increase in advances and prepayments		(202,149,948)	(41,724)
Increase in creditors, accrued and other liabilities		16,255,226	3,188,127
Cash generated from operations		<u>(711,562,246)</u>	<u>(6,238,914)</u>
Long term deposits paid		(2,850,000)	-
Grant received related to income		1,776,502,595	250,000,000
Net cash generated from operating activities		<u>1,062,090,349</u>	<u>243,761,086</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(19,766,893)	-
Purchase of intangible assets		(1,230,512)	-
Net cash used in investing activities		<u>(20,997,405)</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Grant related to assets		20,997,405	-
Net cash generated from financing activities		<u>20,997,405</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>1,062,090,349</u>	<u>243,761,086</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		243,761,086	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	<u>1,305,851,435</u>	<u>243,761,086</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.



 DIRECTOR



 CHIEF EXECUTIVE

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1 STATUS AND NATURE OF THE BUSINESS

Punjab Health Initiative Management Company (the Company) was incorporated on February 07, 2015 as a company limited by guarantee and not having share capital under section 42 of the Companies Ordinance 1984. The company has been registered with the Registrar joint Stock Company, City District Government, Lahore. The registered office of the Company is situated at H-42/D-E-1, Ghalib Road, Gulberg III, Lahore.

The principal objective of the Company is management of special initiatives in health sector including improving universal health coverage/insurance for benefit of people living across Province of Punjab.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 (repealed). Approved accounting standards comprise such International Financial Reporting Standards as notified under the provisions of the Ordinance. Wherever the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives take precedence.

The Companies Ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. However, as allowed by the SECP vide its Circular No. 17 dated July 20, 2017 read with the related press release, this financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

As per circular 8 of 2015, dated 16 October 2015, Institute of Chartered Accountants of Pakistan has withdrawn Accounting and Financial Reporting Standards for Medium Sized Entities. As a result the Company has changed its accounting framework from Accounting and Financial Reporting Standards for Small Sized Entities to International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) as are notified under the Companies Ordinance, 1984.

The change in accounting framework has not resulted in any significant changes to the amounts recognized in these financial statements or the comparative information. Further, certain additional disclosures regarding market risk, liquidity risk and capital risk management have been added as required by the relevant IAS/IFRS in the annual financial statements.

2.1 Standards, interpretations and amendments to published approved accounting standards effective in 2017

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 / Revised Standards and Amendments

The Company has adopted the following accounting standard and the amendments which became effective for the current year:

IFRS 10	Consolidated Financial Statements – Investment Entities: Applying the Consolidated Exception (Amendment)
IFRS 12	Disclosure of Interest in Other Entities – Investment Entities: Applying the Consolidated Exception (Amendment)
IAS 28	Investment in Associates – Investment Entities: Applying the Consolidated Exception (Amendment)

IFRS 11	Joint Arrangements Accounting for Acquisition of Interest in Joint Operation (Amendment)
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendment)
IAS 16 and 38	Property, Plant and Equipment and intangible assets - Clarification of Acceptable Method of Depreciation (Amendment)
IAS 16 and 41	Property, Plant and Equipment and Agriculture – Agriculture: Bearer Plants (Amendment)
IAS 27	Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)

The above mentioned standards did not have any material impact on the amounts recorded in these financial statements and only resulted in a few additional disclosures.

2.2 Standards issued but not yet effective

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

<u>Standard or interpretation</u>		<u>Effective date (annual periods beginning on or after)</u>
IFRS 2	Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
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)	Not yet finalized
IAS 7	Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12	Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40	Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for annual accounting periods beginning on or after 01 January 2018. 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.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for annual accounting periods beginning on or after 01 January 2018. 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, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB effective date (annual periods beginning on or after)
IFRS 9 Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 Regulatory Deferral Accounts	01 January 2016
IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2	01 January 2018
IFRS 15 Revenue from Contracts with Customers	01 January 2018
IFRS 16 Leases	01 January 2019
IFRS 17 Insurance Contracts	01 January 2021

The Company does not expect any material impact of the application of other standards.

3 BASIS OF PREPARATION

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective policies and notes given hereunder.

3.2 Presentation currency

These financial statements are presented in Pak Rupee, which is the Company's functional currency. Figures have been rounded off to the nearest rupee, unless otherwise stated.

3.3 Significant accounting estimates and judgments

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant area requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, impairment and provision for doubtful receivables. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Government grants

Government grants, including the non monetary grants at fair value are recognized when there is reasonable assurance that:

- a) the entity will comply with the conditions attaching to them, if any; and
- b) the grants will be received.

Government grants are recognized as income over the period necessary to match them with the related costs which they are intended to compensate on systematic basis. The grant receivable as compensation for expenses or loss already incurred or for the purpose of giving immediate financial support with no future related costs is recognized as income in the period in which it becomes receivable.

Government grants related to assets, including non monetary grants at fair value are presented in the balance sheet by setting up the grants as deferred income which is recognized as income on systematic basis over the useful life of the asset.

4.2 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged on straight line method over the useful life of the assets at the rates mentioned in Note 5.1. Depreciation is charged on the number of days an asset is available for use. Maintenance and normal repairs are charged to income and expenditure account as and when incurred. Major renewal and replacements are capitalized. Gain or loss on disposal of fixed assets is recognized in income and expenditure account.

4.3 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any, and are amortized on a systematic basis over their estimated useful lives using the straight-line method.

4.4 Capital work in progress

All cost/expenditure connected with specific assets, incurred during the acquisition/development period are carried under this head. These are transferred to property and equipment as and when assets are available for use.

4.5 Impairment

At each balance sheet date, the carrying amount of assets is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the income and expenditure account.

4.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks on current, saving and deposit accounts.

4.7 Employee benefits

Gratuity scheme

Gratuity payable to employees is accounted for on an accrual basis, on the last salary drawn by the employees for the total completed years of service, or part thereof, as at the balance sheet date.

4.8 Income recognition

Revenue from issuance of tender fees are recognized on receipt basis.
Interest income on bank deposits are recognized on accrual basis



4.9 Financial instruments

All other financial assets and liabilities are recognized at cost which is the fair value of the consideration received or given at the time when the Commission becomes a party to the contractual provisions of the instrument by following trade date accounting. Any gain or loss on subsequent measurement and de-recognition is charged to income and expenditure account.

4.10 Taxation

The Company is approved as a non profit organization under section 2(36) of the Income Tax Ordinance, 2001 as such, its income is subject to 100% tax credit in terms of section 100C of the Income Tax Ordinance, 2001.

4.11 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Commission intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

4.12 Provisions

Provisions are recognized in the balance sheet when the Commission has a legal or constructive obligation as a result of past event, and it is probable that outflow of economic benefits will be required to settle the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.



5 PROPERTY AND EQUIPMENT

Operating fixed assets

Note	2017 Rupees	2016 Rupees
5.1	<u>18,223,735</u>	-

5.1 Operating Fixed Assets

	2017							Depreciation Rate %
	COST			DEPRECIATION		BOOK VALUE		
	As at 01 July 2016	Addition	As at 30 June 2017	As at 01 July 2016	Charge for the year	As at 30 June 2017	As at 30 June 2017	
Owned assets	----- (Rupees) -----							
Furniture and fixture	-	5,821,640	5,821,640	-	328,372	328,372	5,493,268	15
Leasehold improvements	-	2,747,145	2,747,145	-	101,740	101,740	2,645,405	20
IT equipment	-	5,988,158	5,988,158	-	567,078	567,078	5,421,080	33
Office equipment	-	5,209,950	5,209,950	-	545,968	545,968	4,663,982	33
2017	<u>-</u>	<u>19,766,893</u>	<u>19,766,893</u>	<u>-</u>	<u>1,543,158</u>	<u>1,543,158</u>	<u>18,223,735</u>	
2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	

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PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

		<u>2017</u>	<u>2016</u>
		(Rupees)	(Rupees)
6	INTANGIBLES		
	Cost		
	Balance as at 1 July	-	-
	Additions	<u>1,230,512</u>	-
	Balance as at 30 June	<u>1,230,512</u>	-
	Amortization		
	Balance as at 1 July	-	-
	Charge for the year	<u>26,775</u>	-
	Balance as at 30 June	<u>26,775</u>	-
	Carrying amount		
	Balance as at 30 June	<u>1,203,737</u>	-
	Rate	33%	33%
7	LONG TERM DEPOSITS		
	Long term deposits consists of security deposits against rental premises and fuel cards.		
		<u>Note</u>	
		<u>2017</u>	<u>2016</u>
		(Rupees)	(Rupees)
8	ADVANCES AND PREPAYMENTS		
	Advances - considered good - unsecured		
	- Employees	93,848	18,000
	- Consultants	197,597,824	-
	Prepaid rent	4,500,000	-
	Advance tax recoverable	-	23,724
		<u>202,191,672</u>	<u>41,724</u>
8.1	These advances have been paid to related parties, which are as follows:		
	NADRA	60,552,000	-
	State Life Insurance Corporation	136,274,995	-
	Engineering Consultancy Services Punjab (ECSP)	770,829	-
		<u>197,597,824</u>	<u>-</u>
9	CASH AND BANK BALANCES		
	Cash in hand	39,981	-
	Cash at bank		
	- Current accounts	73,112	93,760,084
	- Saving accounts	1,305,738,342	150,001,002
		<u>1,305,851,435</u>	<u>243,761,086</u>
9.1	This carries profit at the rate of 3.75% (2016: 4% to 7%) per annum.		
10	CREDITORS, ACCRUED AND OTHER LIABILITIES		
	Creditors against supplies	4,127,801	-
	Creditors against services	1,245,515	-
	Provision for gratuity	2,812,995	-
	Accrued expenses	3,861,002	2,832,144
	Withholding tax payable	7,396,040	355,983
		<u>19,443,353</u>	<u>3,188,127</u>



PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

	<u>Note</u>	<u>2017</u> <u>(Rupees)</u>	<u>2016</u> <u>(Rupees)</u>
11 DEFERRED GRANT RELATED TO ASSETS			
Opening balance		-	-
Transferred		20,997,405	-
Less: Recognized income	17.1	<u>(1,569,933)</u>	-
Closing balance		<u>19,427,472</u>	<u>-</u>
12 GRANT FROM GOVERNMENT OF PUNJAB			
Opening balance		240,614,681	-
Add: Received from Government of Punjab	12.1	<u>1,797,500,000</u>	<u>250,000,000</u>
		2,038,114,681	250,000,000
Less: Transferred to deferred grant related to assets		<u>(20,997,405)</u>	<u>(9,385,319)</u>
Recognized as income		<u>(525,667,524)</u>	<u>-</u>
Closing balance	12.2	<u>1,491,449,752</u>	<u>240,614,681</u>
12.1 This includes additional grant received from Government of Punjab amounting to Rs. 297,500,00 (2016:Rs. Nil) in relation to a consultancy services for benchmarking of hospital reforms being conducted by Engineering Consultancy Services Punjab (ECSP).			
12.2 This represents unutilized portion of grant received from Government of Punjab in relation to program for provision of insurance coverage (Pakistan Sehat Card) to people living below the poverty line and other health initiatives.			
	<u>Note</u>	<u>2017</u> <u>(Rupees)</u>	<u>2016</u> <u>(Rupees)</u>
12.2 Grant amortized during the year includes:			
Program cost and other expenses		445,078,067	9,385,319
Consultancy services from ECSP	15	<u>80,589,457</u>	<u>-</u>
		<u>525,667,524</u>	<u>9,385,319</u>
13 CONTINGENCIES AND COMMITMENTS			
13.1 Contingencies			
There are no contingencies to report at the year end.			
13.2 Commitments			
Outstanding commitments	13.2.1	<u>747,931,090</u>	<u>-</u>
13.2.1 Commitment for capital expenditure and other services to NADRA		544,968,000	-
Commitment for services to ECSP		194,863,090	-
Commitment for services to Bridge Factor		<u>8,100,000</u>	<u>-</u>
		<u>747,931,090</u>	<u>-</u>
14 OTHER INCOME			
Profit on bank deposits		18,280,209	2
Tender fees		131,000	-
		<u>18,411,209</u>	<u>2</u>
15 PROGRAM COST			
Pakistan sehat card		362,848,413	-
Project benchmarking of hospital reforms		<u>80,589,457</u>	<u>-</u>
		<u>443,437,870</u>	<u>-</u>
16 SALARIES, WAGES AND BENEFITS			
Salaries		37,547,724	7,396,529
Medical		1,743,056	-
Provident fund		2,696,291	-
Gratuity fund		<u>3,062,995</u>	<u>-</u>
		<u>45,050,066</u>	<u>7,396,529</u>

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

17	OTHER OPERATING EXPENSES	Note	2017	2016
			(Rupees)	(Rupees)
	Advertisement and publicity		15,831,986	-
	Inauguration event expense		16,561,747	-
	Legal and professional		2,212,633	98,000
	Depreciation and amortization	17.1	1,569,933	-
	Office rent		6,332,478	1,110,596
	Travelling and transportation		7,140,962	-
	Repair and maintenance		1,483,922	95,600
	Fee and subscription		63,000	-
	Employee training		147,800	-
	Communication		348,800	-
	Utility		799,238	373,727
	Security		323,100	-
	Printing and stationery		1,227,381	20,625
	Auditors' remuneration		750,000	158,800
	Entertainment		263,984	-
	Others		-	129,900
			<u>55,056,964</u>	<u>1,987,248</u>

17.1 Depreciation and amortization

Depreciation	5	1,543,158	-
Amortization	6.1	26,775	-
		<u>1,569,933</u>	<u>-</u>

18 FINANCE EXPENSE

Bank charges		<u>2,103,766</u>	<u>1,542</u>
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19 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors	
	2017	2016	2017	2016
Number of persons	1	1	10	9
	Rupees			
Remuneration	2,370,801	106,448	-	-
Housing	-	-	-	-
Utilities	-	-	-	-
Bonus	-	-	-	-
	<u>2,370,801</u>	<u>106,448</u>	<u>-</u>	<u>-</u>

19.1 Fees paid to ten Non-Executive Directors during the year for attending Board meetings amounts to Rs. 280,000 (2016: Rs. Nil)

19.2 The Chief Executive, Directors and Executives have not been provided with Company maintained vehicles.

20 TRANSACTIONS WITH RELATED PARTIES

Related parties include Government of Punjab, Federal Government, CEO and companies in which directors also hold directorship and key management. Remuneration of Chief Executive and directors is shown in Note 19. Transactions and balances with related parties are as follows:

<u>Related party</u>	<u>Nature and Description of Related Party</u>	2017 (Rupees)	2016 (Rupees)
Government of Punjab	Grants received	1,797,500,000	250,000,000
ECSP	Consultancy services and rent	82,421,935	-
Bank of Punjab	Finance charges	2,103,766	1,542
Bank of Punjab	Profit on bank deposits	18,280,209	2
Statelife Insurance Corporation	Insurance premium paid	362,848,413	-

21 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The management reviews and agrees policies for managing each of these risks which are summarized below.

21.1 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 does not believe it is exposed to major concentration of credit risk.

The Company is exposed to credit risk on long-term deposits and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Carrying values	
	2017 (Rupees)	2016 (Rupees)
Long-term deposits	2,850,000	-
Bank balances	1,305,811,454	243,761,086

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party defaults as shown below:

21.1.1 Bank

Financial institution	Ratings			2017	2016
	Agency	Short Term	Long term	(Rupees)	(Rupees)
The Bank of Punjab	PACRA	A1+	AA	1,305,811,454	243,761,086

21.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

Financial liabilities are analyzed below, with regard to their remaining contractual maturities.

	Maturity Up to One Year	Maturity After One Year	Total
	(Rupees)		
<i>For the year ended 30 June 2017</i>			
Trade and other payables	12,047,313	-	12,047,313
<i>For the year ended 30 June 2016</i>			
Trade and other payables	2,832,144	-	2,832,144

21.3 Market Risk

21.3.1 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign trade payables. However at the year end, there are no material foreign currency balances.

21.3.2 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rate will affect the fair value or future cash flows of financial instruments. The Company is exposed to interest rate risk for cash deposited in financial institutions, which have been disclosed in the relevant note to the financial statements.

If interest rates at the year end, fluctuate by 1% higher / lower, profit for the year would have been Rs. 13 million (2016: Rs. 1.5 million) higher / lower. This analysis is prepared assuming that all other variables held constant and the amounts of liabilities outstanding at the balance sheet dates were outstanding for the whole year.

21.4 Capital Management

The Company is not subject to capital risk management as this company is without any share capital.

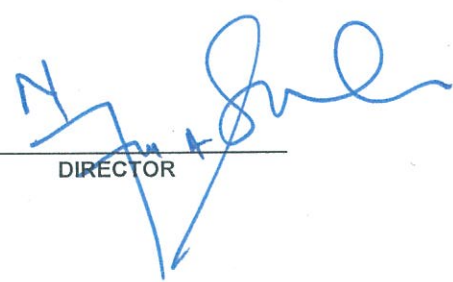
21.5 Fair value of financial assets and financial liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. As at the balance sheet date, carrying value of all the financial instruments in the financial statements approximates their fair value. Further, all financial assets and financial liabilities at balance sheet date are categorized into advances and creditors.

22 NUMBER OF EMPLOYEES	2017	2016
Number of employees as at 30 June	42	4
Average number of employees during the year	23	4

23 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue by the Board of Directors on 23 OCT 2017.

DIRECTOR



CHIEF EXECUTIVE