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INDEPENDENT AUDITOR'S REPORT

To the members of Punjab Health Initiative Management Company

Report on the Audit of the Financial Statements as at 30 June 2021

Opinion

We have audited the annexed financial statements of **Punjab Health Initiative Management Company**, which comprise the statement of financial position as at 30 June 2021, the statement of income and expenditure, statement of comprehensive income, the statement of changes in accumulated funds, the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of income and expenditure, statement of comprehensive income, the statement of changes in accumulated funds and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of the surplus, total comprehensive income, the changes in accumulated funds and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises Directors' Report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of income and expenditure, statement of comprehensive income, the statement of changes in accumulated funds and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Abdullah Fahad Masood.

EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants
Lahore: 09 March 2022

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021	2020
		Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	**10,029,181**	24,388,498
Intangibles	6	**-**	431,304
Long term deposits	7	**2,850,000**	2,850,000
		12,879,181	27,669,802
CURRENT ASSETS			
Balance with State Life Insurance Corporation of Pakistan	13	**10,679,101,516**	-
Advances, deposits and prepayments	8	**1,909,772,621**	763,233,713
Cash and bank balances	9	**1,047,571,131**	1,781,040,168
		13,636,445,268	2,544,273,881
TOTAL ASSETS		**13,649,324,449**	2,571,943,683
FUNDS AND LIABILITIES			
ACCUMULATED FUNDS			
Restricted funds			
Deferred grant - income based	10	**13,599,914,500**	657,780,678
Deferred grant - asset based	11	**4,517,706**	8,285,379
		13,604,432,206	666,066,057
Accumulated funds		**-**	-
		13,604,432,206	666,066,057
NON-CURRENT LIABILITIES			
Staff retirement benefits - gratuity	12	**17,999,380**	15,282,130
CURRENT LIABILITIES			
Balance with State Life Insurance Corporation of Pakistan	13	**-**	1,784,359,552
Creditors, accrued and other liabilities	14	**26,892,863**	106,235,944
		26,892,863	1,890,595,496
CONTINGENCIES AND COMMITMENTS	15	**-**	-
TOTAL FUNDS AND LIABILITIES		**13,649,324,449**	2,571,943,683

The annexed notes 1 to 28 form an integral part of these financial statements.

Chief Executive Officer **Director**

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		---------------- Rupees	----------------
INCOME			
Grant related to income	10	**9,699,761,178**	6,456,891,611
Grant related to assets	11	**4,127,893**	14,047,365
Unspent insurance premium	16	**1,146,380,533**	721,145,897
Other income	17	**98,760,805**	242,087,086
		10,949,030,409	7,434,171,959
EXPENDITURE			
Program costs	18	**10,820,044,073**	7,299,189,968
Salaries and other benefits	19	**94,543,083**	96,299,207
Other operating expenses	20	**33,036,646**	39,628,221
Finance costs	21	**827,053**	2,231,440
		10,948,450,855	7,437,348,836
Excess / (deficit) of income over expenditures for the year		**579,554**	(3,176,877)

The annexed notes 1 to 28 form an integral part of these financial statements.

Chief Executive Officer

Director

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	------------- Rupees	-------------
EXCESS / (DEFICIT) OF INCOME OVER EXPENDITURES FOR THE YEAR	**579,554**	(3,176,877)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		
Items that may be reclassified to statement of income and expenditure in subsequent periods	-	-
Items that may not be reclassified to statement of income and expenditure in subsequent periods		
- Remeasurement (loss) / gain on staff retirement benefits obligation	**(579,554)**	3,176,877
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-

The annexed notes 1 to 28 form an integral part of these financial statements.

Chief Executive Officer

Director

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 JUNE 2021

	Restricted		Unrestricted	
	Deferred grant - income based	Deferred grant - asset based	Accumulated deficit	Total
	---------- Rupees ----------			
Balance at 30 June 2019	5,114,732,189	22,272,844	-	5,137,005,033
Grants received during the year	2,000,000,000	-	-	2,000,000,000
Funds utilized during the year	(6,456,891,611)	-	-	(6,456,891,611)
Capital expenditure	(59,900)	59,900	-	-
Depreciation and amortization for the year	-	(14,047,365)	-	(14,047,365)
	(4,456,951,511)	(13,987,465)	-	(4,470,938,976)
Total comprehensive income for the year	-	-	-	-
Balance at 30 June 2020	**657,780,678**	**8,285,379**	**-**	**666,066,057**
Grants received during the year	22,642,255,220	-	-	22,642,255,220
Funds utilized during the year	(9,699,761,178)	-	-	(9,699,761,178)
Capital expenditure	(360,220)	360,220	-	-
Depreciation and amortization for the year	-	(4,127,893)	-	(4,127,893)
	12,942,133,822	(3,767,673)	-	12,938,366,149
Balance at 30 June 2021	**13,599,914,500**	**4,517,706**	**-**	**13,604,432,206**

The annexed notes 1 to 28 form an integral part of these financial statements.

Chief Executive Officer

Director

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess / (deficit) of income over expenditures for the year		579,554	(3,176,877)
Reconciliation of non cash items:			
Depreciation - owned assets	5.1	3,696,589	12,642,659
Depreciation - right of use asset	5.1	11,022,948	11,022,948
Amortization of intangible assets	6	431,304	1,404,706
Amortization of grant		(9,703,889,071)	(6,470,938,976)
Interest income	17	(98,760,805)	(241,049,414)
Finance cost on lease liability	21	816,613	2,226,916
Provision for gratuity	19	6,031,331	7,951,778
		(9,780,651,091)	(6,676,739,383)
Cash used in operating activities before working capital changes		(9,780,071,537)	(6,679,916,260)
Working capital changes			
(Increase) / Decrease in balance with State Life Insurance Corporation of Pakistan		(12,463,461,068)	4,178,895,082
Increase in advances, deposits and prepayments		(1,146,538,908)	(720,558,976)
(Decrease) in creditors, accrued and other liabilities		(67,307,794)	(118,623,787)
		(13,677,307,770)	3,339,712,319
Cash used in operations		(23,457,379,307)	(3,340,203,941)
Grant related to income		22,641,895,000	1,999,940,100
Interest income		98,760,805	241,049,414
Gratuity paid	12	(3,568,635)	(1,706,650)
		22,737,087,170	2,239,282,864
Net cash flows used in operating activities	A	(720,292,137)	(1,100,921,077)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	5	(360,220)	(59,900)
Net cash flows used in investing activities	B	(360,220)	(59,900)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant related to assets		360,220	59,900
Lease rentals paid	14.2	(13,176,900)	(11,979,000)
Net cash flows used in financing activities	C	(12,816,680)	(11,919,100)
NET DECREASE IN CASH AND BANK BALANCES	A+B+C	(733,469,037)	(1,112,900,077)
CASH AND BANK BALANCES AT THE BEGINNING OF THE YEAR		1,781,040,168	2,893,940,245
CASH AND BANK BALANCES AT THE END OF THE YEAR	9	1,047,571,131	1,781,040,168

The annexed notes 1 to 28 form an integral part of these financial statements.

Chief Executive Officer

Director

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1 STATUS AND NATURE OF THE BUSINESS

Punjab Health Initiative Management Company ('PHIMC' or 'The Company') was incorporated on 7 February 2015 as a company limited by guarantee and not having share capital under section 42 of the Companies Ordinance, 1984 (repealed with the enactment of Companies Act, 2017 on 30 May 2017). 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 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified by Companies Act, 2017;
- Accounting standard for Not for Profit Organizations (Accounting standards for NPOs) issued by Institute of Chartered Accountants of Pakistan (ICAP) as notified under the provisions of the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

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

2.3 Presentation currency

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

2.4 New standards, interpretations and amendments applicable to the financial statements for the year ended 30 June 2021

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations effective for annual period beginning on 01 July 2020, as listed below. The Company has not early-adopted any standard, interpretation or amendment that has been issued but is not yet effective.

New Amendments

IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16

The adoption of amendments applied for the first time in the year did not have any material impact on the financial statements of the Company.

2.5 Standards, Interpretations and amendments to approved accounting standards that are 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:

Standard or Interpretation	Effective date (annual periods beginning on or after)
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1 January 2021
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
AIP IAS 41 Agriculture – Taxation in fair value measurements	1 January 2022
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

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 and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2021. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements.

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 or Interpretation			Effective date (annual periods beginning on or after)*
IFRS 1	-	First-time adoption of IFRS	1 July 2009
IFRS 17	-	Insurance Contracts	1 January 2023

The Company expects that such standards will not have any material impact on the Company's financial statements.

*This represents effective date as per the standards. However, the standards will become effective from the date as notified by the SECP.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, 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 the historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions 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 if the revision affects both current and future periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.1 Useful lives and residual values of property and equipment and right of use asset

The Company reviews appropriateness of useful lives and residual values used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis.

In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future may affect the carrying amount of respective items of property and equipment, with corresponding effects on the depreciation charge and impairment.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with prior year except as stated otherwise.

4.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Cost of property, plant and equipment consists of historical cost and directly attributable cost of bringing the assets to their present location and condition. Depreciation is calculated using the straight line method at rates disclosed in Note 5.1 which are considered appropriate to write off the cost of the assets over their useful lives.

Depreciation on additions is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed of.

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in the income currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is charged, the depreciation charge is adjusted for the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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

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

The gain or loss on disposal or retirement of an asset represents the difference between the sale proceeds and the carrying amount of the asset and is recognized as an income or expense in the period it relates.

4.2 Intangibles

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of the intangible asset (i.e. computer software and license) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use. Costs associated with maintaining Intangible assets are recognized as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight line method at the rate of 33.33%.

4.3 Government grants

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

a) the Company 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 income is presented in the statement of financial position by setting up the grants as deferred income which is recognized as income on basis of expenditure incurred during the year.

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

4.4 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and cash at banks on current, savings and deposit accounts.

4.5 Defined benefit plan

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligation under the schemes on the basis of actuarial valuation and are charged to statement of income and expenditure for the year. The assumptions are determined by independent actuary.

The amount recognized in the statement of financial position represents the present value of defined benefit obligations using the projected unit credit actuarial valuation method. Actuarial gain/ loss arising from the actuarial valuation are recognized immediately and are presented in other comprehensive income. The latest actuarial valuation was carried as at 30 June 2021.

4.6 Defined contribution plan

The Company operates an approved funded provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 10 percent of the basic salaries of employees.

4.7 Revenue recognition

Profit on bank deposit

Profit earned on saving and deposit accounts is accrued on time proportion basis by reference to the principal outstanding at the applicable rate of return.

4.8 Financial instruments - initial recognition and subsequent measurement

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

4.8.1 Financial assets

Financial assets - initial recognition

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of bank balance that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include long term deposits, advances and bank balances.

Financial assets - subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at fair value through profit or loss
b) Financial assets at amortized cost (debt instruments)
c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized costs includes long term deposits, advances and bank balances.

The Company does not have financial assets at fair value through profit or loss or fair value through OCI.

Financial assets - Derecognition

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

• The rights to receive cash flows from the asset have expired; or

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all 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.

Financial assets - Impairment

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments, excluding due from the Government, not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the income and expenditure statement.

4.8.2 Financial liabilities

Financial liabilities - initial recognition

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

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

The Company's financial liabilities include creditors and accrued liabilities.

Financial liabilities - subsequent measurement

Loans and borrowings

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

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

This category applies to creditors and accrued liabilities.

Financial liabilities - derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as 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 statement of income and expenditure.

4.9 Taxation

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

4.10 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

4.11 Provisions

Provisions are recognized in the statement of financial position when the Company 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 reporting date and adjusted to reflect current best estimate.

4.12 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

4.12.1 Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

4.12.2 Lease liabilities - rented premises

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

4.13 Restricted funds

Funds held for specific usage are restricted funds and are separately accounted for in financial statements.

Contributions against restricted funds are initially recognized at fair value in statement of financial position when there is reasonable assurance that the contribution will be received and the conditions specified for its receipt have been complied with. Restricted contributions are recognized as revenue in the statement of income and expenditure account on a systematic basis in the same period in which the related expenditure is incurred.

5 PROPERTY AND EQUIPMENT

	Note	2021	2020
		Rupees	
Operating fixed assets	5.1	10,029,181	24,388,498

5.1 Operating Fixed Assets

2021

	COST			DEPRECIATION				BOOK VALUE	Depreciation Rate
	As at 01 July 2020	Addition	As at 30 June 2021	As at 01 July 2020	Charge for the year	Adjustments	As at 30 June 2021	As at 30 June 2021	
	(Rupees)								%
Owned assets through grant									
Furniture and fixtures	7,966,139	-	7,966,139	3,705,248	1,194,872	-	4,900,120	3,066,019	15
Leasehold improvements	4,319,784	-	4,319,784	2,555,874	863,957	-	3,419,831	899,953	20
IT equipment	29,592,245	360,220	29,952,465	27,882,553	1,580,836	-	29,463,389	489,076	33
Office equipment	5,517,850	-	5,517,850	5,434,503	43,524	-	5,478,027	39,823	33
Vehicles	67,000	-	67,000	30,765	13,400	-	44,165	22,835	20
	47,463,018	360,220	47,823,238	39,608,943	3,696,589	-	43,305,532	4,517,706	
Right-of-use assets									
Rented premises - building	27,557,371	-	27,557,371	11,022,948	11,022,948	-	22,045,896	5,511,475	40%
	75,020,389	360,220	75,380,609	50,631,891	14,719,537	-	65,351,428	10,029,181	

2020

	COST			DEPRECIATION				BOOK VALUE	Depreciation Rate
	As at 01 July 2019	Addition	As at 30 June 2020	As at 01 July 2019	Charge for the year	Adjustments	As at 30 June 2019	As at 30 June 2020	
	(Rupees)								%
Owned assets									
Furniture and fixtures	7,966,139	-	7,966,139	2,510,327	1,194,921	-	3,705,248	4,260,891	15
Leasehold improvements	4,319,784	-	4,319,784	1,691,917	863,957	-	2,555,874	1,763,910	20
IT equipment	29,592,245	-	29,592,245	18,585,628	9,296,925	-	27,882,553	1,709,692	33
Office equipment	5,457,950	59,900	5,517,850	4,161,047	1,273,456	-	5,434,503	83,347	33
Vehicle	67,000	-	67,000	17,365	13,400	-	30,765	36,235	20
	47,403,118	59,900	47,463,018	26,966,284	12,642,659	-	39,608,943	7,854,075	
Right-of-use assets									
Rented premises - building	27,557,371	-	27,557,371	-	11,022,948	-	11,022,948	16,534,423	40%
	74,960,489	59,900	75,020,389	26,966,284	23,665,607	-	50,631,891	24,388,498	

5.2 The depreciation charge for the year has been allocated to other operating expenses.

5.3 Operating assets include fully depreciated assets having cost amounting to Rs. 34,042,825 (2020: 11,198,108).

		Note	2021	2020
6	**INTANGIBLES**		---------- Rupees ----------	
	Cost			
	Balance as at 1 July		**4,256,686**	4,256,686
	Addition / deletion		**-**	-
	Balance as at 30 June		**4,256,686**	4,256,686
	Amortization			
	Balance as at 1 July		**3,825,382**	2,420,676
	Charge for the year	**20.1**	**431,304**	1,404,706
	Balance as at 30 June		**4,256,686**	3,825,382
	Carrying amount			
	Balance as at 30 June		**-**	431,304
	Rate of amortization		**33%**	33%

6.1 This represents licenses of SAP Business One, Microsoft Office and Microsoft Visio.

6.2 The amortization charge for the year has been allocated to other operating expenses.

7 LONG TERM DEPOSITS

Long term deposits consist of refundable security deposits against rental premises and fuel cards.

		Note	2021	2020
8	**ADVANCES, DEPOSITS AND PREPAYMENTS**		---------- Rupees ----------	
	Advances - considered good - unsecured			
	- Suppliers		**5,000**	5,000
	- Consultants	**8.1**	**40,858,210**	40,858,210
	- Employees		**26,000**	-
			40,889,210	40,863,210
	Unspent premium receivable from SLIC	**16 & 8.2**	**1,867,526,430**	721,145,897
	Other prepayments			
	- National Insurance		**40,734**	-
	- Jubilee Life Insurance		**1,316,247**	1,224,606
			1,356,981	1,224,606
			1,909,772,621	763,233,713

8.1 This represents advance provided to National Database Registration Authority (NADRA) against contract for Central Management Information System and Related Services.

		Note	2021	2020
8.2	Movement of Unspent premium receivable from SLIC during the year :		---------- Rupees ----------	
	Balance as at 1 July		721,145,897	-
	Addition during the year		1,146,380,533	721,145,897
	Receipt during the year		-	-
	Balance as at 30 June		**1,867,526,430**	721,145,897

		Note	2021	2020
9	**CASH AND BANK BALANCES**		---------- Rupees ----------	
	Cash in hand		**24**	7,431
	Cash at bank			
	- Savings account	**9.1**	**1,047,571,107**	1,781,032,737
			1,047,571,131	1,781,040,168

9.1 The balance in savings account bear markup at the rate of 6% per annum (2020: 7% to 12.5% per annum). The bank accounts are maintained at The Bank of Punjab (a related party).

10 DEFERRED GRANT - INCOME BASED

				2021			
				Grants utilized			
Project	**Note**	**At 01 July 2020**	**Grant received during the year**	**Income for the year**	**Capitalization**	**Total**	**At 30 June 2021**
		---------- Rupees ----------					
Sehat Sahulat Program (formerly known as Prime Minister National Health Program)	10.1	657,780,678	22,642,255,220	(9,699,761,178)	(360,220)	(9,700,121,398)	13,599,914,500
		657,780,678	**22,642,255,220**	**(9,699,761,178)**	**(360,220)**	**(9,700,121,398)**	**13,599,914,500**

				2020			
				Grants utilized			
Project	Note	At 01 July 2019	Grant received during the year	Income for the year	Capitalization	Total	At 30 June 2020
		---------- Rupees ----------					
Sehat Sahulat Program (formerly Known as Prime Minister National Health Program)	10.1	5,114,732,189	2,000,000,000	(6,456,891,611)	(59,900)	(6,456,951,511)	657,780,678
		5,114,732,189	2,000,000,000	(6,456,891,611)	(59,900)	(6,456,951,511)	657,780,678

10.1 The Company has been mandated by the Specialized Healthcare and Medical Education Department, Government of the Punjab (GOP) for implementation of Sehat Sahulat Program (SSP) (formerly known as Prime Minister National Health Program) on its behalf. The SSP's objective is to improve access for the poor population to good quality medical services, through a micro health insurance scheme. This amount represents unutilized portion of grant received from Government of Punjab for provision of micro insurance coverage (Qaumi Sehat Card formerly known as Sehat Insaaf Card) to the people of Punjab.

		Note	2021	2020
11	**DEFERRED GRANT - ASSET BASED**		---------- Rupees	----------
	Opening balance		**8,285,379**	22,272,844
	Transferred from grant related to income - additions	5.1	**360,220**	59,900
	Less: Recognized in statement of income and expenditure	20.1	**(4,127,893)**	(14,047,365)
	Closing balance	11.1	**4,517,706**	8,285,379

11.1 Breakup of asset based deferred grant is given below:

	Note	2021	2020
Property and equipment - owned	5.1	**4,517,706**	7,854,075
Intangibles	6	**-**	431,304
		4,517,706	8,285,379

12 STAFF RETIREMENT BENEFITS - GRATUITY

The Company has a defined benefit plan comprising an un-funded gratuity scheme for its permanent employees.

		2021	2020
a)	**Amount recognized in statement of financial position**	---------- Rupees	----------
	Present value of defined benefit obligation	**17,999,380**	15,282,130
b)	**Movement in the net liability**		
	Balance at the beginning of the year	**15,282,130**	12,213,879
	Charge for the year	**6,031,331**	7,951,778
	Benefits paid	**(3,568,635)**	(1,706,650)
	Benefits payable to ex-employee	**(325,000)**	-
	Remeasurement changes chargeable to other comprehensive income	**579,554**	(3,176,877)
		17,999,380	15,282,130
c)	**Movement in present value of defined benefit obligation**		
	Balance at the beginning of the year	**15,282,130**	12,213,879
	Current service cost	**4,884,017**	6,332,899
	Interest expense	**1,147,314**	1,618,879
	Benefits paid	**(3,568,635)**	(1,706,650)
	Benefits payable to ex-employee	**(325,000)**	-
	Remeasurements:		
	Actuarial (gains) / losses from changes in financial assumptions	**99,881**	(364,740)
	Experience adjustments	**479,673**	(2,812,137)
		17,999,380	15,282,130
d)	**Charged to the statement of income and expenditure**		
	Current service cost	**4,884,017**	6,332,899
	Interest cost on defined benefit obligation	**1,147,314**	1,618,879
		6,031,331	7,951,778

e) Remeasurements chargeable to the other comprehensive income

	2021	2020
	---------------- Rupees ----------------	
Remeasurement of plan obligations		
Actuarial (gains)/losses from changes in financial assumptions	99,881	(364,740)
Experience adjustments	479,673	(2,812,137)
	579,554	(3,176,877)

f) Significant Actuarial Assumptions

Projected unit credit method, based on the following significant assumptions, is used for valuation of gratuity:

	2021	2020
Discount rate used for interest cost	8.50%	14.25%
Discount rate used for year end obligation	10.00%	8.50%
Expected rates of salary increase in future years	9.00%	7.50%
Retirement age of employee	60 years	60 years

Mortality rate

The rates assumed were based on the SLIC 2001-2005 setback 1 year mortality table (2020: SLIC 2001-2005 setback 1 year mortality table).

g) Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at year end would have been as follows:

	Carrying amount of present value of defined benefit obligation due to change in assumption	
	Increase in assumption	Decrease in assumption
	---------------- Rupees ----------------	
Discount rate (100 bps change)	16,484,007	19,856,042
Salary increase (100 bps change)	19,908,774	16,403,814

h) Estimated expense to be charged to statement of income and expenditure in next year is as follows:

	2022
	Rupees
Current service cost	5,372,419
Interest cost on defined benefit obligation	1,619,836
	6,992,255

i) The average duration of the defined benefit obligation is 9 years (2020: 8 years).

13 BALANCE WITH STATE LIFE INSURANCE CORPORATION OF PAKISTAN

	Note	2021	2020
		---------------- Rupees ----------------	
Insurance premium payable			
Invoices pertaining to			
- Current period		226,939,558	2,758,003,434
- Future periods		754,178,232	3,332,126,667
Total outstanding invoices	13.1	981,117,790	6,090,130,101
Unamortized insurance premium			
Advances		(10,906,041,074)	(973,643,882)
Unpaid unamortized insurance premium		(754,178,232)	(3,332,126,667)
	13.2	(11,660,219,306)	(4,305,770,549)
Balance (receivable) / payable		(10,679,101,516)	1,784,359,552

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		Note	2021	2020
			Rupees	
13.1	Movement of insurance premium payable is given below:			
	Opening balance		**6,090,130,101**	549,920,725
	Invoices raised by SLIC		**20,822,606,551**	8,770,707,395
	Paid during the year		**(23,349,465,600)**	(3,215,369,169)
	Reversal of invoices		**(2,582,153,262)**	(15,128,850)
	Closing balance		**981,117,790**	6,090,130,101
13.2	Movement of unamortized insurance premium is given below:			
	Opening balance		**4,305,770,549**	2,321,967,167
	Charged during the year	18.1	**(10,802,766,148)**	(7,290,266,544)
	Movement in insurance premium accrual		**(83,238,384)**	(103,997,707)
	Invoices raised by SLIC		**20,822,606,551**	8,770,707,395
	Transfer from / (to) mobilization advance		**-**	622,489,088
	Reversal of invoices		**(2,582,153,262)**	(15,128,850)
	Closing balance		**11,660,219,306**	4,305,770,549

14 CREDITORS, ACCRUED AND OTHER LIABILITIES

	Note	2021	2020
		Rupees	
Insurance premium accrual		**3,241**	83,241,628
Creditors against services		**13,595,810**	9,870,135
Lease liability - rented premises	14.1 & 14.2	**-**	12,360,287
Payable to provident fund		**1,664,279**	76,638
Accrued expenses		**11,077,872**	516,386
Gratuity payable		**325,000**	-
Withholding tax payable		**216,261**	32,896
Creditors against supplies		**10,400**	137,974
		26,892,863	106,235,944

14.1 This represents liability recognized against right-of-use assets (i.e. rented premises). As Company has no borrowings, therefore, 1 year KIBOR (i.e. 13.65%) has been used as incremental borrowing rate for discounting future lease payments. The amount of future payments and the year during which they will become due are:

	2021	2020
	Rupees	
Year ending 30 June	**-**	13,176,900
Less: Future finance charges	**-**	(816,613)
Less: Current maturity shown under current liabilities	**-**	(12,360,287)
	-	-

14.2 Set out below are the carrying amounts of lease liability and the movement during the year:

	Note	2021	2020
		Rupees	
Opening balance		**12,360,287**	-
IFRS 16 adjustment		**-**	27,557,371
Prepaid rent		**-**	(5,445,000)
Mark-up on lease liability	21	**816,613**	2,226,916
		13,176,900	24,339,287
Lease rentals paid		**(13,176,900)**	(11,979,000)
Closing balance		**-**	12,360,287

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15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

Other Matter

In preceding years, certain matters were sent to the National Accountability Bureau (NAB) for investigation based on a suo motu notice from the Honorable Chief Justice of Pakistan and some writ petitions were filed at the Honorable Lahore High Court challenging the creation of 56 public sector Companies of Punjab including PHIMC. All notices from NAB demanding financial and non-financial information have been satisfactorily responded. However, forensic audit of all of the Companies was recommended to be carried out by Ministry of Health. To date, the Company has not received any communication in this regard.

The Company believes that there are no open items and/or unresolved queries from any investigations and there has been no communication from any authority alleging any malpractice, wrong use of funds and/or financial irregularity.

15.2 Commitments

There are no commitments at the year end.(2020: Nil)

16 UNSPENT INSURANCE PREMIUM

This represents receivable from State Life Insurance Corporation of Pakistan (SLIC) in respect of unspent premium of thirteen (13) districts (Rahim Yar Khan, Narowal, Sargodha, Khanewal, Vehari, Mianwali, Lodhran, Layyah, Khushab, Hafizabad, Bhakkar, Bahawalpur and Bahawalnagar) for the period from 21 October 2016 to 15 May 2021 as per terms and conditions of contract between Ministry of National Health Services, Regulations And Coordination on behalf of Government of Pakistan and Punjab Health Initiative Management Company on behalf of the Government of Punjab, Department of the Specialized Healthcare and Medical Education dated 16 June 2016.

As part of the terms and conditions of above-mentioned contract, the unspent premium is to be calculated on annual basis. However, payment of any unspent insurance premium is dependent upon the continuation of business for a minimum period of three years between the two parties (since any subsequent losses / shortfalls will be adjusted from prior year balance), submission of third-party audited unspent premium statements and acknowledgement of the same by SLIC. Therefore, an amount of Rs. 5.6 billion pertaining to 27 districts (calculated on estimate basis) has not been recognized in these financial statements as recovery is dependent on the conditions mentioned above.

		Note	2021	2020
			---------------- Rupees ----------------	
17	**OTHER INCOME**			
	Profit on bank deposits - Sehat Sahulat Programme		**98,760,805**	241,049,414
	Tender fee - Sehat Sahulat Programme		**-**	47,500
	Reversal of provision		**-**	990,172
			98,760,805	242,087,086
18	**PROGRAM COSTS**			
	Sehat Sahulat Programme	**18.1**	**10,820,044,073**	7,299,189,968
18.1	**Sehat Sahulat Programme**			
	Insurance premium		**10,802,766,148**	7,290,266,544
	Others	**18.2**	**17,277,925**	8,923,424
			10,820,044,073	7,299,189,968

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		Note	2021	2020
18.2	It includes following expenses:		---------------- Rupees	----------------
	Programme consultancies		**8,935,450**	-
	Ceremonies expenses		**154,650**	4,473,342
	Travelling and transportation		**560,723**	370,150
	Vehicle rent		**427,840**	27,787
	Advertisement and publicity		**4,178,372**	2,367,382
	Fuel expenses		**264,006**	149,682
	Outdoor expense		**2,714,419**	1,512,000
	Miscellaneous		**42,465**	23,081
			17,277,925	8,923,424

19 SALARIES AND OTHER BENEFITS

		Note	2021	2020
	Salaries		**76,830,055**	75,343,562
	Medical		**5,451,734**	6,648,831
	Gratuity fund		**6,031,331**	7,951,778
	Provident fund	**19.1**	**6,229,963**	6,355,036
			94,543,083	96,299,207

19.1 This represents the 10% contribution from employer only.

		Note	2021	2020
20	**OTHER OPERATING EXPENSES**		---------------- Rupees	----------------
	Depreciation and amortization - owned assets	**20.1**	**4,127,893**	14,047,365
	Depreciation - right of use asset		**11,022,948**	11,022,948
	Travelling and transportation		**4,285,217**	3,437,117
	Utilities		**2,666,877**	2,404,681
	Repair and maintenance		**1,913,144**	2,127,542
	Auditor's remuneration	**20.2**	**1,610,000**	1,400,000
	General consultancies	**20.3**	**1,622,568**	1,147,154
	Communication		**878,801**	937,228
	Printing and stationery		**1,592,032**	975,811
	Security		**1,003,826**	844,164
	Advertisement and publicity		**471,610**	427,229
	Directors' remuneration		**1,680,000**	760,000
	Fee and subscription		**64,200**	45,700
	Entertainment		**97,530**	51,282
			33,036,646	39,628,221

20.1 Depreciation and amortization - owned

		Note	2021	2020
	Depreciation	**5**	**3,696,589**	12,642,659
	Amortization	**6**	**431,304**	1,404,706
			4,127,893	14,047,365

20.2 Auditor's remuneration

		Note	2021	2020
	Audit fee		**1,485,000**	1,264,000
	Review fee of Code of Corporate Governance		**105,000**	116,000
	Out of pocket expenses		**20,000**	20,000
			1,610,000	1,400,000

		Note	2021	2020
20.3	**General consultancies**		---------------- Rupees	----------------
	Legal fee		**720,000**	591,898
	Tax consultancy		**452,568**	500,838
	Others		**450,000**	54,418
			1,622,568	1,147,154

21 FINANCE COSTS

	2021	2020
Bank charges	**10,440**	4,524
Markup on lease liability	**816,613**	2,226,916
	827,053	2,231,440

22 TRANSACTIONS WITH RELATED PARTIES

Related parties include Government of Punjab, Federal Government, Directors, CEO and companies in which there is common directors and key management. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties at arm's length basis. The Company is wholly owned by the Government of Punjab (GoPb) and therefore entities which are owned or controlled by the GoPb, or where the GoPb may exercise significant influence are related parties of the Company. Remuneration of Chief Executive and directors is shown in note 26. Transactions and balances with related parties are as follows:

Name and Relationship with the Company	Nature and Description of Related Party Transactions	2021	2020
		---------------- Rupees	----------------
Government of Punjab (Parent)	Grants received	**22,642,255,220**	2,000,000,000
The Bank of Punjab (Common Control)	Bank charges	**10,440**	4,524
	Profit on bank deposits	**98,760,805**	241,049,414
Directorate General Public Relations (Common Control)	Invoices raised	**4,672,756**	3,663,368
	Payment made	**159,681**	3,547,730
State Life Insurance Corporation (Common Control)	Insurance expense	**10,802,766,148**	7,290,266,544
	Invoices raised	**20,822,606,551**	8,770,707,395
	Payment made	**23,349,465,600**	3,215,369,168
	Unspent insurance premium	**1,146,380,533**	721,145,897
Punjab Health Initiative Management Company Employees' Provident Fund	Contribution to provident fund	**6,229,963**	6,278,398
Key Management Personnel (Employees)	Remuneration	**57,476,066**	74,557,223

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks:

- Credit risk
- Liquidity risk
- Market risk

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's financial liabilities comprise of insurance premium payable and accrued liabilities. The Company has various financial assets such as long term deposits and bank balances.

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23.1 Risk management framework

The Board of Directors has overall responsibility for establishment and over sight of the Company's risk management framework. The executives management team is responsible for developing and monitoring the Company's risk management policies. The team meets regularly and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees compliance by management 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. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

23.2 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.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

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:

	2021	2020
	------------- **Rupees** -------------	
Bank balances	**1,047,571,107**	1,781,032,737
Long term deposits	**2,850,000**	2,850,000
Balance with State Life Insurance Corporation of Pakistan	**10,679,101,516**	-
	11,729,522,623	1,783,882,737

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty.

23.2.1 Bank balances

The Company's exposure to credit risk against balances with Bank of Punjab is as follows:

	2021	2020
	------------- **Rupees** -------------	
Balances with banks	**1,047,571,107**	1,781,032,737

The credit quality of Company's bank balances can be assessed with reference to external credit rating agencies as follows:

	Ratings			2021	2020
	Agency	Short Term	Long term	------------ Rupees	------------
The Bank of Punjab	PACRA	A1+	AA+	**1,047,571,107**	1,781,032,737

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

23.2.2 Long term deposits

Based on past experience the management believes that no impairment allowance is necessary in respect of long term deposits as they relates to the rental premises and fuel cards and will be recovered after the expiry of contracts.

23.3 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. For this purpose the liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

Following is the maturity analysis of financial liabilities:

	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	Over 5 years
2021	-------------------------	-------------------------	Rupees	-------------------------	-------------------------
Balance with State Life Insurance Corporation of Pakistan	-	-	-	-	-
Creditors, accrued and other liabilities	**26,676,602**	**26,676,602**	**26,676,602**	-	-
	26,676,602	**26,676,602**	**26,676,602**	-	-
2020					
Balance with State Life Insurance Corporation of Pakistan	1,784,359,552	1,784,359,552	1,784,359,552	-	-
Creditors, accrued and other liabilities	106,203,048	107,019,661	107,019,661	-	-
	1,890,562,600	1,891,379,213	1,891,379,213	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

23.4 Changes in liabilities arising from financing activities

2021	**01 July 2021**	**Addition**	**Interest**	**Cash flows**	**30 June 2021**
	-------------------------	-------------------------	(Rupees)	-------------------------	-------------------------
Lease liability	**12,360,287**	**-**	**816,613**	**(13,176,900)**	**-**

2020	01 July 2020	Addition	Interest	Cash flows	30 June 2020
	-------------------------	-------------------------	(Rupees)	-------------------------	-------------------------
Lease liability	-	22,112,371	2,226,916	(11,979,000)	12,360,287

23.5 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and other price risk.

23.5.1 Foreign currency risk

Foreign 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. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Company is not exposed to foreign currency risk due to no transactions in foreign currency.

The Company is not exposed to foreign currency risk since there are no foreign currency payable / receivable balances at the reporting date.

23.5.2 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.

23.5.3 Other price risk

Other 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). The Company is not exposed to other price risks.

23.6 Capital Management

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

24 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.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the

Level 1	Quoted market price (unadjusted) in an active market for identical instrument.
Level 2	Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

2021

	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Assets not measured at fair value					
Long term deposits*	2,850,000	-	-	-	-
Balance with State Life Insurance Corporation of Pakistan*	10,679,101,516	-	-	-	-
Advances, deposits and prepayments*	1,909,772,621	-	-	-	-
Cash and bank balances*	1,047,571,131	-	-	-	-
	13,639,295,268	-	-	-	-
Liabilities not measured at fair value					
Balance with State Life Insurance Corporation of Pakistan*	-	-	-	-	-
Creditors, accrued and other liabilities*	26,892,863	-	-	-	-
	26,892,863	-	-	-	-

* The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

2020

Assets not measured at fair value	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long term deposits*	2,850,000	-	-	-	-
Balance with State Life Insurance Corporation of Pakistan*	-	-	-	-	-
Advances, deposits and prepayments*	763,233,713	-	-	-	-
Cash and bank balances*	1,781,040,168	-	-	-	-
	2,547,123,881	-	-	-	-

Liabilities not measured at fair value	Carrying amount	Level 1	Level 2	Level 3	Total
Balance with State Life Insurance Corporation of Pakistan*	1,784,359,552	-	-	-	-
Creditors, accrued and other liabilities*	106,235,944	-	-	-	-
	1,890,595,496	-	-	-	-

* The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

25 NUMBER OF EMPLOYEES

	2021	2020
Number of employees as at 30 June	**43**	43
Average number of employees during the year	**45**	44

26 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year in respect of remuneration, including all benefits to Chief Executive, Directors and Executives of the Company are as follows:

	Note	Chief Executive		Executives	
		2021	2020	2021	2020
		Rupees			
Managerial remuneration		**1,562,295**	-	**38,369,850**	49,482,959
Gratuity paid		-	-	**3,252,700**	1,706,650
Gratuity expense		-	-	-	6,245,128
Provident fund expense		-	-	**3,914,089**	4,898,146
Telephone and mobile expenses		-	-	**394,193**	508,451
Outpatient allowance				**3,273,753**	4,123,583
Medical reimbursements		**138,554**	-	-	-
Leave encashment		-	-	**2,756,019**	2,830,857
Fuel		-	-	**3,568,950**	4,761,449
Others	**26.3**	**134,710**	-	**110,953**	-
		1,835,559	-	**55,640,507**	74,557,223
Number of persons		**2**	1	**14**	20

26.1 The Chief Executive, Directors and Executives have not been provided with vehicles.

26.2 An amount of Rs. 1,680,000 (2020: Rs. 760,000) was paid to non-executive directors for attending the board meetings.

26.3 It includes deputation allowance and additional charge allowance.

27 PROVIDENT FUND

	Unaudited	
	2021	2020
	Rupees	
Size of the fund (Rupees)	**30,094,672**	24,697,415
Cost of investment made (Rupees)	**24,697,415**	24,697,415
Percentage of investment made	**100%**	100%
Fair value of investment (Rupees)	**24,697,415**	24,697,415

	Unaudited 2021	2020
	------------- Rupees -------------	
Breakup of investment made		
Bank balance (Rupees)	**25,864,818**	21,499,637

Investment out of provident fund has been made in accordance with the section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

28 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue by the Board of Directors on 17 Feb 2022.

Chief Executive Officer

Director