

INDEPENDENT AUDITORS' REPORT TO MEMBERS OF THE PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY)

(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)

Report on the audit of financial statements

Opinion

We have audited the annexed financial statements of Punjab Health Initiative Management Company (A Company set up under section 42 of the Companies Act, 2017) ("the Company"), which comprise the statement of financial position as at June 30, 2022, and the statement of income and expenditure, the statement of comprehensive income, the statement of cash flows and the statement of changes in accumulated funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of cash flows and the statement of changes in accumulated funds 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 June 30, 2022 and of the surplus and other comprehensive income, its cash flows and the changes in funds 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 Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's 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 a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of cash flows and the statement of changes in fund 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).

Other matter

The financial statements of the Company for the year ended June 30, 2021 were audited by another firm of chartered accountants who had expressed an unmodified opinion thereon vide their report dated March 09, 2022.

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

LAHORE

DATED: 08 NOV 2022

UDIN: AR2022100878fjAwmpxe


BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	8,021,658	10,029,181
Intangibles	7	-	-
Long term deposits	8	3,610,000	2,850,000
		<u>11,631,658</u>	<u>12,879,181</u>
CURRENT ASSETS			
Balance with State Life Insurance Corporation of Pakistan	15	17,488,669,533	10,679,101,516
Advances, deposits and prepayments	9	1,912,926,331	1,909,772,621
Cash and bank balances	11	1,200,610,210	1,047,571,131
		<u>20,602,206,074</u>	<u>13,636,445,268</u>
TOTAL ASSETS		<u><u>20,613,837,732</u></u>	<u><u>13,649,324,449</u></u>
FUNDS AND LIABILITIES			
ACCUMULATED FUNDS			
Restricted funds			
Deferred grant - income based	12	20,551,900,103	13,599,914,500
Deferred grant - asset based	13	8,021,659	4,517,706
		<u>20,559,921,762</u>	<u>13,604,432,206</u>
Accumulated funds		-	-
		<u>20,559,921,762</u>	<u>13,604,432,206</u>
NON-CURRENT LIABILITIES			
Staff retirement benefits - gratuity	14	22,351,359	17,999,380
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	16	31,564,611	26,892,863
TOTAL FUNDS AND LIABILITIES		<u><u>20,613,837,732</u></u>	<u><u>13,649,324,449</u></u>
CONTINGENCIES AND COMMITMENTS	17		

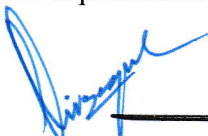
CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

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 2022

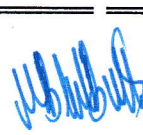
	Note	2022 Rupees	2021 Rupees
INCOME			
Grant related to income	12	53,041,439,910	9,699,761,178
Grant related to assets	13	3,070,534	4,127,893
Unspent insurance premium	10	-	1,146,380,533
Other income	18	762,769,046	98,760,805
		53,807,279,490	10,949,030,409
EXPENDITURE			
Program costs	19	53,640,985,617	10,820,044,073
Salaries and other benefits	20	123,461,654	94,543,083
Other operating expenses	21	42,378,855	33,036,646
Finance costs	22	10,962	827,053
		53,806,837,088	10,948,450,855
Excess of income over expenditures for the year		442,402	579,554


CHIEF EXECUTIVE OFFICER


DIRECTOR

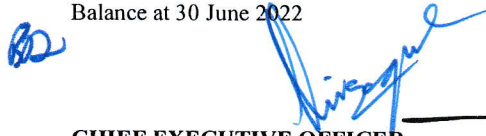

CHIEF FINANCIAL OFFICER

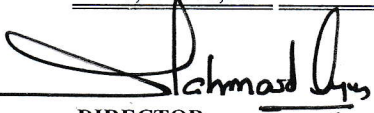
PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

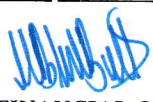
	2022 Rupees	2021 Rupees
EXCESS OF INCOME OVER EXPENDITURES FOR THE YEAR	442,402	579,554
OTHER COMPREHENSIVE INCOME FOR THE YEAR		
Items that may be reclassified to statement of income and expenditure in subsequent periods	-	-
Items that may not be reclassified to statement of income and expenditure in subsequent periods		
Remeasurement loss on staff retirement benefits obligation	(442,402)	(579,554)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>-</u>	<u>-</u>
 CHIEF EXECUTIVE OFFICER	 DIRECTOR	 CHIEF FINANCIAL OFFICER

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 2022

	Restricted		Unrestricted	
	Deferred grant - income based	Deferred grant - asset based	Accumulated deficit	Total
	----- Rupees -----			
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
Total comprehensive income for the year	-	-	-	-
Balance at 30 June 2021	13,599,914,500	4,517,706	-	13,604,432,206
Grants received during the year	60,000,000,000	-	-	60,000,000,000
Funds utilized during the year	(53,041,439,910)	-	-	(53,041,439,910)
Capital expenditure	(6,574,487)	6,574,487	-	-
Depreciation and amortization for the year	-	(3,070,534)	-	(3,070,534)
	6,951,985,603	3,503,953	-	6,955,489,556
Total comprehensive income for the year	-	-	-	-
Balance at 30 June 2022	20,551,900,103	8,021,659	-	20,559,921,762


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

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 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of income over expenditures for the year		442,402	579,554
Adjustment for non cash items:			
Depreciation - owned assets	6	3,070,534	3,696,589
Depreciation - right of use asset	6	5,511,475	11,022,948
Amortization of intangible assets	7	-	431,304
Amortization of grant		(53,044,510,444)	(9,703,889,071)
Interest income	18	(762,769,046)	(98,760,805)
Finance cost on lease liability	22	-	816,613
Provision for gratuity	20	7,008,487	6,031,331
Loss before working capital changes		(53,791,688,994)	(9,780,651,091)
Cash used in operating activities before working capital changes		(53,791,246,592)	(9,780,071,537)
Working capital changes			
Increase in balance with State Life Insurance Corporation of Pakistan	15	(6,809,568,017)	(12,463,461,068)
Increase in advances, deposits and prepayments	9	(3,153,710)	(1,146,538,908)
Increase / (decrease) in creditors, accrued and other liabilities		4,525,233	(67,307,794)
		(6,808,196,494)	(13,677,307,770)
Cash used in operations		(60,599,443,086)	(23,457,379,307)
Grant related to income		59,993,425,513	22,641,895,000
Interest income	18	762,769,046	98,760,805
Gratuity paid	14	(2,952,394)	(3,568,635)
Net cash generated from / (used in) operating activities		153,799,079	(720,292,137)
CASH FLOWS FROM INVESTING ACTIVITIES			
Security deposit paid		(760,000)	-
Purchase of property and equipment	6	(6,574,487)	(360,220)
Net cash used in investing activities		(7,334,487)	(360,220)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant related to assets	12	6,574,487	360,220
Lease rentals paid		-	(13,176,900)
Net cash generated from / (used in) financing activities		6,574,487	(12,816,680)
Net increase / (decrease) in cash and cash equivalents		153,039,079	(733,469,037)
Cash and cash equivalents at the beginning of the period		1,047,571,131	1,781,040,168
Net cash and cash equivalents at the end of the period	11	1,200,610,210	1,047,571,131

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

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 2022

1 STATUS AND NATURE OF THE BUSINESS

- 1.1 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.

3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	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)	January 01, 2021
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021

3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
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	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

4 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:

4.1 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.

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 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 which are considered appropriate to write off the cost of the assets over their useful lives.

Depreciation on additions is charged from the date of capitalization till date of disposal.

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.

5.2 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%.

5.3 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.

5.4 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.

5.5 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 2022.

5.6 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.

5.7 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.

5.8 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.

5.8.1 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.

5.8.2 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.

5.9 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.

5.10 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.

5.11 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.

5.12 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.

5.12.1 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.

5.12.2 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.

5.13 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.

6 OPERATING FIXED ASSETS

Description	Furniture and fixtures	Leasehold improvements	IT equipment	Office equipment	Vehicles	Sub total	Right of use	Total
Rupees								
Net carrying value basis								
As at 01 July 2021								
Opening net book value (NBV)	3,066,019	899,953	489,076	39,823	22,834	4,517,705	5,511,475	10,029,180
Additions (at cost)	-	-	6,325,684	149,373	99,430	6,574,487	-	6,574,487
Disposal (NBV)	-	-	-	-	-	-	-	-
Depreciation charge	(1,194,872)	(762,218)	(1,075,528)	(20,103)	(17,813)	(3,070,534)	(5,511,475)	(8,582,009)
Closing net book value	1,871,147	137,735	5,739,232	169,093	104,451	8,021,658	-	8,021,658
Gross carrying value basis								
As at 30 June 2022								
Cost	7,966,139	4,319,784	36,278,149	5,667,223	166,430	54,397,725	27,557,371	81,955,096
Accumulated depreciation	(6,094,992)	(4,182,049)	(30,538,917)	(5,498,130)	(61,978)	(46,376,066)	(27,557,371)	(73,933,437)
Net book value	1,871,147	137,735	5,739,232	169,093	104,452	8,021,659	-	8,021,659
Net carrying value basis								
As at 01 July 2020								
Opening net book value (NBV)	4,260,891	1,763,910	1,709,692	83,547	36,235	7,854,075	16,534,423	24,388,498
Additions (at cost)	-	-	360,220	-	-	360,220	-	360,220
Disposal (NBV)	-	-	-	-	-	-	-	-
Depreciation charge	(1,194,872)	(863,957)	(1,580,836)	(43,524)	(13,400)	(3,696,589)	(11,022,948)	(14,719,537)
Closing net book value	3,066,019	899,953	489,076	39,823	22,835	4,517,706	5,511,475	10,029,181
Gross carrying value basis								
As at 30 June 2021								
Cost	7,966,139	4,319,784	29,952,465	5,517,850	67,000	47,823,238	27,557,371	75,380,609
Accumulated depreciation	(4,900,120)	(3,419,831)	(29,463,389)	(5,478,027)	(44,165)	(43,305,532)	(22,045,896)	(65,351,428)
Net book value	3,066,019	899,953	489,076	39,823	22,835	4,517,706	5,511,475	10,029,181
Depreciation rate % per annum	15%	20%	33%	33%	20%	0%	40%	0%

6.1 The depreciation charge for the year has been allocated to administrative expenses.

	Note	2022 Rupees	2021 Rupees
7 INTANGIBLES			
Cost			
Balance as at 1 July		4,256,686	4,256,686
Addition / deletion		-	-
Balance as at 30 June		<u>4,256,686</u>	<u>4,256,686</u>
Amortization			
Balance as at 1 July		4,256,686	3,825,382
Charge for the year	21.1	-	431,304
Balance as at 30 June		<u>4,256,686</u>	<u>4,256,686</u>
Carrying amount			
Balance as at 30 June		<u>-</u>	<u>-</u>
Rate of amortization		33%	33%

7.1 This represents licenses of SAP Business One, Microsoft Office and Micro Viso.

8 LONG TERM DEPOSITS

Long term deposits consist of refundable security deposits amounting to Rs. 2.25 million and Rs. 1.36 million against rental premises and fuel cards respectively.

9 ADVANCES, DEPOSITS AND PREPAYMENTS

Advances - considered good - unsecured

- Suppliers		23,532,000	5,000
- Consultants	9.1	-	40,858,210
- Employees		-	26,000
		23,532,000	40,889,210
Unspent premium receivable from SLIC	10 & 9.2	886,408,640	886,408,640
Reserve Fund deposited with SLIC		993,492,640	-
Other prepayments			
- Rent		7,247,295	-
- National Insurance		-	40,734
- Jubilee Life Insurance		2,245,756	1,316,247
		<u>9,493,051</u>	<u>1,356,981</u>
		<u>1,912,926,331</u>	<u>928,654,831</u>

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

	Note	2022 Rupees	2021 Rupees
9.2	Movement of Unspent premium receivable from SLIC during the year :		
	Balance as at 1 July	886,408,640	721,145,897
	Addition during the year	-	1,146,380,533
	Receipt during the year	-	-
	Payable against Phase -I	-	(981,117,790)
	Balance as at 30 June	<u>886,408,640</u>	<u>886,408,640</u>

10 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 2022 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. 7.6 billion (2021: 5.6 billion) pertaining to Phase-II districts (calculated on estimate basis) has not been recognized in these financial statements as recovery is dependent on the conditions mentioned above.

11 CASH AND BANK BALANCES

	Cash in hand		14,500	24
	Cash at bank			
	- Savings account	11.1	<u>1,200,595,710</u>	<u>1,047,571,107</u>
			<u>1,200,610,210</u>	<u>1,047,571,131</u>
11.1	The balance in savings account bear markup at the rate from 6% to 12.25% per annum (2021: 6% per annum). The bank accounts are maintained at The Bank of Punjab (a related party).			

12 DEFERRED GRANT - INCOME BASED

		2022					
Project	Note	At 01 July 2021	Grant received during the year	Grants utilized		Total	At 30 June 2022
				Income for the year	Capitalization		
----- Rupees -----							
Sehat Sahulat Program (formerly known as Prime Minister National Health Program)	12.1						
		13,599,914,500	60,000,000,000	(53,041,439,910)	(6,574,487)	(53,048,014,397)	20,551,900,103
		13,599,914,500	60,000,000,000	(53,041,439,910)	(6,574,487)	(53,048,014,397)	20,551,900,103
		2021					
Project	Note	At 01 July 2019	Grant received during the year	Grants utilized		Total	At 30 June 2021
				Income for the year	Capitalization		
----- Rupees -----							
Sehat Sahulat Program (formerly Known as Prime Minister National Health Program)	12.1						
		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

12.1 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 to good quality medical services for the all the permanent resident of Punjab, through a micro health insurance scheme. This amount represents unutilized portion of grant received from Government of Punjab for provision of micro health insurance coverage (Qaumi Sehat Card formerly known as Sehat Insaaf Card) to the people of Punjab.

	Note	2022 Rupees	2021 Rupees
13 DEFERRED GRANT - ASSET BASED			
Opening balance		4,517,706	8,285,379
Transferred from grant related to income - additions	6	6,574,487	360,220
Less: Recognized in statement of income and expenditure	21.1	(3,070,534)	(4,127,893)
Closing balance	13.1	<u>8,021,659</u>	<u>4,517,706</u>

13.1 Breakup of asset based deferred grant is given below:

Property and equipment - owned	6	<u>8,021,659</u>	<u>4,517,706</u>
		<u>8,021,659</u>	<u>4,517,706</u>

14 STAFF RETIREMENT BENEFITS - GRATUITY

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

a) Amount recognized in statement of financial position

Present value of defined benefit obligation	<u>22,351,359</u>	<u>17,999,380</u>
	<u>22,351,359</u>	<u>17,999,380</u>

b) Movement in the net liability

Balance at the beginning of the year	17,999,380	15,282,130
Charge for the year	7,008,487	6,031,331
Benefits paid	(2,952,394)	(3,568,635)
Benefits payable to ex-employee	(146,516)	(325,000)
Remeasurement changes chargeable to other comprehensive income	442,402	579,554
	<u>22,351,359</u>	<u>17,999,380</u>

c) Movement in present value of defined benefit obligation

Balance at the beginning of the year	17,999,380	15,282,130
Current service cost	5,372,419	4,884,017
Interest expense	1,636,068	1,147,314
Benefits paid	(2,952,394)	(3,568,635)
Benefits payable to ex-employee	(146,516)	(325,000)

	Note	2022 Rupees	2021 Rupees
Remeasurements:			
Actuarial losses from changes in financial assumptions		-	99,881
Experience adjustments		442,402	479,673
		<u>22,351,359</u>	<u>17,999,380</u>
d) Charged to the statement of income and expenditure			
Current service cost		5,372,419	4,884,017
Interest cost on defined benefit obligation		1,636,068	1,147,314
		<u>7,008,487</u>	<u>6,031,331</u>
e) Remeasurements chargeable to the other comprehensive income			
Remeasurement of plan obligations			
Actuarial losses from changes in financial assumptions		-	99,881
Experience adjustments		442,402	479,673
		<u>442,402</u>	<u>579,554</u>
f) Significant Actuarial Assumptions			

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

	2022	2021
Discount rate used for interest cost	10.00%	8.50%
Discount rate used for year end obligation	13.50%	10.00%
Expected rates of salary increase in future years	12.50%	9.00%
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 (2021: 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)	20,282,010	24,866,453
Salary increase (100 bps change)	24,918,376	20,193,379

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

	Note	2022 Rupees	2021 Rupees
Current service cost		7,668,477	5,372,419
Interest cost on defined benefit obligation		2,813,166	1,619,836
		<u>10,481,643</u>	<u>6,992,255</u>

- i) The average duration of the defined benefit obligation is 10 years (2021: 9 years).

15 BALANCE WITH STATE LIFE INSURANCE CORPORATION OF PAKISTAN

Insurance premium payable	15.1	10,160,136,279	981,117,790
Unamortized insurance premium	15.2	<u>(27,648,805,812)</u>	<u>(11,660,219,306)</u>
Balance (receivable)		<u>(17,488,669,533)</u>	<u>(10,679,101,516)</u>

- 15.1 Movement of insurance premium payable is given below:

Opening balance	981,117,790	6,090,130,101
SLIC	68,356,022,096	20,822,606,551
Paid during the year	(58,195,885,817)	(23,349,465,600)
Reversal of invoices	-	(2,582,153,262)
Payable against Phase -I	<u>(981,117,790)</u>	<u>-</u>
Closing balance	<u>10,160,136,279</u>	<u>981,117,790</u>

- 15.2 Movement of unamortized insurance premium is given below:

Opening balance	11,660,219,306	4,305,770,549
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	Note	2022 Rupees	2021 Rupees
Charged during the year	19.1	(52,367,432,349)	(10,802,766,148)
Movement in insurance premium accrual		(3,241)	(83,238,384)
Invoices raised by SLIC		68,356,022,096	20,822,606,551
Transfer from / (to) mobilization advance		-	-
Closing balance		<u>27,648,805,812</u>	<u>11,660,219,306</u>
16 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Insurance premium accrual		-	3,241
Creditors against services		24,133,622	13,595,810
Payable to provident fund		-	1,664,279
Accrued expenses		167,703	11,077,872
Gratuity payable		146,516	325,000
Withholding tax payable		441,986	216,261
Creditors against supplies		6,674,784	10,400
		<u>31,564,611</u>	<u>26,892,863</u>
17 CONTINGENCIES AND COMMITMENTS			
There are no contingencies and commitments at the year end.(2021: Nil)			
18 OTHER INCOME			
Profit on bank deposits - Sehat Sahulat Programme		<u>762,769,046</u>	<u>98,760,805</u>
		<u>762,769,046</u>	<u>98,760,805</u>
19 PROGRAM COSTS			
Sehat Sahulat Programme	19.1	53,640,985,617	10,820,044,073
19.1 Sehat Sahulat Programme			
Insurance premium		52,367,432,349	10,802,766,148
Others	19.2	<u>1,273,553,268</u>	<u>17,277,925</u>
		<u>53,640,985,617</u>	<u>10,820,044,073</u>

	Note	2022 Rupees	2021 Rupees
19.2	It includes following expenses:		
NADRA Services		1,084,957,790	-
Programme consultancies		23,057,550	8,935,450
Ceremonies expenses		16,417,093	154,650
Advertisement and publicity		132,085,423	4,178,372
Outdoor expense		11,855,760	2,714,419
Field cost	19.2.1	5,179,652	1,295,034
		<u>1,273,553,268</u>	<u>17,277,925</u>

19.2.1 This include travelling and transportation, vehicle rent and fuel expense.

20 SALARIES AND OTHER BENEFITS

Salaries		103,826,738	76,830,055
Medical		5,673,202	5,451,734
Gratuity fund		7,008,487	6,031,331
Provident fund	20.1	6,953,227	6,229,963
		<u>123,461,654</u>	<u>94,543,083</u>

20.1 This represents the 10% contribution of basic salary from employer only.

21 OTHER OPERATING EXPENSES

Depreciation and amortization - owned assets	21.1	3,070,534	4,127,893
Depreciation - right of use asset		5,511,475	11,022,948
Office rent		7,247,295	-
Travelling and transportation		6,973,496	4,285,217
Utilities		3,399,824	2,666,877
Repair and maintenance		3,475,999	1,913,144
Auditor's remuneration	21.2	2,500,000	1,610,000
General consultancies	21.3	588,658	1,622,568
Communication		975,676	878,801
Printing and stationery		2,560,671	1,592,032
Security		1,092,702	1,003,826
Advertisement and publicity		701,806	471,610
Directors' remuneration		4,000,000	1,680,000
Fee and subscription		94,020	64,200
Entertainment		186,699	97,530
		<u>42,378,855</u>	<u>33,036,646</u>

	Note	2022 Rupees	2021 Rupees
21.1 Depreciation and amortization - owned assets			
Depreciation	6	3,070,534	3,696,589
Amortization	7	-	431,304
		<u>3,070,534</u>	<u>4,127,893</u>
21.2 Auditor's remuneration			
Audit fee		2,375,000	1,485,000
Review fee of Code of Corporate Governance		105,000	105,000
Out of pocket expenses		20,000	20,000
		<u>2,500,000</u>	<u>1,610,000</u>
21.3 General consultancies			
Legal fee		240,000	720,000
Tax consultancy		315,018	452,568
Others		33,640	450,000
		<u>588,658</u>	<u>1,622,568</u>
22 FINANCE COSTS			
Bank charges		10,962	10,440
Markup on lease liability		-	816,613
		<u>10,962</u>	<u>827,053</u>

23 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 Of Parties	Nature Of Transaction	Basis of relationship	2022	2021
			Rupees	
Government of Punjab (Parent)	Grants received	Controlling Government	60,000,000,000	22,642,255,220
The Bank of Punjab	Finance charges		10,962	10,440
	Profit on bank deposits	Common control	762,769,046	98,760,805
	Bank Deposits	Cash and bank	1,200,595,710	1,047,571,107
Relations (Common Control)	Invoices raised		132,787,229	4,672,756
	Payment made	Common control	136,788,850	159,681
State Life Insurance Corporation	Insurance expense		52,367,432,349	10,802,766,148
	Invoices raised		68,356,022,096	20,822,606,551
	Payment made		58,195,885,817	23,349,465,600
	Unspent insurance premium	Common control	-	1,126,380,533
NADRA	Services aquired	Common control	1,084,957,790	-
	Pament made		1,044,099,580	-
Punjab Health Initiative Management Company Employees' Provident Fund	Contribution to provident fund		6,953,227	6,229,963
Key Management Personnel	Remuneration	Employees	111,700,368	57,476,066

24 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.

24.1 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:

24.2 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:

	Note	2022 Rupees	2021 Rupees
Bank balances	11	1,200,595,710	1,047,571,107
Long term deposits	8	3,610,000	2,850,000
Balance with State Life Insurance Corporation of Pakistan	15	17,488,669,533	10,679,101,516
		<u>18,692,875,243</u>	<u>11,729,522,623</u>

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.

24.2.1 Bank balances

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

	Note	2022 Rupees	2021 Rupees
Balances with banks		1,200,595,710	1,047,571,107

The credit quality of Company's bank balances can be assessed with reference to external credit ratings

	Agency	Ratings		2022	2021
		Short Term	Long term	Rupees	Rupees
The Bank of Punjab	PACRA	A1+	AA+	1,200,595,710	1,047,571,107

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.

24.2.2 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.

24.3 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:

	2022				
	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	Over 5 years
	Rupees				
Creditors, accrued and other liabilities	31,122,625	31,122,625	-	-	-
	31,122,625	31,122,625	-	-	-

	2021				
	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	Over 5 years
	Rupees				
Creditors, accrued and other liabilities	26,676,602	26,676,602	26,676,602	-	-
	26,676,602	26,676,602	26,676,602	-	-

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

24.4 Changes in liabilities arising from financing activities

	01 July 2022	Addition	Interest	Cash flows	30 June 2022
	(Rupees)				
Lease liability	-	-	-	-	-

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

24.5 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.

24.5.1 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.

24.5.2 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.

24.5.3 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.

24.6 Capital management

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

25 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.

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.

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).

There were no financial instruments held by the Company which are measured at fair value as of June 30, 2022.

26 FINANCIAL INSTRUMENTS BY CATEGORY

		Carrying value		Fair value				
		Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
Rupees								
On-Balance sheet financial instruments	Note							
As at June 30, 2022								
Financial assets at amortised cost								
Long term deposits	8	3,610,000	-	3,610,008	-	-	-	-
'Balance with State Life Insurance Corporation of Pakistan*	15	17,488,669,533	-	17,488,669,548	-	-	-	-
Advances, deposits and prepayments*	9	1,912,926,331	-	1,912,926,340	-	-	-	-
'Cash and bank balances*	11	1,200,610,210	-	1,200,610,221	-	-	-	-
		20,605,816,074	-	20,605,816,117	-	-	-	-
Financial liabilities at amortised cost								
Creditors, accrued and other liabilities*	16	-	31,564,611	31,564,611	-	-	-	-
		-	31,564,611	31,564,611	-	-	-	-
As at June 30, 2021								
Financial assets at amortised cost								
Long term deposits	8	28,500,000	-	28,500,000	-	-	-	-
'Balance with State Life Insurance Corporation of Pakistan*	15	10,679,101,516	-	10,679,101,516	-	-	-	-
Advances, deposits and prepayments*	9	1,909,772,621	-	1,909,772,621	-	-	-	-
Cash and bank balances	11	1,200,610,210	-	1,200,610,210	-	-	-	-
		13,817,984,347	-	13,817,984,347	-	-	-	-
Financial liabilities at amortised cost								
Creditors, accrued and other liabilities*		-	26,892,863	26,892,863	-	-	-	-
		-	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.

		2022	2021
27	NUMBER OF EMPLOYEES		
	Number of employees as at 30 June	43	43
	Average number of employees during the year	45	45

28 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	
	2022	2021	2022	2021
	----- Rupees -----			
Managerial remuneration	7,650,000	1,562,295	67,340,515	38,369,850
Gratuity expense	-	-	6,301,762	3,586,240
Provident fund expense	768,214	-	5,557,016	3,914,089
Telephone and mobile expenses	-	-	653,255	394,193
Outpatient allowance	667,857	-	4,585,219	3,273,753
Medical reimbursements	-	138,554	-	-
Leave encashment	-	-	2,432,002	2,756,019
Fuel	-	-	8,016,915	3,568,950
Others	28.4	1,200,000	6,527,613	110,953
		<u>10,286,071</u>	<u>101,414,297</u>	<u>55,974,047</u>
Number of persons		<u>2</u>	<u>28</u>	<u>14</u>

- 28.1 The Chief executive has been given company maintained car.
- 28.2 The Directors and Executives have not been provided with vehicles.
- 28.3 An amount of Rs. 4,000,000 (2021: Rs. 1,680,000) was paid to non-executive directors for attending the board meetings.
- 28.4 It includes honorarium paid during the year.

29 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the year except as follows for better presentation.

Reclassified from:	Reclassified to:	2021 Rupees
Balance with State Life Insurance Corporation of Pakistan	Advances, Deposits And Prepayments	981,117,790

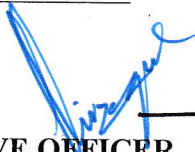
		Unaudited	
		2022 Rupees	2021 Rupees
30	PROVIDENT FUND		
	Size of the fund (Rupees)	25,489,227	30,094,672
	Cost of investment made (Rupees)	25,489,227	30,094,672
	Percentage of investment made	100%	100%
	Fair value of investment (Rupees)	25,489,227	30,094,672
	Bank balance (Rupees)	20,564,672	25,864,818

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.

31 DATE OF AUTHORIZATION FOR ISSUE

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

RD


CHIEF EXECUTIVE OFFICER


DIRECTOR



CHIEF FINANCIAL OFFICER