

ANNUAL REPORT

2021 - 2022



UNIVERSAL SERVICE FUND
EMPOWERING COMMUNITIES



Ministry of Information Technology
& Telecommunication

DIGITAL PAKISTAN



UNIVERSAL SERVICE FUND

EMPOWERING COMMUNITIES

SUSTAINABLE FUTURE FOR ALL

WOMEN EMPOWERMENT

I am a 26 years old entrepreneur from Bahawalpur, who sells embroidered and stitched handicrafts such as shawls, shirts, hats and decor pieces. My mother has been running this business for over 10 years. 6 months ago, I decided to help her grow this venture with the use of social media. It was really challenging for us to find more customers and to expand our business, but with the help of Facebook, within days we started to receive more orders, that too from all over Pakistan.

As a woman, I am thankful for the internet which empowered me and turned me into an entrepreneur. We are now able to dispatch orders right from our doorstep and earn extra income easily which has improved our standard of living. Moreover, we have also started making custom pieces for our customers. Online connectivity has made our lives so much better.

Zarmina Ahmed
Bahawalpur, Punjab



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ACRONYMS

3G/4G/5G	3RD/4TH/5TH GENERATION
BSD	BROADBAND FOR SUSTAINABLE DEVELOPMENT
CEO	CHIEF EXECUTIVE OFFICER
DWDM	DENSE WAVELENGTH - DIVISION MULTIPLEXING
E1	EUROPEAN 1 INTERFACE
FAB	FREQUENCY ALLOCATION BOARD
FE	FAST ETHERNET
FOC	FREE OF COST
FY	FISCAL YEAR
GBPS	GIGABYTES PER SECOND
G	GIGABIT
GE	GIGABIT ETHERNET
GOP	GOVERNMENT OF PAKISTAN
ICT	INFORMATION AND COMMUNICATION TECHNOLOGIES
IT	INFORMATION TECHNOLOGY
KBPS	KILOBITS PER SECOND
KM	KILOMETER
KPK	KHYBER PAKHTUNKHWA
LTE	LONG-TERM EVOLUTION
NG-BSL	NEXT GENERATION BROADBAND FOR SUSTAINABLE DEVELOPMENT
NG-OFNS	NEXT GENERATION OPTICAL FIBER NETWORK & SERVICES
NH&MW	NATIONAL HIGHWAYS & MOTORWAYS
OFC	OPTICAL FIBER CABLE
PEMRA	PAKISTAN ELECTRONIC MEDIA REGULATORY AUTHORITY
PTA	PAKISTAN TELECOMMUNICATION AUTHORITY
SDGs	SUSTAINABLE DEVELOPMENT GOALS
SLA	SERVICE LEVEL AGREEMENT
STM	SYNCHRONOUS TRANSPORT MODULE
TD	TOURIST DESTINATIONS
THQ	TEHSIL HEADQUARTER
UC	UNION COUNCIL
UN	UNITED NATIONS
USF	UNIVERSAL SERVICE FUND
WIP	WORK IN PROGRESS



FOREWORDS



MESSAGE FROM THE FEDERAL MINISTER

IT & Telecommunication has become a primary driver for economic and social development in Pakistan. The Covid-19 pandemic has further proven the significance of IT in the various facets of economic growth. Since the onset of the pandemic, digital communication and services have aided in the progress of education, businesses, agriculture, finance, and healthcare in our country.

Ministry of IT & Telecommunication is working relentlessly and making waves in the ICT sector which is surpassing the other sectors in terms of its speed of progress, its innovation and scope of influence. This has led to the development of new structures and mechanisms for economic growth consequently leading to progress in various sectors in Pakistan.

The Ministry of IT and Telecommunication believes that our vision of a Digital Pakistan is the

inevitable solution for its socio-economic development. We realize that, in order to make this vision into a reality, digital communication and services should be accessible to all. Hence, Ministry of IT and Telecommunication through USF is committed to bridging the digital divide by democratizing health care information, education, and financial services to every citizen of Pakistan. This, along with the right policies in place and the partnership between the private and public sectors, aids us in reaching and creating opportunities for the vulnerable strata of the society. Ministry of IT and Telecommunication is committed to building a prosperous future for Pakistan.

Syed Amin Ul Haque

Federal Minister

Ministry of IT & Telecommunication



MESSAGE FROM THE CHAIRMAN

I'm pleased to present the USF Annual Report for FY 2021-22, my first as Chairman of the USF Board.

The FY 2021-22 was marked by unique challenges due to the continuation of the Covid-19 pandemic which impacted various industries including agriculture, healthcare, education, and finance. As I reflect on the challenges of this crisis, I must commend USF for helping people, businesses, students, and communities to thrive during these unprecedented times. We have connected tens of thousands of people across Pakistan during the outbreak, enabled businesses to re-open and proceed, and helped students and educators to continue with their academic progress. Our ability to progress amid a crisis is a representation of our team's commitment to efficient and resilient performance. It is also a reflection of USF's dedication to making digital connectivity and services accessible to all strata of the society including the un-served and under-served communities.

USF launched 29 NG-BSD projects worth Rs 21.42 billion in the fiscal year 2021-22 in comparison to establishing 18 NG-BSD projects worth Rs. 11.35 billion in the fiscal year 2020-21. Furthermore, we contracted 7 optical fiber projects worth Rs 8.82 billion in the fiscal year 2021-22. We contracted a total number of 36 projects worth approximately Rs 30.2 billion in the fiscal year 2021-22 in comparison to a total number of 25 projects

worth approximately Rs 23.5 billion in fiscal year 2020-21.

We realize that real progress is only possible if we are responsible towards our stakeholders and communities. Therefore, USF is dedicated to making sustainability a core part of its strategy and aims to reduce its carbon footprint to build a better and sustainable future for all.

We will continue to improve our work culture and elevate our operations and governance to yield better results in FY 2022-23. USF has been able to bring its vision and mission to fruition with the unwavering support from the Prime Minister of Pakistan and the Federal Minister of IT and Telecommunication. The Minister has been a driving force in motivating us to achieve the vision of a Digital Pakistan for socio-economic growth. I look forward to USF's commitment to bridging the digital divide and to a sustainable future with the help of the Board, Management, and the whole team.



Mohsin Mushtaq Chandna
Additional Secretary (Incharge)
Ministry of IT & Telecommunication



MESSAGE FROM THE CEO

USF is proactively committed to bridging the digital divide and delivering meaningful connectivity to the un-served and under-served communities while keeping sustainability at the top of our agenda.

In 2021, we focused on providing more communities with resilient and inclusive connectivity and e-suite services, forging stronger relationships with our stakeholders, and developing new partnerships with businesses across various industries. We continued our growth by concentrating on USF's unique culture and core values of diversity, integrity, growth, innovation and teamwork.

Performance

In the fiscal year 2021-22, we delivered continued growth and progress amidst the struggles and challenges of the Covid-19 pandemic. Our achievements reflect the diligence and commitment of our team. We attained growth in contractual obligations of subsidy disbursement of PKR 19.6 billion and contracted 36 projects worth approximately PKR 30.2 billion across all provinces of Pakistan.

Furthermore, USF is providing resilient connectivity and enabling the rural communities to have access to various e-services, such as

e-health, e-education, agri-tech, e-finance, and e-commerce. 9.6 million people residing in 4,505 mauzas were provided with high-speed broadband services in the fiscal year 2021-22. Simultaneously, 373 km of un-served roads were provided with 3G/4G connectivity and 3,243 km of optic-fiber was laid which enabled connectivity to 408 THQ/UCs/towns across Pakistan. We achieved the highest number of project implementation milestones in a single fiscal year since the inception of USF.

All our achievements in the fiscal year 2021 converge towards achieving the vision of a Digital Pakistan. We aim to provide inclusive and efficient connectivity and e-services to the under-served and un-served communities across Pakistan to empower societies and create a better future.

Sustainability Commitment

We believe that a better future can only be built if we are responsible towards our employers, stakeholders, and communities. Therefore, sustainability has been a primary agenda of the fiscal year 2021-22 at USF.

Our goal is to reduce our carbon footprint as a part of the UN SDG 7. In 2021 and 2022, telecommunications sites of all new projects were

powered through solar energy. As a leading public sector organization, USF is committed to playing its part in reducing its carbon emissions to help keep our plant safe and green.

Improved Work Culture

USF has a unique way of work that is based on diversity, integrity, growth, innovation, and teamwork. We were able to enhance our culture by paying specific attention to operations, governance, and gender inclusion.

As part of our focus on diversity and inclusivity, we ensured the inclusion of more female employees in our workforce by achieving the 15% target set in the previous fiscal year.

Moving Forward

Despite the unique challenges of recent years, I look forward to our next steps and achievements. In FY 2022-23, USF will be enabling connectivity to 336 union councils. We aim to continue our commitment to Goal 7 of the UN SDGs and reduce our carbon footprint. Furthermore, we aim to continue to enhance representation of women in the workforce at USF by surpassing all previous targets as part of our dedication to gender equality, diversity and inclusion.

I am pleased with our performance and achievements and expect to continue with the same fervor to attain our aim of creating a Digital Pakistan. I am confident that USF will realize its vision of providing affordable ICTs and meaningful connectivity to the un-served and underserved

communities. We would not be able to deliver our excellent performance and services without the unconditional support of the Federal Minister of IT and Telecommunication, Chairman USF Board and the Board of Directors. I would also like to express my appreciation to our service providers and the entire team of USF for their unwavering dedication to our vision and mission.



Haaris Mahmood Chaudhary
Chief Executive Officer





ABOUT USF

Overview

USF was created by the Government of Pakistan (Ministry of IT and Telecommunication) to ensure the provision of ICT across Pakistan. USF was established under section 42 of the Companies Act 2017 (formerly known as the Companies Ordinance 1984) in 2006 with the Board of Directors consisting of representatives from both public and private sectors.

USF aims to provide IT and Telecommunication services accessible to un-served and under-served communities by making Broadband available and affordable to all. To provide digital communication and services in unserved and under-served areas, USF grants subsidies to licensed telecom operators through a competitive bidding process.

USF's way of work is based on the three primary pillars of 'Merit', 'Excellence' and 'Discipline'. These pillars are foundational to USF in carrying out its goals towards creating a Digital Pakistan, bridging the digital divide, and creating a sustainable future.

Objectives



Guide the focus of telecom operators towards the rural communities and increase the level of telecom penetration in the rural areas through effective and fair utilization of the fund.



Enhance broadband penetration in the country.



Advance e-services in both rural and urban areas of Pakistan.

Governing Framework



CREATION

Pakistan Telecommunication (Re-Organization) Act 1996 under section 33A specifies the creation of the USF. The Company is registered under Section 42 of the Companies Act 2017.



PROMULGATION & AMENDMENT

USF rules were promulgated in 2006 and amended in 2007, 2010, 2013, 2015, 2019 and 2021.



USF POLICY

USF Policy was developed in 2006, which was partly updated vide Telecommunication Policy issued in 2015, which states the broad objectives and targets decided by the Federal Government.



VISION

USF aims to empower the un-served and under-served communities through ICT to achieve a digitally inclusive Pakistan.



MISSION STATEMENT

USF aims to improve the lives of un-served and under-served communities by making high-speed internet accessible and affordable for all.

Core Values

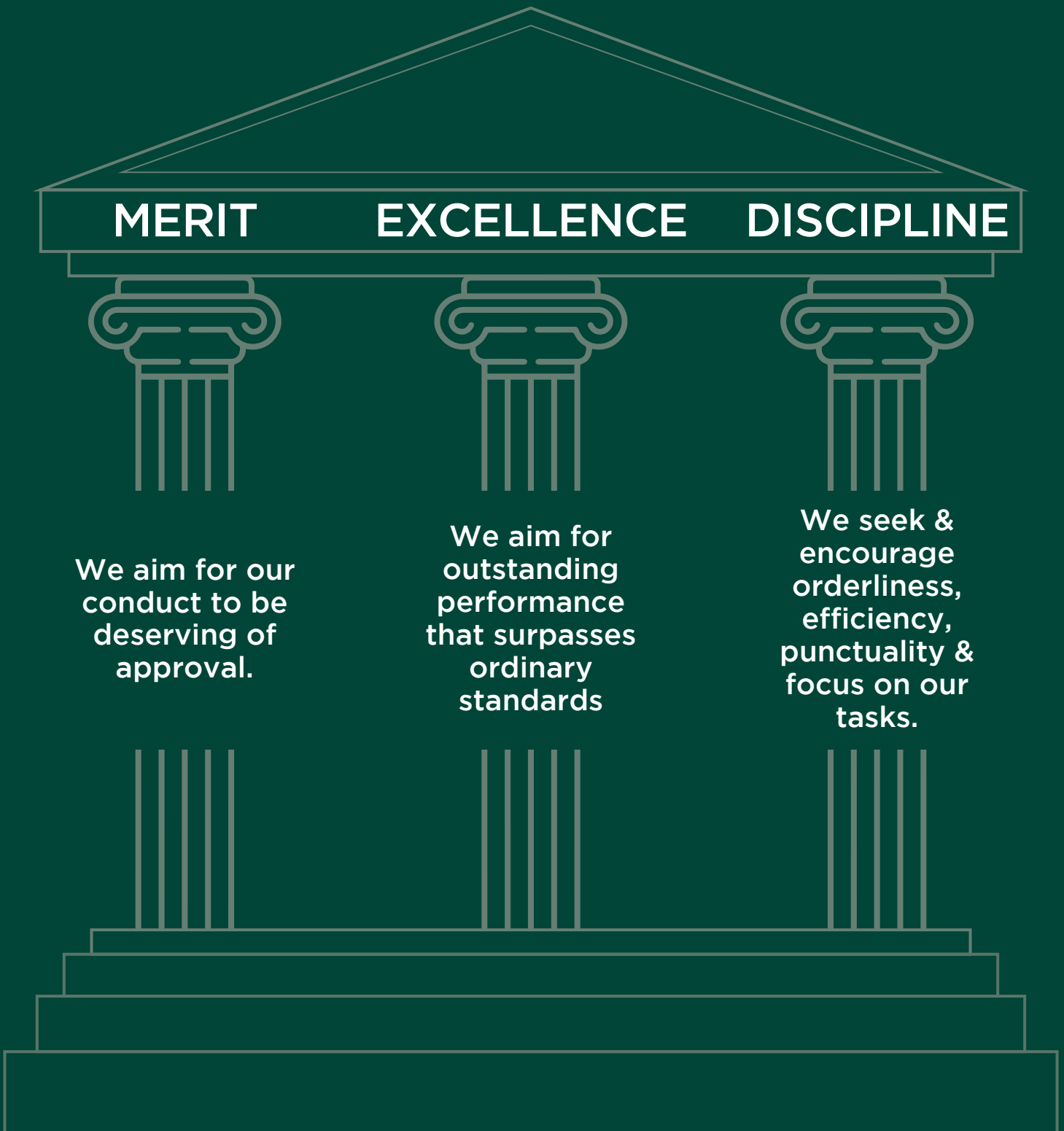
Our core values are the basis of our corporate culture, our way of conduct and our interaction with the stakeholders. USF's fundamental core values are Diversity, Integrity, Growth, Innovation and Teamwork - 'DIGIT'.

- D** **Diversity**
We empower and accept people regardless of their religion, race, gender, color, age, disability, language, social origin, education and political or other opinions.
- I** **Integrity**
We adhere to high ethical standards; provide timely, accurate and complete financial reporting, encourage transparency and healthy criticism and disagreement.
- G** **Growth**
We embrace opportunities to learn and improve.
- I** **Innovation**
We aim to redefine the standard of excellence in everything we do to deliver better results and value to all our stakeholders.
- T** **Teamwork**
We support and encourage an environment of partnership and collaboration.

They define the way we conduct our business and how we interact with our stakeholders. These values are understood and embraced by all at USF. We maintain a culture of trust and provide the freedom to develop personal responsibility. The working climate is characterized by mutual respect. Every individual's contribution counts while we work together to reach our goals.

Pillars & Way of Work

USF's conducts are based on the primary pillars of MED; 'Merit', 'Excellence' and 'Discipline'. Being a leading public sector organization, we set high standards for our practices and operations. These primary pillars enable us to reflect and constantly improve for better performance and results.





DIRECTOR'S REPORT

Corporate Information

Registered Office

3rd Floor, Evacuee Trust Complex, Agha Khan Road, F-5/1, Islamabad.

Phone: +92-51-9212308-09 | **Fax:** +92-51-9214261

Registration Number

0058825

NTN

2931776-2

Legal Advisor

Mr. Ahsan Ahmed Jatoi, The Eastern Law Firm, State Life Building No. 7, Ground Floor, Jinnah Avenue, F-6, Islamabad.

Tax Advisor

Baker Tilly Mehmood Idrees Qamar, Chartered Accountants, 3rd Floor, Pakland Square, G-8 Markaz, Islamabad.

Auditors

Grant Thornton Anjum Rehman, Chartered Accountants, 3rd Floor, Evacuee Trust Complex, Agha Khan Road, F-5/1, Islamabad.



Board of Directors



Muhammad Sohail Khan Rajput
Secretary IT
 Ministry of IT & Telecommunication
 Ex-Chairman
 (June 2021- April 2022)



Mohsin Mushtaq Chandna
Additional Secretary IT (Incharge)
 Ministry of IT & Telecommunication
 Chairman (April 2022 till date)
 Ex-Officio



Maj. Gen (R) Amir Azeem Bajwa
Chairman - PTA
 Member
 Ex-Officio



Muhammad Omar Malik
Member Telecom
 Ministry of IT & Telecommunication
 Member
 Ex-Officio



Irfan Wahab Khan
CEO - Telenor
 Nominee of Cellular Operators/
 Non-Executive Director
 Director



Syed Imran Akhtar Shah
Vice President Super Net Pvt Ltd
 Nominee of Data Licensees



Haaris Mahmood Chaudhary
CEO - USF
 Executive Director



Kaukab Iqbal
Chairman Consumer Association of Pakistan
 Representative of Consumer Group/
 Non-Executive Director



Dr. Muhammad Sohail Rajput
Ex-Federal Secretary for IT & Telecommunication
and Chairperson USF Board
(June 2021- April 2022)

Dr. Muhammad Sohail Rajput, Chief Secretary Sindh and the ex-Federal Secretary for Ministry of IT & Telecommunication is a senior civil servant with expertise in financial management and project development and management.

Dr. Rajput studied MBBS degree in 1988 from Liaquat Medical College, Jamshoro, Post Graduate Diploma in Business Administration in 2004 from Institute of Business Administration, Karachi and MPA in Economics Policy Management with concentration in International Energy Management and Policy from Columbia University, New York.

He was also awarded Hubert H. Humphrey fellowship by US Department of State, in recognition of his leadership skills, under which he attended academic courses at University of North Carolina, Chapel Hill and the Duke University and did an internship at the World Bank.

He has over 25 years of experience in Civil Service of Pakistan, which includes managing provincial government finances and handling diversified development projects.

During his career in Civil Services of Pakistan, he has received extensive training at the Civil Service Academy Lahore, National School of Public Policy Lahore, University of Birmingham in England and Joint Vienna Institute in Vienna, Austria.

Dr. Rajput's core areas of expertise include public

finance management and project development and management, particularly in the energy sector. He has a proven capacity to work in a challenging atmosphere with diversified stakeholders and against strict timelines. Dr. Rajput's key achievements include developing Thar Coal mining and power project, improving fiscal health of Government of Sindh through effective financial management and establishing a robust delivery and monitoring system at Chief Minister's Secretariat in Sindh.



Mr. Mohsin Mushtaq Chandna
Additional Secretary IT (Incharge)
IT & Telecommunication & Chairperson USF Board
(April 2022 till date)

An officer of Pakistan Administrator Service with blend of experience in Government service as well as Development Sector, Mr. Mohsin has worked for the Government of Pakistan for over thirty-three years, which includes a year of secondment with USAID in Pakistan. He holds a degree in Master of Public Policy from University of Chicago as well as Master of Business Administration from Institute of Business Administration (IBA) Karachi.

Mr. Mohsin has previously worked as Secretary Inter Provincial Coordination and Special Secretary, Ministry of Finance where he was heading Debt and Budget Wings. He has also served as Economic Minister in Pakistan Embassy Washington DC for over five years where his major responsibility was to liaise with IFIs and US Administration and keep them abreast of Government's economic policies. He has also served as DG NIM Karachi and Secretary Planning at the Government of Sindh.

He has taught thirty-five courses of Microeconomics, Macroeconomics, and Contemporary Issues in Global Economics, Managerial Economics and Issues in Pakistan Economy to BBA and MBA students at IBA Karachi. He has also been delivering lectures on Project Management, Program Monitoring and Evaluation, Negotiation Skills and Decision Making and Change Management. Furthermore, he is a Certified BCURE Trainer.

He is a Bridge player of international repute and earned the rank of Ruby Life Master from American Contract Bridge League. He twice won the Annual William Poissant Bridge Trophy held by Northern Virginia Bridge Association.



Maj. Gen. (R) Amir Azeem Bajwa
Chairman- PTA

Maj Gen Amir Azeem Bajwa (Retired) is a technology professional with experience of over 35 years in national security, ICT development, spectrum management, digital transformation, policy-making, and regulatory modernization. He holds BE (Telecom), MSc Electronics and Systems Engineering, MSc Security and Strategic Studies degrees. He has served at key leadership positions dealing with ICTs strategy and transformation. He has also vast experience in handling cyber security related portfolios, devising policies and implementations.

He is currently serving as Chairman, Pakistan Telecommunication Authority (PTA) since January 2019. In addition to PTA, he is also a board member of the Pakistan Electronic Media Regulatory Authority (PEMRA), Frequency Allocation Board (FAB), Universal Service Fund Company (USFco), and IGNITE (National Technology Fund).



Mr. Irfan Wahab Khan
CEO- Telenor

Irfan Wahab Khan is the Chairman of Telenor Microfinance Bank and CEO of Telenor Pakistan. Prior to that, he served as Deputy CEO Telenor Pakistan for two years.

Irfan has a long association with Telenor Pakistan being the first member of the startup team when he joined the company as Executive Vice President in 2004. Khan has over 20 years of diverse management experience with leading telecommunication companies across North America, Europe and Asia. Since 2009, he has served as Group Vice President Devices and VP-Head of Asia Distribution within the Telenor Group in Norway and Thailand respectively. In Bangkok, Irfan was responsible for developing sales and distribution capabilities, organization systems and processes for over 1.1 million retailers within 5 countries in Asia. As VP Devices with Telenor Group, he was responsible for Group Device Strategy, Partnerships and Innovation, Handset Bundles and Device Portfolio of over USD 2 Billion across 11 countries.

Mr. Khan holds a Masters degree in Mobile and Personal Communications from University of Westminster London UK. He also holds qualifications in Financial Management from Harvard Business School, executive diploma in Marketing from London Business School and Business Management from INSEAD. He is also a lifetime Alumni of INSEAD.



Mr. Muhammad Omar Malik

Member Telecom-Ministry of IT & Telecommunication

Mr. Omar Malik is a dynamic and versatile technologist with master's degree from King's College London, UK and multiple executive qualifications from University of Oxford, Massachusetts Institute of Technology & Harvard Business School on business financial management & entrepreneurship.

With 20 years of diversified experience, before joining the Government, he has held various executive positions in tier-1 technology companies like STC Group, Abu Dhabi Group, Du Dubai, Mobilink, Warid, Nokia, Ericsson Alcatel Lucent and Center for Telecom research in Asian, African, Middle Eastern and European multicultural markets. He has also worked as the Senator of WBAF G-20 Group to promote startup's innovation culture & investments in Pakistan. Mr. Malik has launched more than six green field networks including 5G Technology Networks globally.

Currently, he is working on policy and strategy to upscale USD 17 billion telecom industry by Government of Pakistan and serving as Member Telecom in the Federal Government apart from the Board of Director of Frequency Allocation Board, PakSat International (SUPARCO), USF, Ignite, Telecom Industries of Pakistan Board, Member AGM Committee R&D Fund, Chairman Project Management committee at National Incubation Centers and also the member of Prime Minister Task Force on IT & Telecommunications.



Mr. Imran Akhtar Shah

VP for Government Sales- Super Net Limited

Mr. Imran Akhtar Shah is a strategist and techno-commercial professional with over 30 years of rich TMT experience with specialization in strategy development and implementation, business development, product management, project coordination and administration for data, Voice over Wireline & Wireless services/ Satellite for Telecom & Media Solutions for Broadcast Operators.

He has over 15 years of Wholesale Product Development experience.

He is proficient in product development & management over wireline & wireless services, has hands-on exposure in management and provisioning of solutions in the Africa, SA, SEA & GCC region, understanding of client needs and developing new wholesale products or services accordingly, extensive experience in marketing management for TMT and Triple Play services including TV/Data & Voice.

He is an expert in providing cutting-edge solutions, driving new business through key accounts and establishing new partnerships to increase channel revenues through launch of different products, managing the portfolio of services throughout the product life cycle, improving products and services, and providing insight into the marketing product roadmap.

He is also recognized for bagging major tenders/

projects, establishing large volumes of business and key account management with excellent levels of retention and loyalty.

Mr. Shah is a strong negotiator with excellent communication and interpersonal skills in networking and representing industry viewpoints at very high government levels. He has a detailed understanding of the wholesales telecommunications market and proved to be a strong team player with the skill to lead by example and empower team towards peak performance.



Mr. Kaukab Iqbal

Chairman - Consumer Association of Pakistan

Mr. Iqbal has been serving as the Chairman of the Consumer Association of Pakistan since March 2003. He has been working for the rights of consumers in the fields of Civil Rights and Social Action, Economic Empowerment, Education, Environment, Health, Human Rights, Disaster and Humanitarian Relief etc.

Mr. Iqbal has a degree in B.Tech Hon. as well as Executive MBA in Marketing. He is a strong business development professional who graduated from GBSS SHAH FAISAL COLONY.

He is an experienced Chairperson with a demonstrated history of working in the non-profit organization management industry. He is skilled in nonprofit organizations, budgeting, youth development, the Government, and Humanitarian.

He is also a recipient of Quaid-e-Azam- Bhutto Award, Energy Award, S.H.Hashmi Memorial Award, Youm-e-Azaadi Pakistan Award, Muhammad Jamal Abbasi Memorial Award, SAP Aeteraf-e-Kamal Award and Human Rights Award.



Mr. Haaris Mahmood Chaudhary

CEO- USF

Mr. Chaudhary is currently working as the CEO of USF. He is also serving as a Director on the Board of Zarai Taraqati Bank Limited. With extensive senior management experience in Finance, Strategy, Management and Corporate Affairs, he has over 18 years of global professional experience of leading initiatives in both, private and public sectors.

He started his career with Citibank in New York, after completing his MBA with distinction from the New York Institute of Technology. Later, he worked in senior management positions for top-tier banks such as ABN Amro Bank, Barclays Bank and Credit Suisse.

He is an exceptional leader with strong experience in building and inspiring teams and worked as an investment banker for over 15 years in various countries, including the United States, the United Arab Emirates and Pakistan. Prior to the CEO position, he served as Chief Financial Officer and Company Secretary at USF for the past eight years and has certainly transformed the organization. He is passionate about bridging the digital divide and empowering the marginalized communities of Pakistan.



Corporate Governance

Annual General Meeting

USF Company convened its 15th Annual General Meeting on Monday, 25th October 2021 in the Ministry of IT and Telecommunication office. Notice of Annual General Meeting was issued on 30th September 2021. Matters discussed pertained to:

- ▶ Approval of Annual Audited Accounts of USF Company for Financial Year 2020-21
- ▶ Appointment of External Auditors of USF Company for Financial Year 2021-22
- ▶ Approval of Statement of Compliance of USF Co. for the Year Ended on June 30, 2021, with Public Sector Companies (Corporate Governance) Rules, 2013
- ▶ Directors Report FY 2020-21

Composition of the Board

Composition of the Board of Directors and manner of Nomination is prescribed by the USF Rules 2006, best practices of Code of Corporate Governance and the Articles of Association.

USF has a diverse Board structure comprising of highly qualified professionals from both public and private sectors. The composition of the Board for FY 2021-22 was as follows:

Sr. No	Name	Executive/ Non-Executive/ Independent	Representative Ministry & Designation	Position in Board/ Management
1 (a)	Mr. Muhammad Sohail Khan Rajput	Ex-Officio	Secretary IT Ministry of IT & Telecommunication	Ex-Chairman (from June 2021- April 2022)
1 (b)	Mr. Mohsin Mushtaq Chandna	Ex-Officio	Additional Secretary IT (Incharge) Ministry of IT & Telecommunication	Chairman (April 2022 till date)
2	Maj. Gen (R) Amir Azeem Bajwa	Ex-Officio	Chairman PTA	Member
3	Mr. Muhammad Omar Malik	Ex-Officio	Member Telecom Ministry of IT & Telecommunication	Member
4	Vacant	Ex-Officio	CEO - NITB	Director
5	Vacant	Nominee of Fixed Line Licensees		Director
6	Mr. Irfan Wahab Khan	Nominee of Cellular Operators/ Non-Executive Director	CEO - Telenor	Director
7	Syed Imran Akhtar Shah	Nominee of Cellular Operators/ Non-Executive Director	Vice President Super Net Pvt Ltd	Director
8	Mr. Kaukab Iqbal	Representative of Consumer Group/ Non-Executive Director	Chairman Consumer Association of Pakistan	Director
9	Mr. Haaris Mahmood Chaudhary	Executive Director	CEO - USF	Director

Independent Directors, Executive & Non -Executive Directors

The Board comprises of non-executive directors, independent directors and one Executive Director/CEO.

Name	Executive/Non-Executive/Independent
Mr. Muhammad Sohail Khan Rajput (Ex-Chairman)	Ex-Officio
Mr. Mohsin Mushtaq Chandna (Incumbent)	Ex-Officio
Maj. Gen (R) Amir Azeem Bajwa	Ex-Officio
Mr. Muhammad Omar Malik	Ex-Officio
CEO - NITB	Ex-Officio
Mr. Irfan Wahab Khan	Non-Executive Director
Syed Imran Akhtar Shah	Independent Director
Mr. Kaukab Iqbal	Non-Executive Director
Mr. Haaris Mahmood Chaudhary	Executive Director
Nominee of Fixed Line Licensees	Non-Executive Director

Tenure of the Board

USF Board of Directors' tenure initiated on July 18th, 2019, vide Notification No.18-18-2006-DT dated 18th July 2019 for a period of 3 years, which ended on July 17th, 2022, pursuant to Article 30 of the Articles of Association of Universal Service Fund which states that the Board shall remain for a term of 3 years.

During FY 2021-22, the Chairman of the Board changed from Mr. Muhammad Sohail Khan Rajput who presided as Chairman of the Board from June 2021- April 2022 to Mr. Mohsin Mushtaq Chandna (April 2022 till date).

Meetings of the Board

During FY 2021-22, the Board held five meetings once every quarter to review performance and address key issues and challenges. Notices/ agendas of each were circulated in advance, in a prompt manner. Resolutions made during the meetings were documented in the minutes of the meetings by the Company Secretary, duly approved by the Chairman of the Board and circulated to all directors for approval after which it is confirmed/approved in the subsequent Board meetings. The minimum legal requirements of attendance were maintained as recommended by the applicable rules. In accordance with Corporate Governance Rules, the meetings were also attended by the Chief Financial Officer and the Company Secretary along with the Senior Management.



Furthermore, Federal Secretary IT & Telecom, Dr. Muhammad Sohail Rajput, chaired the 78th-81st meetings. Whereas the 82nd Board of Directors meeting was chaired by Additional Secretary IT (Incharge) IT & Telecom Mr. Mohsin Mushtaq Chandna. The Meetings were held on the following dates:

14 SEP 2021	15 OCT 2021	10 DEC 2021	14 MAR 2022	09 JUN 2022
78th Board Meeting	79th Board Meeting	80th Board Meeting	81st Board Meeting	82nd Board Meeting

Attendance of Board Meetings

Board Member	Total Board Meetings	Board Meetings Attended
Chairperson	5	4+1
Member Telecom	5	5
Chairman PTA	5	5
Nominee Data Licensees	5	5
Nominee Mobile Cellular Licensees	5	2
Nominee Consumer Group	5	5
CEO USF Co.	5	5

Role and Responsibilities of the Board

The Board shall conduct and manage all the business affairs of the company, exercise all the powers, authorities and discretion of the company, obtain or oppose the application by others for all concessions, grants, charters and legislative acts and authorization from any government or authority, enter into, such contracts and do all such other things as may be necessary for carrying on the business of the company, except only such of them as under the statutes and Articles are expressly directed to be exercised by general meetings and (without in any way prejudicing or limiting the extent of such general powers) shall have the following special powers and duties:

- ▶ To present to the general meeting of the company any matters which the directors feel are material to the company, its objects or interests or affecting the interests of members and make suitable recommendations regarding such matters.
- ▶ To regulate, through articles, the admission of members.
- ▶ To appoint, remove or suspend the legal advisors, bankers, or other officers on such terms and conditions as they shall think fit and as may be agreed upon.

- ▶ To appoint any qualified person as a first auditor(s) subject to provisions of the Ordinance.
- ▶ To determine the remuneration, terms and conditions and powers of such appointees and from time to time, revoke such appointments and name person of similar status to such office except for the auditor in which case the relevant provisions of the Ordinance shall be followed.
- ▶ To delegate, from time to time, to any such appointee all or any of the owe and authority of the Board and to reconstitute, restrict or vary such delegations.
- ▶ To agree upon and pay any expenses in connection with the company's objects and undertakings and pay all the expenses incidental to the formation and regulation of the company.
- ▶ To constitute from time-to-time committee(s) from among themselves or co-opt other persons for the purpose and delegate to them such functions and powers as the Board may see fit to carry out the objects of the Company.
- ▶ Subject to the provisions of Section 196 of the Ordinance, the directors may exercise all the powers of the company to borrow and mortgage or charge its undertaking, property and assets (both present and future) or issue securities, whether outright security for any debt, liability or obligation of the company.
- ▶ To operate, open, draw or authorize to draw amounts from the bank accounts of the Company.
- ▶ To prepare annual and half yearly accounts of the Company.
- ▶ To review and guide corporate strategy within the parameters of the objects of the Company.
- ▶ To determine risk policy, set high-level business objectives and monitor performance against objectives, oversee major capital expenditures, acquisitions and divestitures.
- ▶ To monitor the effectiveness of the Company's governance practices and make changes as needed.
- ▶ To ensure that remuneration of key executive is aligned to the Company's objectives and reflects the objectives of stakeholders.
- ▶ To ensure that the appointment of directors is carried out in a fair, open and transparent manner.
- ▶ To monitor and actively manage potential conflicts of interests affecting the directors, managers and other stakeholders including misuse of corporate assets and potential abuse in third party transactions.
- ▶ To ensure the integrity of the Company's accounting and financial reporting systems, including independent audit and ensuring that systems of control arc in place for risk management, financial and operational control and ensure-WA compliance with the relevant law and accounting standards.

- ▶ To approve and maintain a succession plan for the chief executive officer and senior executives.
- ▶ To design and implement programs for the orientation of the new directors and continuing education for existing directors on subjects that would assist them in discharging their duties.
- ▶ To oversee the process of disclosure and the communication of information to stakeholders.
- ▶ To establish committees and delegate authority to committees for performance of specialized Board functions while ensuring that the Sub-Committees do not get involved in the day-to-day operations and management of the Company in relation to matters falling within their respective terms of reference.
- ▶ To provide strategic direction for the Company by providing guidance, without, however, involving itself in the day-to-day operations and management of the Company.
- ▶ To maintain commercial orientation for the Company and actively explore, pursue and exploit commercial opportunities arising out of the research and development projects.
- ▶ To approve the business plan, allocate annual budget and request the Federal Government for release of funds and to approve the operations manual prepared by the management of the Company.
- ▶ To set targets for the Company and review progress while leaving the details for achievement of the targets to the management of the Company.
- ▶ To advise the Federal Government for development, modification or refinement of the USF Framework.
- ▶ To liaison and interact with national and international research and development organizations in the field of information and communication technology.
- ▶ To develop, publish, maintain in force and implement an operations manual setting out the processes and procedures for applications, appraisals, approvals, solicitations, grants, contracts, disbursements, monitoring, modifications, reporting, commercial exploitation and other matters pertaining to projects contemplated under, or pursuant to, the objects of the Company in provisioning of telecommunication services.
- ▶ To propose changes in the USF Policy of the Federal Government.
- ▶ To oversee, examine, evaluate, approve or review projects.
- ▶ To request the Federal Government and the Authority to lend support officers, as the case may be, on deputation.
- ▶ To request and demand from the Authority to furnish details about amounts received from licensees for Fund for any specific period.
- ▶ To delegate any of the powers with or without restrictions to the Chief Executive of the Company
- ▶ To withdraw or suspend the delegated powers as deemed fit by the Board.

Board Committees

The Committees are responsible for review of relevant matters and make recommendations to the Board within the realm of certain responsibilities delegated by the Board.

Audit and Finance Committee

The Board of Directors shall provide adequate resources and authority to enable the committee to carry out its responsibilities effectively. The committee shall:

- ▶ Recommend appointment of external auditors to the Board of Directors and consider any questions of resignation or removal of external auditors, audit fees, etc.
- ▶ Facilitating the external audit and discussion with external auditors' observations arising from audits and any matter that the auditors may wish to highlight in the absence of management.
- ▶ Ensuring coordination between the internal and external auditors of the Company
- ▶ Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- ▶ Ascertaining that the internal control systems including financial and operational controls, accounting systems, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.
- ▶ Review of the Company's Statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports.
- ▶ Determination of compliance with relevant statutory requirements.
- ▶ Monitoring compliance and identification of significant violations thereof.
- ▶ Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors.

AFC Composition	September 6th, 2021	May 16th 2022
Mr. Imran Akhtar Shah	✓	✓
Mr. Kaukab Iqbal	✓	✓
Mr. Muhammad Omar Malik	✗	✓

Human Resource Committee

The Board of Directors shall provide adequate resources and authority to enable the committee to carry out its responsibilities effectively. The committee shall:

- ▶ Review and recommend HR management strategy and policies.
- ▶ Review and recommend recruitment, remuneration and evaluation of senior management.
- ▶ Review and recommend to the Board development/training needs and strategy for the organization.
- ▶ Review and recommend to the Board succession plan and talent management for critical senior positions.
- ▶ Review and assess performance of CEO against specific performance criteria and objectives.
- ▶ Consider any other issue or matter as may be assigned by the Board of Directors.
- ▶ Assist the Board in developing salary scales for different levels of employees and compensation strategies/policies.
- ▶ Review requirements for company's alignment of organizational structure and human resources.

HRGC Composition	6th Sep, 2021	18th Nov, 2021	14th Feb, 2022	15th Feb, 2022	17th May 2022
Maj Gen (R) Amir Azeem Bajwa	✓	✘	✓	✓	✓
Mr. Imran Akhtar Shah	✓	✓	✓	✓	✓
Mr. Kaukab Iqbal	✓	✘	✓	✓	✓

Project Oversight Committee

The roles and responsibilities of the Committee include:

- ▶ Monitoring the progress in the implementation of projects.
- ▶ Examining from time to time the development of project proposals and make recommendations to the Board on the implementation of such proposals.
- ▶ Keeping under review on an ongoing basis the in-house procedural framework related to the implementation of contracts and make recommendations on adjustment mechanisms to facilitate speedier and smoother implementation of projects.
- ▶ Development of strategies to address delays in the implementation of projects.
- ▶ Perform other such functions as assigned by the board.

POC Composition	8th Sep, 2021	19th Nov, 2021	7th Dec, 2021	16th Feb, 2022	16th May 2022	17st Jun, 2022
Maj Gen (R) Amir Azeem Bajwa	🎥	✓	✓	✓	✓	✓
Mr. Imran Akhtar Shah	🎥	✓	✓	✓	✓	✓
Mr. Muhammad Omar Malik	🎥	✓	✓	🎥	✓	✗
Mr. Irfan Wahab	🎥	✓	✓	🎥	✓	✓

Risk Management Committee

The Committee carries out the following functions:

- ▶ To assess and analyze all financial and operational controls including compliances.
- ▶ To execute risk mitigation measures and to confirm integrity of financial information.
- ▶ Reviewing corporate strategy, programs and operational plans, and availability of funds for the Company.
- ▶ To assess company's risk framework and internal control system.
- ▶ To identify and manage strategic risks of the Company.

Whistleblowing Committee

The whistleblowing committee, comprising 1 OP2 grade officer (as nominated by the CEO), Chief Internal Auditor and Head of HR which will assess the reasonableness/adequacy of such reporting and will recommend investigation, if needed. The head of the whistleblowing committee will be responsible for execution and compliance of this policy. The committee may also call the accused for the initial investigation. The CEO will have the authority to decide the final course of action. If the complaint/allegation is against any member of the committee, the whistleblower may report the matter to the CEO. If the complaint /allegation is against the CEO, the whistleblower committee may report the matter to the BoD.

Whistleblowing Policy

The Policy has been established to ensure that all cases of suspected wrongdoing are reported and managed in a timely and appropriate manner and to ensure all employees feel supported in speaking up in confidence and reporting matters they suspect may involve anything, improper, unethical or inappropriate.



- ▶ Encourage all improper, unethical or inappropriate behaviors to be identified and challenged at all levels of the USF.
- ▶ Provide clear procedures for the reporting of such matters.
- ▶ Manage all disclosures in a timely, consistent and professional manner.
- ▶ Provide assurances that all disclosures will be taken seriously, treated as confidential and managed without fear of retaliation.

Formal Orientation at Induction

New directors receive orientation to have a better understanding of the operations and the scope of their responsibilities that helps them to be more effective in their roles.

Orientation sessions are arranged to help the new directors in understanding the operations and the scope of their responsibilities.

Directors' Training Program

Trainings are held to educate directors with leading trends and practices in corporate governance, equipping them with essential insights to increase their effectiveness as a board member. These trainings help develop an understanding of contemporary governance mechanisms and related best practices. In compliance with the regulatory requirements, SECP approved Director Training Programs are not only attended by the Directors but also various Heads of Departments.

Roles and Responsibilities of the Chairman and CEO

In accordance with legal and regulatory requirements, the Chairman of the Board and Chief Executive Officer of the Company has distinct, independent but complimentary roles.

CEO's Performance Review by the Board

CEO's performance is reviewed by the Board with reference to his roles and responsibilities including those assigned by the statute.

Exceptional performance of the CEO, during the year, is evident by the successful achievement of the targets.

Policy of Retention of Board Fee by the Executive Director

In line with the Directors' Remuneration Policy, executive directors are not paid any fee for attending the Board, committee, or general meetings.

List of Companies in which the Executive Director is Serving as Non-Executive Director

Mr. Haaris Mahmood Chaudhary being an executive director by virtue of being the Chief Executive Officer holds non-executive directorship on the Board of Zarai Taraqati Bank.

Statement of Compliance with the Code of Corporate Governance

Specific statements to comply with the requirements of the Code of Corporate Governance are as follows:

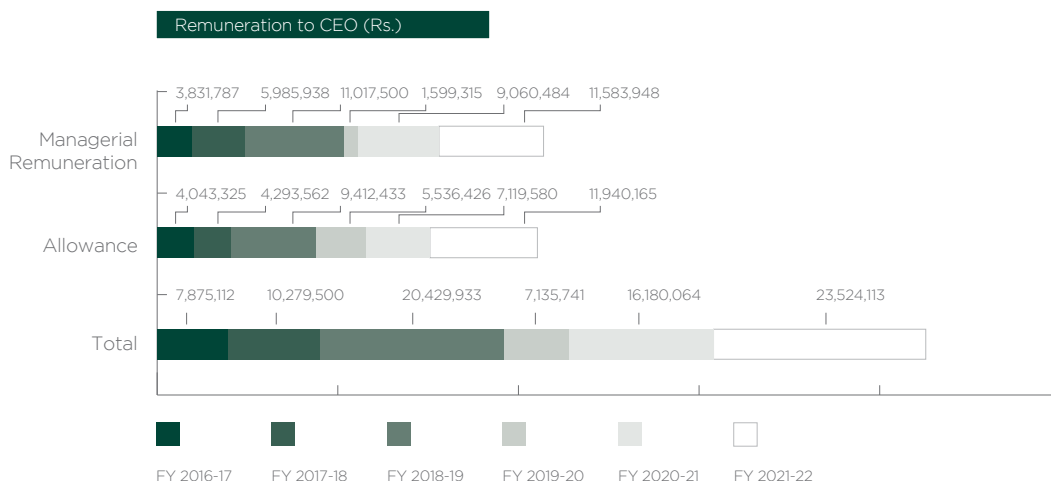
- ▶ This report is also being submitted to the contributors of Universal Service Fund.
- ▶ USF Co Board makes the following statements, prepared under section S227 of the Companies Act, 2017:
 - The Board has complied with the relevant principles of corporate governance and has identified the rules that have not been complied with, the period in which such non-compliance continued, and reasons for such non-compliance (Statement of Compliance).
 - The financial statements, prepared by the management of USF, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
 - Proper books of account of the USF have been maintained.
 - Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
 - They recognize their responsibility to establish and maintain sound system of internal control, which is regularly reviewed and monitored; and
 - The appointment of Chairman and other members of the Board and the terms of their appointment along with the remuneration policy adopted are in the best interests of the Public Sector company as well as in line with the best practices.

Directors' Remuneration

The USF Co Board in its 78th Board of Director's Meeting held on 14th September 2021 resolved and approved to revise the remuneration of the Director's for attending Board and Committee Meetings as follows:

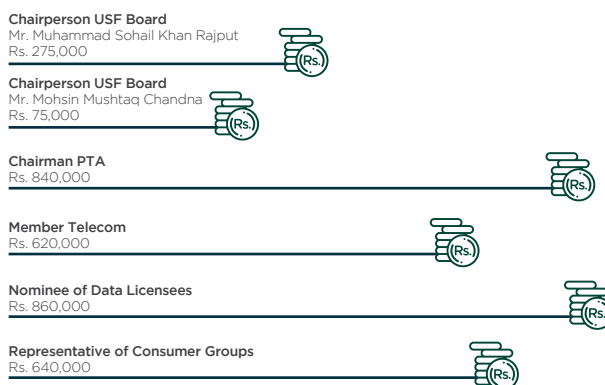
- Rs. 75,000 for attending Board Meetings.
- Rs. 50,000 for attending Committee Meetings.

- ▶ Given below is the remuneration to the CEO and Directors of USF Board;



Directors Remuneration Total (Rs.)

Chairperson USF Board Mr. Muhammad Sohail Khan Rajput Mr. Mohsin Mushtaq Chandna	275,000 & 75,000
Chairman PTA Maj. Gen (R) Amir Azeem Bajwa	840,000
Member Telecom Mr. Muhammad Omar Malik	620,000
Nominee Mobile Cellular Licensees Mr. Irfan Wahab	No Remuneration Taken
Nominee of Data Licensees Mr. Imran Akhtar Shah	860,000
Representative of Consumer Groups Mr. Kaukab Iqbal	640,000

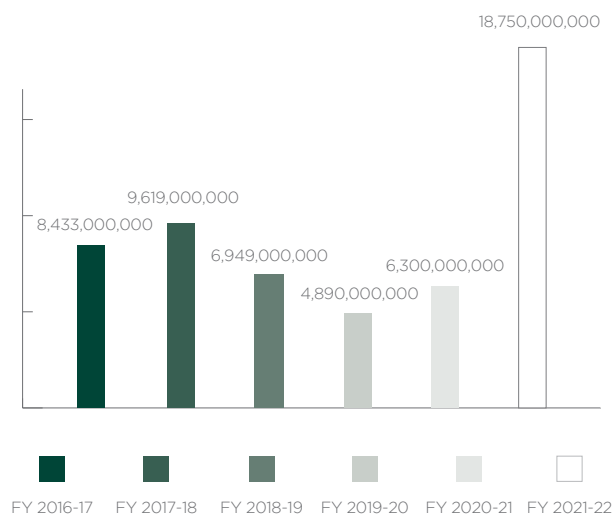


The amounts disclosed are the fee for attending the meeting and no salary, other benefits and performance related elements are paid to the directors.

- ▶ Details regarding clause no. 4 of Rule no. 17 of the Public Sector Companies (Corporate Governance) Rules are given below:
 - a. Subsidy or other financial support from Government.

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Government Grants (Rs.)	8,433,000,000	9,619,000,000	6,949,000,000	4,890,000,000	6,300,000,000	18,750,000,000

Government Grants (Rs.)



b. Summary of Operating and Financial data of last 6 years (Rs)

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Government Grants (Rs.)	8,433,000,000	9,619,000,000	6,949,000,000	4,890,000,000	6,300,000,000	18,750,000,000
Operational Expenses	259,602,260	315,862,068	338,523,611	392,333,759 (Revised)	437,602,565	513,295,673
Capital Expenditure	4,031,310	19,827,996	40,160,764	18,085,490	140,882,947	35,351,975
Subsidy Grant for Projects Disbursed	11,556,139,702	6,786,484,959	6,205,120,282	5,472,282,626	5,365,658,506	20,487,160,337
Fee disbursed to Technical & Monitoring Auditors for Projects	17,735,943	13,622,192	34,451,262	24,268,108	88,510,760	189,960,605

Balance Sheet – Assets

Non- Current	19,649,615	26,424,249	50,300,160	50,565,430	156,334,761	140,140,269
Current	1,597,119,223	4,242,846,902	5,402,246,041	6,631,710,035 (Revised)	8,222,181,902	7,496,601,941
	1,616,768,838	4,269,271,151	5,452,546,201	6,682,275,465	8,378,516,663	7,636,742,210

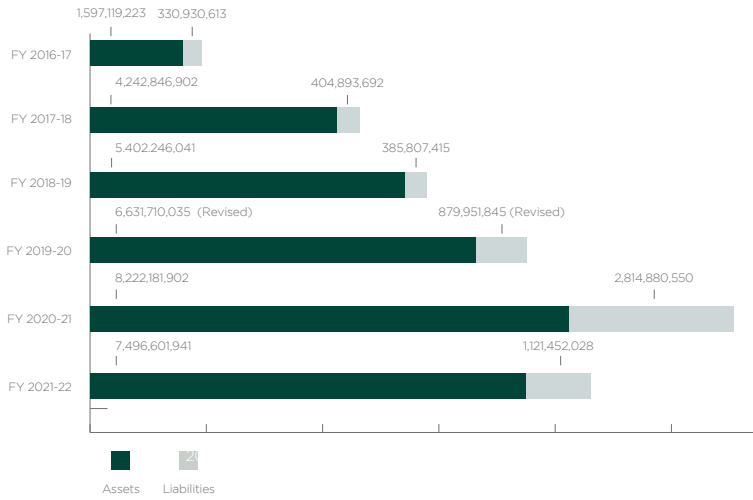
Balance Sheet - Liabilities

Non- Current	1,285,838,225	3,864,377,459	5,066,738,786	5,802,323,620	5,563,636,113	6,515,290,182
Current	330,930,613	404,893,692	385,807,415	879,951,845 (Revised)	2,814,880,550	1,121,452,028
	1,616,768,838	4,269,271,151	5,452,546,201	6,682,275,465	8,378,516,663	7,636,742,210
Commitment	18,344,340,720	16,646,129,371	10,353,011,981	10,277,296,359	26,763,868,323	39,684,169,456

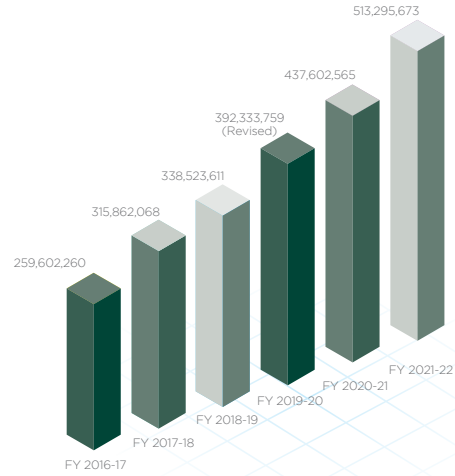
Related Party Transactions (Rs.)

MoIT - GOP	8,433,000,000	9,619,000,000	6,949,000,000	4,890,000,000	6,300,000,000	18,750,000,000
Subsidy Payment PTCL	278,394,500	300,000,000	377,427,300	599,894,680	1,825,266,159	6,699,166,458
Subsidy Payment PMCL-Jazz	28,000,000	(28,000,000)	45,101,418			
Subsidy Payment CM Pak						
Subsidy Payment Ufone	5,386,242,306	4,277,294,810	3,176,159,452	1,322,100,387	1,240,241,108	3,969,791,357
Subsidy Payment Telenor				3,063,415,965	1,213,274,753	4,816,549,852
Employees Gratuity Fund Account	8,824,997	9,597,938	17,677,638	12,512,106	24,218,549	29,319,273

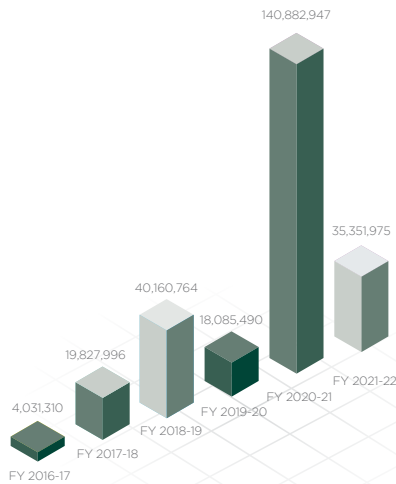
Balance Sheet - Assets and Liabilities



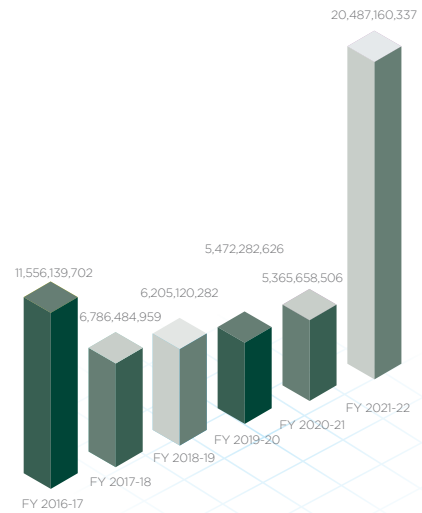
Operational Expenses



Capital Expenditure



Subsidy Grant for Projects Disbursed



- c. No Statutory payment on account of taxes, duties, levies and charges is overdue or outstanding.
- d. The value of investments of provident, gratuity and pension funds based on their respective audit accounts is as follow:

USF Company is not maintaining any pension and provident fund. Employees Gratuity is maintained separately by Trustees. However, no investment is made for gratuity in FY 2021-22.

- e. Following are the details of number of Board of Directors meetings held during the year and attendance by each Director:

During the FY 2021-22, five (05) Board of Directors meetings were held.

The 78th-81st meeting was chaired by Federal Secretary IT & Telecom, Dr. Sohail Rajput. Whereas the 82nd Board of Directors meeting was chaired by Additional Secretary (Incharge) IT & Telecom Mr. Mohsin Mushtaq Chandna.

- f. USF is a guarantee limited company incorporated under Section 42 of the Companies Act, 2017.

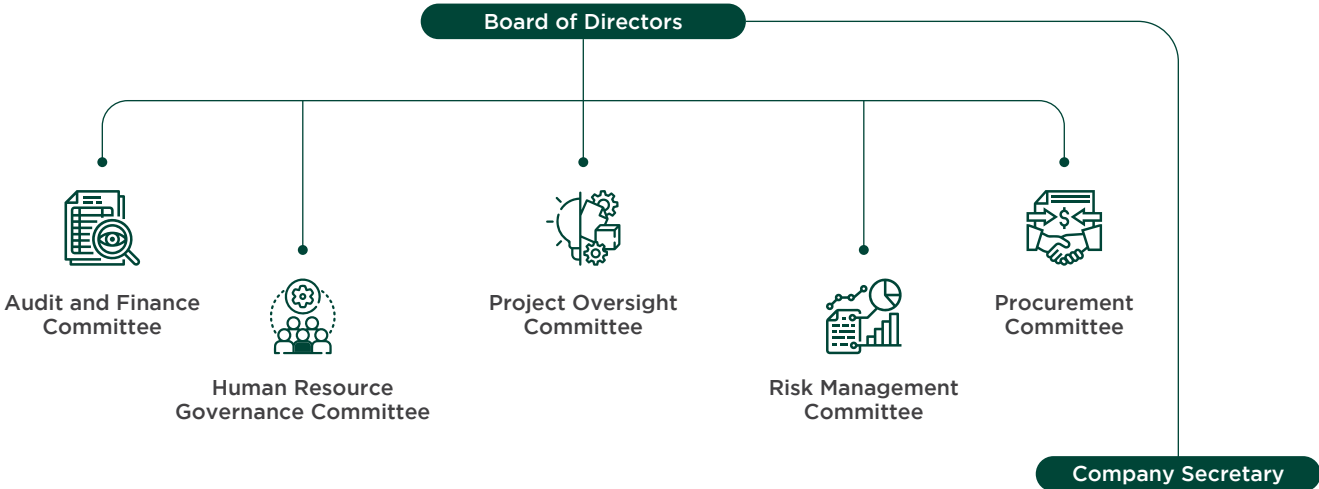


OUR LEADERSHIP



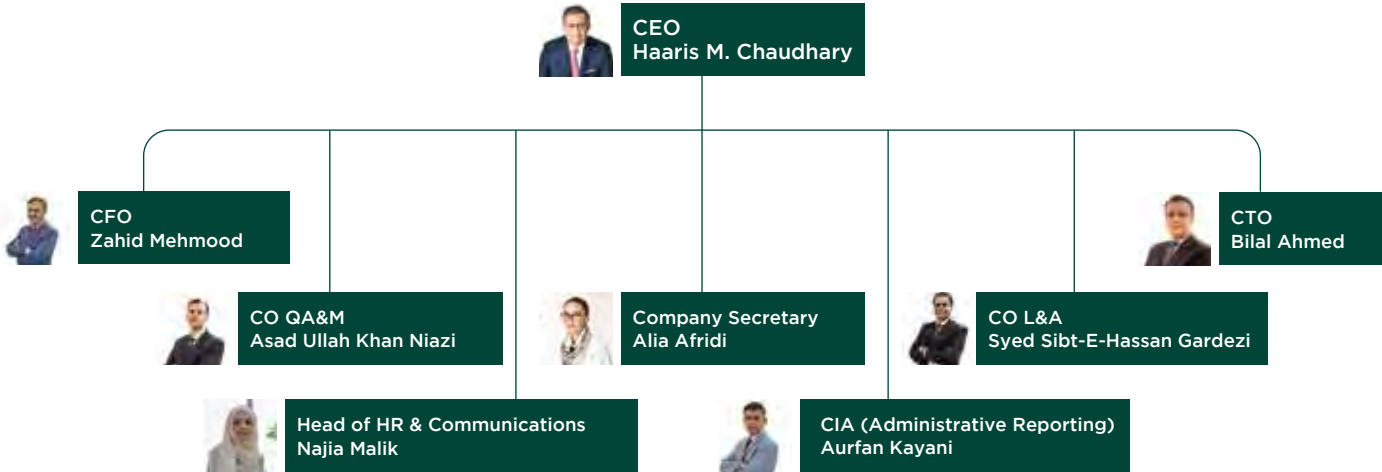
Organizational Structure

The Board of Directors of USF is the company’s highest governing body and is responsible, through the CEO for ensuring that the company’s activities are soundly organized. The Board of Directors has five committees: Audit and Finance Committee, Human Resource Governance Committee, Project Oversight Committee, Risk Management Committee and Procurement Committee.



Senior Management

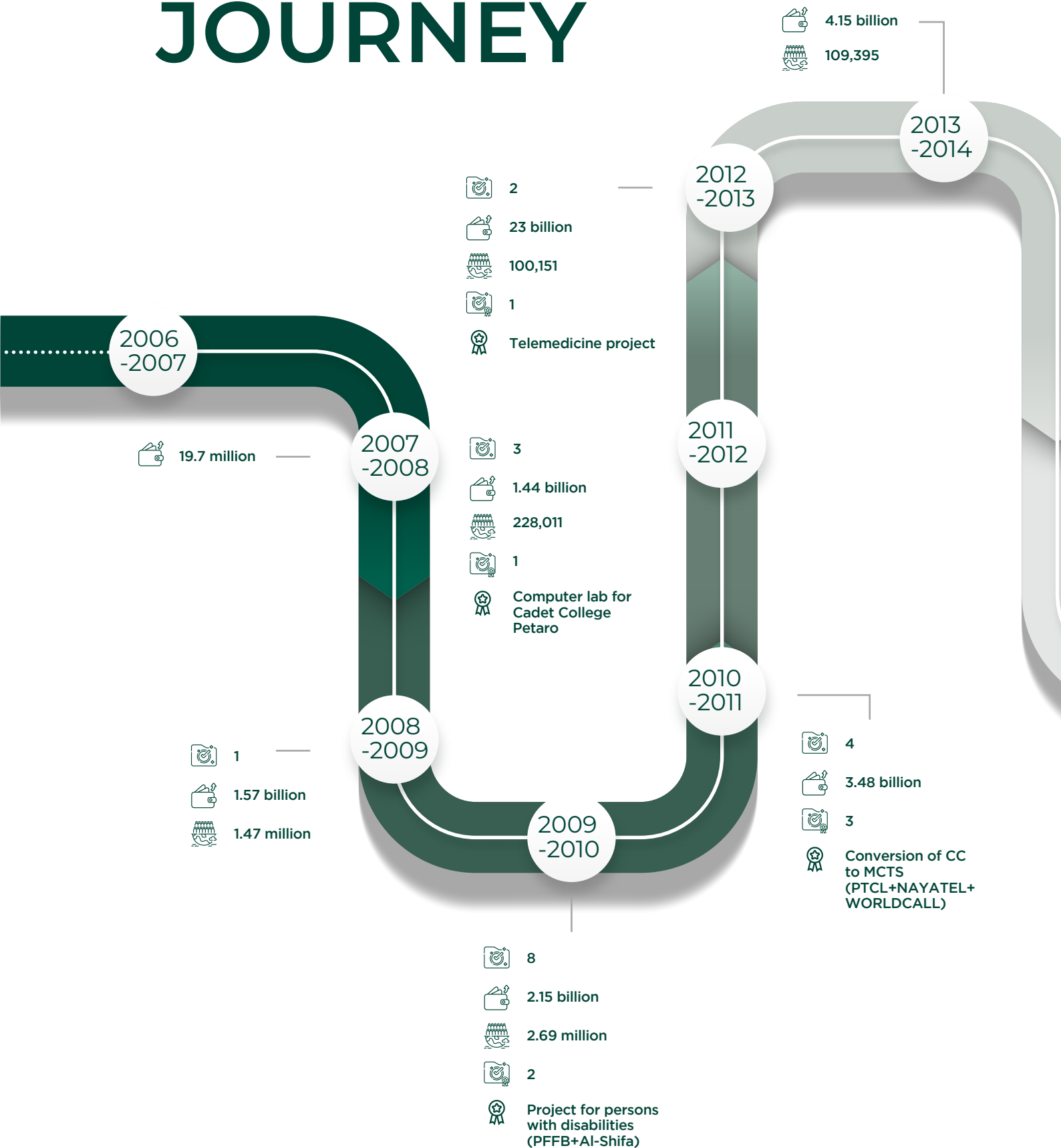
The Senior Management reports to the CEO and is responsible for assisting the CEO with the day-to-day management of USF, as well as for the organization and day-to-day operation of their own departments. Their job descriptions define their specific responsibilities and the authority delegated to their position. The general responsibilities include executing USF’s strategies and plans in accordance with the law and official regulations and USF’s guidelines, as well as for carrying out internal control.

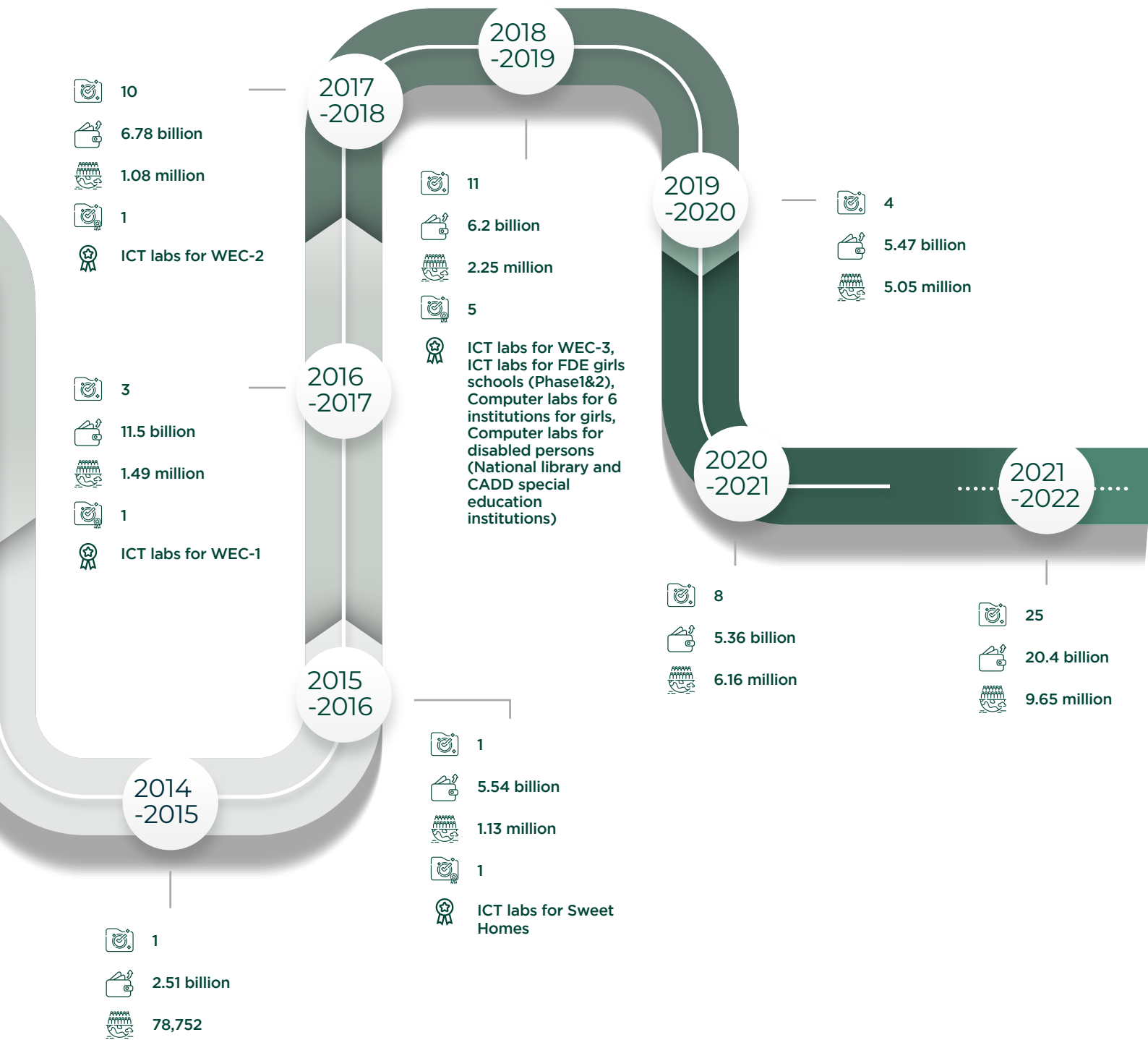


PROGRESS & DEVELOPMENT



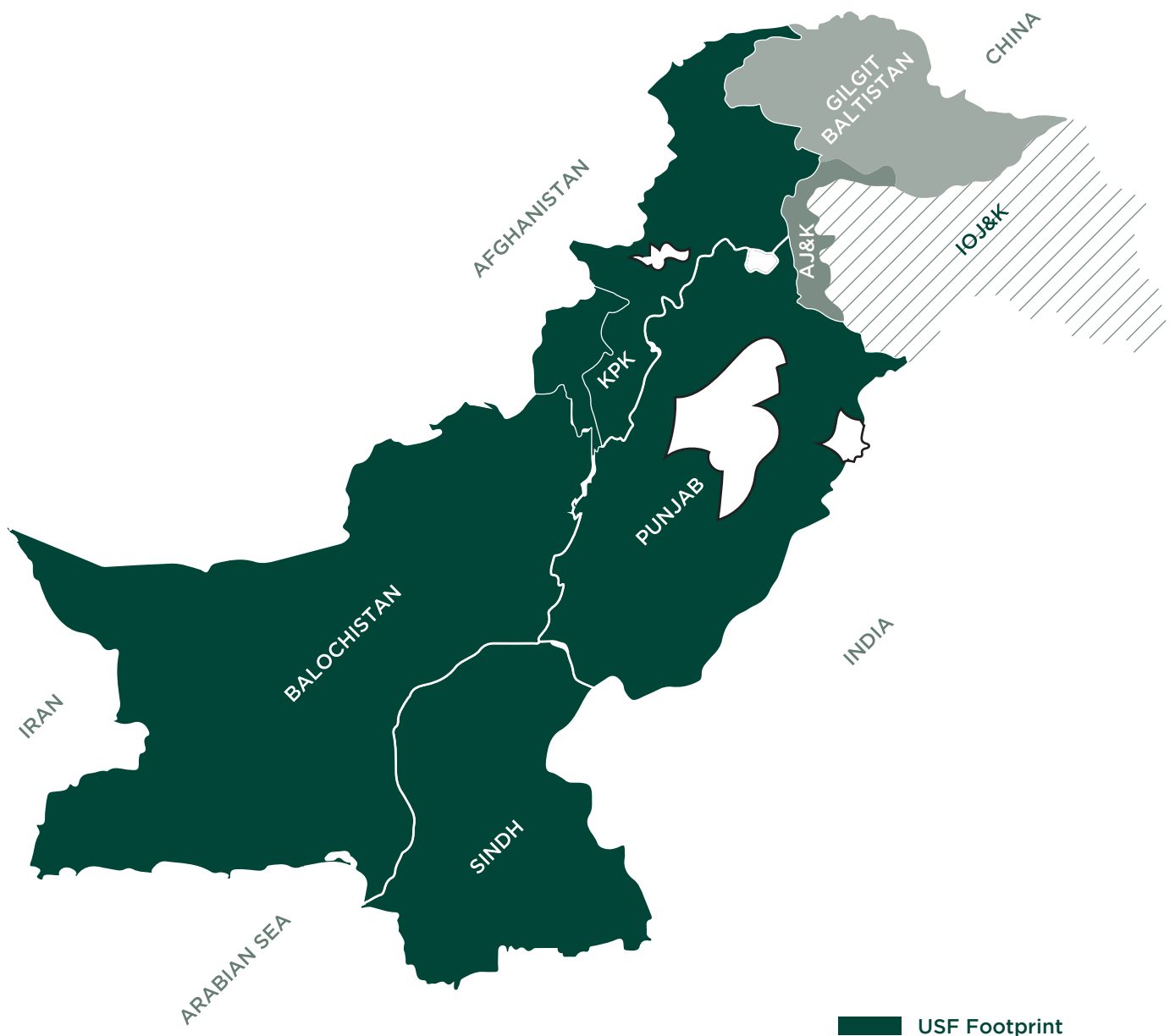
USF JOURNEY





USF FOOTPRINT

Since USF's inception in 2006, we have widely expanded our network through extensive sustainable broadband infrastructure and empowered millions of rural and remote communities across Pakistan.





E-EDUCATION

During the COVID-19 lockdown, I attended online classes on Zoom and communicated with my teachers and classmates. It was so convenient to take classes, right from the safety and comfort of my home. 4G broadband connectivity and accessibility allowed me to learn remotely. I had access to online resources and relevant study material at my fingertips, watched informative videos on YouTube and downloaded many books to read. In my free time, I used to teach my mother how to use the internet for her entertainment or to look up recipes. Internet connectivity allowed me to be empowered with knowledge during a difficult time of isolation.

Marvi Salam
Jamshoro District, Sindh

A close-up photograph of a hand placing a wooden block on top of a stack of wooden blocks. The stack is arranged in a staircase pattern, with each row having one more block than the row below it. The background is a light, textured surface.

YEAR-END PERFORMANCE

HIGHEST-EVER ACCOMPLISHMENTS



International Recognition by GSMA



Increased female participation by 15% in the workforce



Formulated USF Pillars to help set high standards for our business practices



Defined USF Brand Guidelines



USF DBMS & Monitoring Software in place



133% Implementation Milestones Achieved



29% Committed Subsidy



57% Empowered Population



44% No. of Contracted Projects



6x Length of Optic Fiber Cable Laid



26x THQs/UCs/Towns Connected



281% Disbursed Subsidy



54% Served Mauzas



36% Monitoring Audit Visits

YEAR AT



Our Commitments

Note: All figures represent un-served data.

A GLANCE



Note: All figures represent un-served data.

MILESTONES ACHIEVED

Contract Signing Ceremony of High-Speed Mobile Broadband Project in Multan and Khanewal Districts with Jazz

Chief Guests: Foreign Minister, Shah Mehmood Qureshi, Federal Minister for IT & Telecommunication, Syed Amin Ul Haque, Parliamentary Secretary, Zain Qureshi and Federal Secretary IT, Dr. Sohail Rajput.

8th July 2021 - Islamabad



Contract Signing of Optic Fiber Cable Projects in Naushahro Feroze, Shaheed Benazirabad & Khairpur Districts with PTCL

Chief Guests: President of Pakistan, Dr. Arif Alvi, Federal Minister for IT and Telecommunication, Syed Amin Ul Haque, Federal Secretary IT, Dr. Sohail Rajput

12th July 2021 - Karachi

Contract Signing Ceremony of High-Speed Mobile Broadband Projects in Nowshera, Mardan, Swabi and Charsadda Districts with Telenor

Chief Guests: Federal Minister for IT and Telecommunication, Syed Amin Ul Haque, Federal Minister for Defence, Pervez Khattak

12th August 2021 - Islamabad



Contract Signing Ceremony of High-Speed Mobile Broadband Projects in Chaghi and Nushki Districts with Telenor

Chief Guests: Federal Minister for IT and Telecommunication, Syed Amin Ul Haque, and Chairman Senate, Sadiq Sanjrani

September 15th 2021 - Islamabad

Contract Signing Ceremony of High-Speed Mobile Broadband Projects in Kambar Shahdatkot, Larkana, Nowshero Feroze & Benazirabad Districts with Jazz

Chief Guests: Federal Minister for IT and Telecommunication, Syed Amin Ul Haque, and Federal Minister for Planning and Development, Asad Umar

7th January 2022 – Karachi



Contract Signing Ceremony of Optic Fiber Cable Projects in Dadu, Jamshoro, Larkana, Kambar Shahdadkot, Hyderabad and Badin Districts with PTCL

Chief Guests: Sindh Chief Minister Syed Murad Ali Shah and Federal Minister for IT and Telecom Syed Amin-Ul-Haque

2nd June 2022 – Karachi

STRATEGIC FOCUS



NG-BSD Program

Through the NG-BSD program, USF is providing voice and high-speed mobile broadband (at the minimum rate of 512 kbps) to the unserved and underserved mauzas across Pakistan. These projects have a notable role in the socio-economic progress of the people at grassroots level and opening the doors of opportunities for the marginalized communities.

In FY 2021-22, USF has successfully completed 16 projects and provided access and connectivity to approximately 12.4 million people in Sindh, Balochistan and Punjab. These projects include 7 small lots. It is noteworthy to mention that 4 small lots were contracted and completed within this year.

Moreover, USF has contracted 13 new projects worth over PKR 18.4 billion for provision of voice and high-speed mobile broadband services to 3 million people living in 4,946 mauzas of Sindh, Balochistan, Khyber Pakhtunkhwa and Punjab.

Significant progress was made in the following projects: Chagai, Chitral, DG Khan, Jaffarabad, Jhelum, Kech, Mastung, Panjgur and Shikarpur. USF is committed to timely delivery of its projects in all respects.

Features of NG-BSD project



Time Frame
12 - 18 months



4G
4G LTE enablement



Data Rate
2 % of data capacity of
512 KBPS downlink and
128 KBPS uplink























Coverage
80 % coverage to
mandatory population

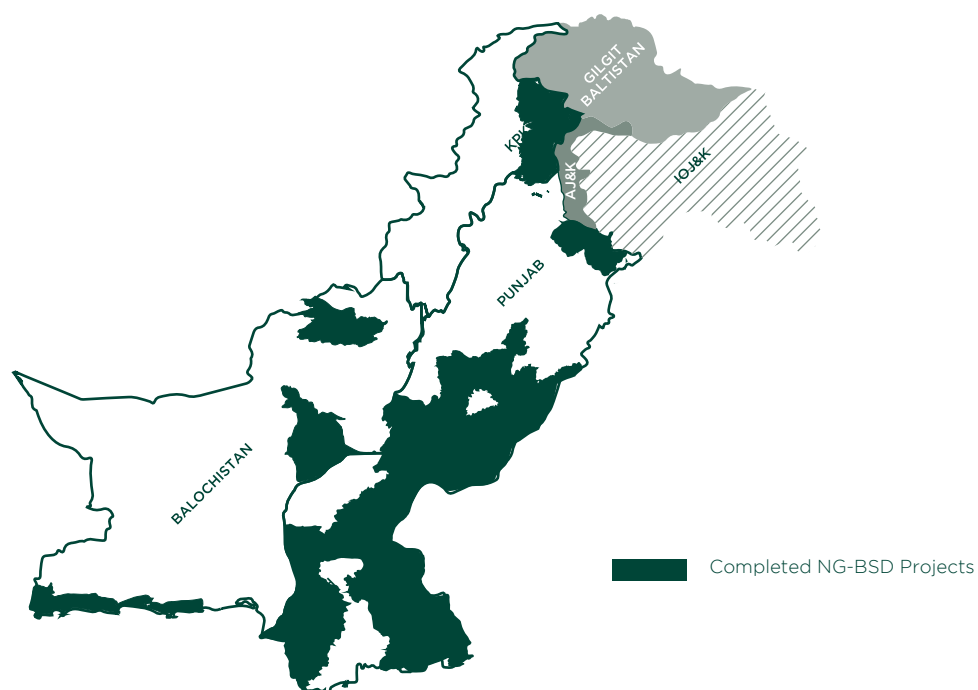


Renewable Energy
Renewable energy used
as prime energy source






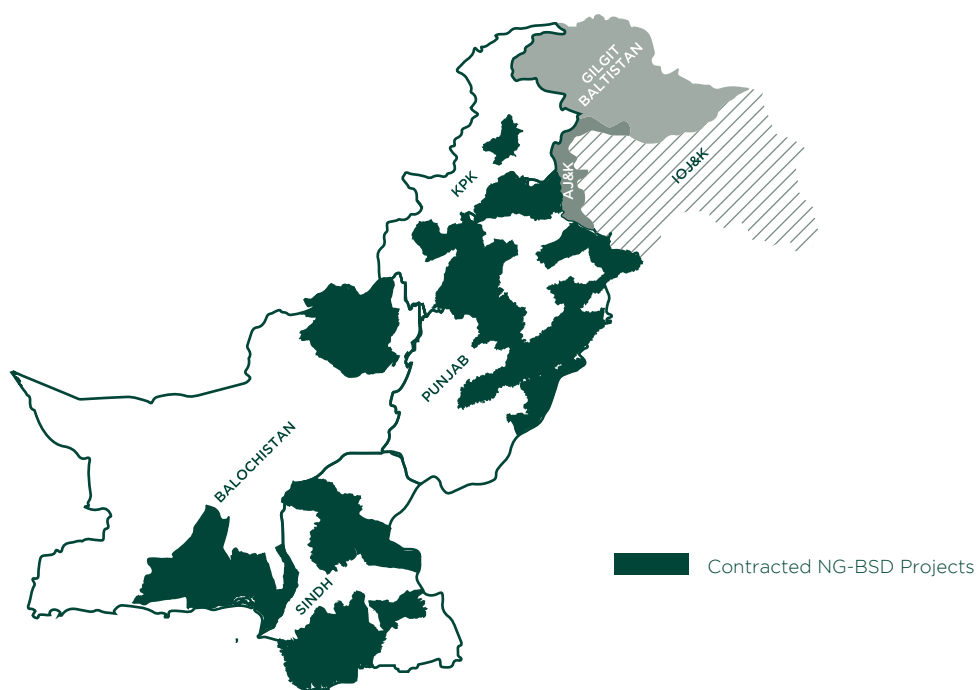
Completed Projects

Project (Lot)	Target Unserved Districts	Target Unserved Mauzas	Target Unserved Population	Service Provider	Contracted Subsidy (PKR)
Rahim Yar Khan	Rahim Yar Khan	380	1,235,297		198,525,713
Bahawalnagar	Bahawalnagar	314	637,245		166,611,139
Ghotki	Ghotki, Khairpur, Sukkur	495	1,974,741		586,437,933
Multan	Multan, Khanewal	164	484,032		154,078,229
Small Lot S-5	Naushehro Feroze, Khairpur	9	38,371		17,506,346
Tharparkar	Tharparkar, MirpurKhas	419	1,373,630		1,197,734,432
Sanghar	Sanghar, Umerkot	491	1,346,527		588,169,155
Bahawalpur	Bahawalpur	465	1,481,697		343,707,707
Dadu	Dadu, Jamshoro, Thatta	427	1,138,419		216,795,758
Muzaffargarh	Muzaffargarh, Rajanpur	584	2,022,025		650,219,902
Small Lot P-5	Gujrat, Sialkot	2	7,774		23,880,315
Small Lot P-6	Toba Tek Singh	1	6,301		12,727,210
Small Lot P-7	Vehari	1	6,243		16,597,305
Small Lot P-9	Bahawalnagar	2	6,500		49,593,870
Kohistan	Mansehra, Batagram, Kohistan, Haripur, Abbottabad	973	856,903		3,507,049,616
Gwadar	Gwadar	67	138,271		450,000,000
Small Lot B-5	Killa Saifullah	30	12,704		136,361,000
Bolan	Bolan, Jhal Magsi	437	428,296		471,000,000
Small Lot S-4	Karachi West, Malir	30	89,782		24,019,608
Jaffarabad	Jaffarabad, Nasirabad, Sohbut Pur	196	385,562		88,036,687



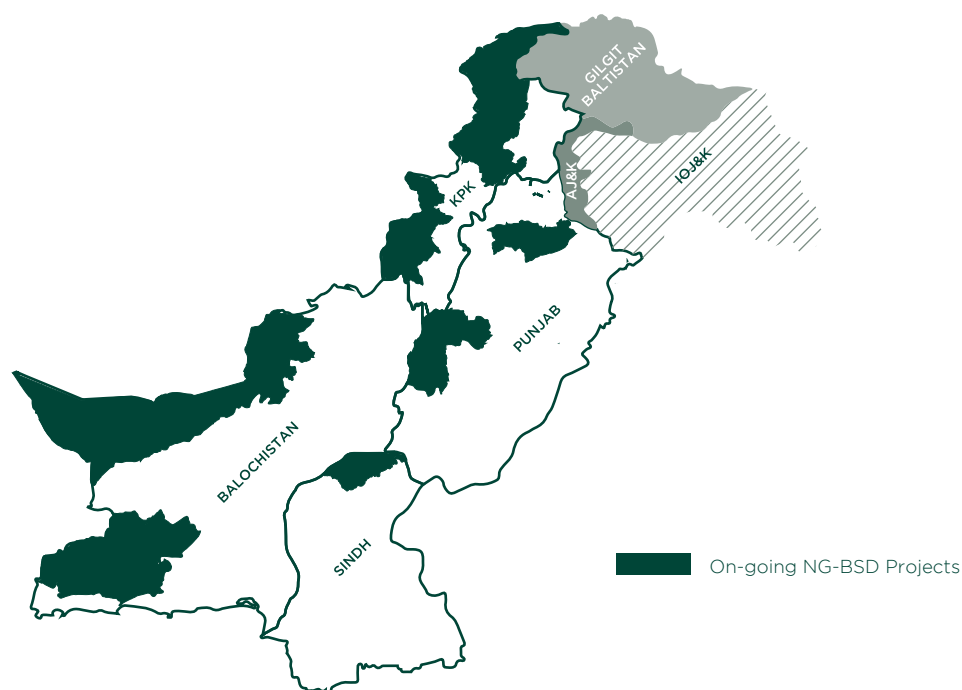
Contracted Projects

Project (Lot)	Target Unserved Districts	Target Unserved Mauzas	Target Unserved Population	Service Provider	Contracted Subsidy (PKR)	Current Completion Status
Sialkot	Narowal, Gujrat, Sialkot	232	255,276		624,802,198	WIP
Mianwali	Mianwali, Khushab	186	376,518		1,599,130,467	WIP
Lodhran	Lodhran, Vehari	300	377,996		1,189,934,567	WIP
Nankana Sahib	Kasur, Nankana Sahib, Sheikhupura	305	498,333		468,897,727	WIP
Attock	Attock, Rawalpindi	306	345,978		308,924,164	75%
Kambar Shahdadkot	Kambar Shahdadkot, Larkana	359	494,968		246,405,845	75%
Naushehro Feroze	Naushehro Feroze, Shaheed Benazirabad	438	166,457		451,645,455	50%
Bannu	Bannu, Lakki Marwat	117	165,413		201,531,669	50%
Small Lot I-2	Islamabad	1	8,000		11,023,710	WIP
Small Lot P-10	Mandi Bahauddin	1	2,984		2,260,194	WIP
Small lot S-5	Naushehro Feroze, Khairpur	42	38,371		17,506,346	WIP
Buner	Buner, Shangla	102	376,518		2,037,810,752	WIP
Jhang	Jhang, Bhakkar, Toba Tek Singh	722	1,034,130		2,256,599,207	WIP
Sahiwal	Okara, Pak Pattan, Sahiwal	778	574,411		681,284,742	25%
Small lot P-9	Bahawalnagar	34	3,500		49,593,870	WIP
Small Lot S-6	Sujawal, Tando Mohammad Khan, Hyderabad, Thatta, Badin, Umerkot, Tando Allah Yar	30	19,624		366,416,006	WIP
Lasbela	Lasbela, Awaran	203	154,083		1,773,747,000	WIP
Killa Saifullah	Killa Saifullah, Zhob	111	114,717		3,572,973,000	WIP
Loralai	Loralai	143	82,953		2,600,000,000	WIP



On-going Projects

Project (Lot)	Target Unserved Districts	Target Unserved Mauzas	Target Unserved Population	Service Provider	Contracted Subsidy (PKR)	Current Completion Status
DG Khan	DG Khan, Layyah	819	1,178,738		491,027,547	75%
Jhelum	Jhelum, Chakwal	263	343,595		254,720,966	50%
Shikarpur	Shikarpur, Jacobabad, Kashmore	271	1,092,275		344,190,302	75%
Pishin	Pishin, Killa Abdullah, Quetta	378	646,620		1,319,809,195	WIP
Kurram	Kurram	224	442,675		92,245,746	WIP
North Waziristan	North Waziristan agency, FR Bannu, FR Lakki Marwat	401	565,460		192,083,284	50%
South Waziristan	South Waziristan Agency, FR Tank	411	638,286		90,096,348	WIP
Mohmand	Bajaur Agency, Mohmand Agency, Malakand	684	1,599,514		849,647,146	75%
Chagai	Chagai, Nushki	170	160,915		1,369,655,940	25%
Chitral	Chitral, Upper Dir, Lower Dir	648	720,129		1,372,085,052	25%
Swabi	Nowshera, Mardan, Charsadda, Swabi	70	163,706		555,000,000	WIP
Swat	Swat	50	65,695		781,469,991	WIP
Kech	Kech, Panjgur	306	345,567		2,077,763,109	25%
Mastung	Mastung, Ziarat	226	142,197		652,000,000	75%



NG-BSD for NH&MW Program

USF aims to provide voice and high-speed broadband data services to commuters on unserved road segments of NH&MW in Pakistan. The program is first of its kind as it targets the commuters and offers a unique feature of National Roaming, that means commuters will get continuous services in USF served areas, irrespective of their subscribed networks. Broadband connectivity on highways and motorways is broadening digital access, boosting the economy, and laying the foundation for an intelligent transportation system in Pakistan.

In the FY 2021-22, USF has provided seamless 3G/4G connectivity to commuters on unserved road segments of NH25 (RCD Highway), NH65 (Quetta-Jacobabad Highway), NH50 (Quetta-Sherani border) and NH70 (South-eastern border Barkhan-Qilla Saifullah City). The total covered road segment is approximately 1,025 km.

Under this program, 4 new projects were contracted worth approx. 715 million to provide 3G/4G connectivity on approx. 300 km of unserved road segments on M3 (Lahore-Abdul Hakim Motorway), M5 (Multan - Sukkur Motorway), M-14 (Hakla - D.I.Khan Motorway) and M-4 (Faisalabad - Pindi Bhattian Motorway).

Features of NG-BSD for NH&MW Program



Roaming
National Roaming service enabled



Coverage
100% coverage to road segments



Data Rate
Data rate of 512 KBPS downlink and 128 KBPS uplink





Renewable Energy
Renewable energy used as prime energy source







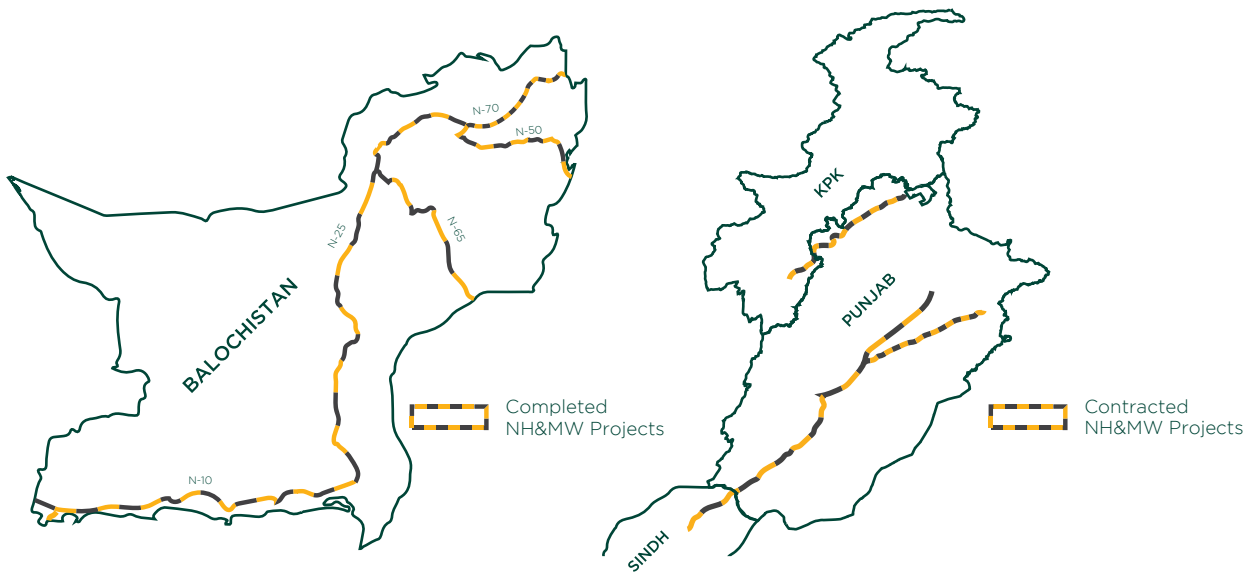
4G
4G LTE enablement

Completed Projects

Project (Lot)	Target Unserved Districts	Target Unserved Road Segment (KM)	Service Provider	Contracted Subsidy (PKR)
Lot 2 N-25 & N65	Lasbela, Khuzdar, Mustung, Kalat, Quetta, Jafferabad, Nasirabad, Lehri, Kacchi (Bolan), Sibi	573.85		250,643,306
Lot 3 N-50 & N70	Pishin, Killa Saifullah, Zhob, Sherani, Loralai, Musakhel, Barkhan	451.46		411,176,333

Contracted Projects

Project (Lot)	Target Unserved Districts	Target Unserved Road Segment (KM)	Service Provider	Contracted Subsidy (PKR)	Current Completion Status
Lot 7 (M-14)	DI Khan, Lakki Marwat, Mianwali, Attock, Rawalpindi	95.33		375,356,871	WIP
Lot 8 (M-4)	Hafizabad, Faisalabad, Toba Tek Singh, Khanewal, Multan	70.67		44,927,050	WIP
Lot 5 (M-3)	Sheikhupura, Nankana Sahab, Faisalabad, Toba Tek Singh, Khanewal	54.92		140,238,734	50%
Lot 6 (M-5)	Multan, Bahawalpur, Rahimyar Khan, Kashmore, Ghotki, Sukkur	78.85		154,790,091	75%



NG-BSD for TD Program

USF has embarked on a new program that aims to provide voice and high-speed mobile broadband services in tourist destinations and their respective un-served/under-served routes to promote tourism in Pakistan. The provision of ICT services will help the visiting tourists, local citizenry and support them in income generating activities. It will also play a significant role in sending timely response to the concerned agencies in case of an emergency. The tourist locations include Babusar Top, Lake Saif Ul Malook and Sharan Forest in Manshera district, Kumrat Valley in Upper Dir district, Mahodand Lake in Swat district and Galiyaat.

Features of NG-BSD for TD Program



Coverage

Coverage to tourist destinations & approaching routes.



Roaming

National roaming on tourist location and on approaching routes.



Service

Service provisioning to be LTE or equivalent.



Broadband Network

Broadband Network to cater for data throughput of 1 Mbps per user, with simultaneous use by at least 10% of maximum number of visitors visiting at peak time of season up link.

Contracted Projects

Project (Lot)	Target Unserved Districts	Target Tourist Locations	Target Access Route Length (Km)	Service Provider	Contracted Subsidy (PKR)	Current Completion Status
TD-K1	Mansehra, Abbottabad	23	97.95		1,172,958,500	WIP
TD-K2	Swat, Upper Dir	4	55.88		883,360,268	WIP



NG-OFNS Program

OFC connectivity to UC is essential for bridging the digital divide in Pakistan and is considered integral across the globe for paving the way to provide ICT services. These projects will open avenues for access to digital apps and will guarantee their maximum utilization. Moreover, optic fiber will also help Pakistan in preparing for 5G. Our extensive OFC networks allow us to typically deliver redundant, end-to-end connectivity in unserved UCs of Pakistan.

During the year, USF has contracted 7 projects worth approx. PKR 8.8 billion to extend 3,598 km of optic fiber cable into union councils of Sindh, Blaochistan, KPK and Punjab provinces. These projects will provide backhaul connectivity to 336 UCs of Pakistan.

Furthermore, USF also completed two projects, and laid approx. 1,298 km of OFC and connected 169 UCs of Sindh.

Features of NG-OFNS Program



Optical Node

Optical node in each UC/town supporting:

- Passive optical network nodes for fiber to the home/office facility to end users
- 10 Gbps Backhaul between Nodes
- Carrier grade IP network
- 50G backhaul for ring nodes
- Minimum Switching capacity of 150G
- 1 Gbps & 10 Gbps interfaces for high-speed connectivity



Network Clusters

All network clusters must be connected in ring topology for redundancy purposes



Optical Fiber

OFC with 48 fibers that supports DWDM with provision for dark fiber



OPEX Subsidy

OPEX subsidy for 3 years



BTS Towers

OFC connectivity and services to BTS towers (25% towers to be connected)



Unserved UCs

Targeting un-served Union Councils/small towns across the country



Time Frame




16 months

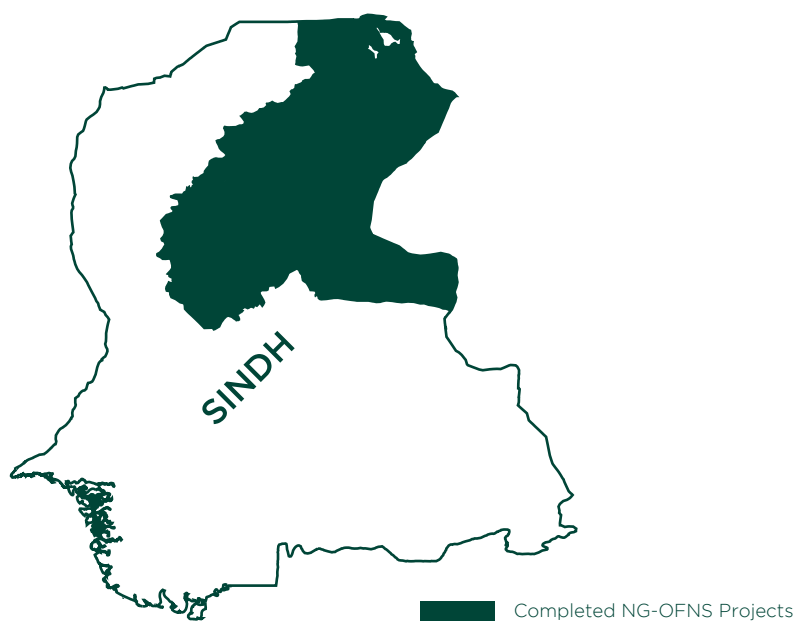


Enhanced Network








Enhanced network and services targeting high speed access, backhaul connectivity to telecom companies, public and private organizations and individual users.

Completed Projects




Project (Lot)	Target Unserved Districts	Target Unserved UC/Towns	Target OFC Length (KM)	Service Provider	Contracted Subsidy (PKR)
OFC-UC-SD-Lot 1	Ghotki, Kashmore	61	640.89		1,310,000,000
OFC-UC-SD-Lot 2	Khairpur, Sukkur	79	684.16		1,756,465,815
OFC-UC-SD-Lot 3	Khairpur, Naushehro Feroze, Benazirabad	90	710		2,100,000,000

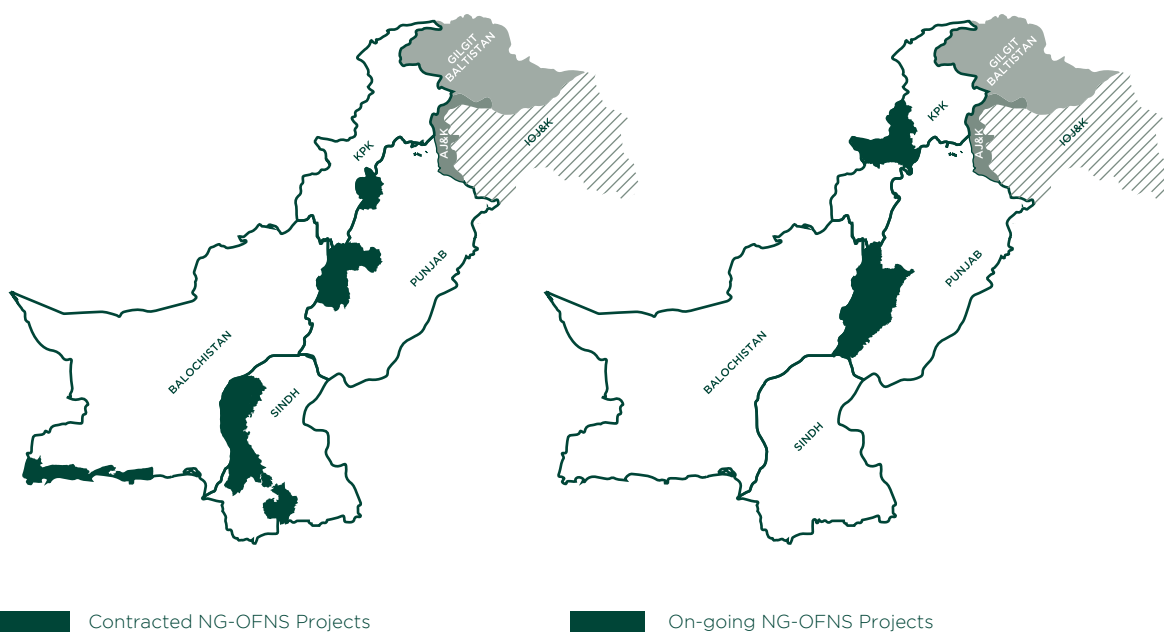



Contracted Projects

Project (Lot)	Target Unserved Districts	Target Unserved UC/Towns	Target OFC Length (Km)	Service Provider	Contracted Subsidy (PKR)	Current Completion Status
OFC-UC-PB-Lot 8	Mianwali	31	390.24		614,000,000	WIP
OFC-UC-SD-Lot 10	Dadu, Jamshoro	54	743.3		1,429,000,000	WIP
OFC-UC-SD-Lot 12	Hyderabad, Badin	50	787.46		1,988,914,000	WIP
OFC-UC-SD-Lot 11	Larkana, Kambar ShahdadKot	62	660.65		1,610,000,000	WIP
OFC-UC-BL-Lot 13	Gwadar	13	397		1,995,482,850	WIP
OFC Small Lot 3	Islamabad, Haripur	6	106.6		235,000,000	WIP
OFC-UC-PB-Lot 7	Layyah, DG Khan	49	513		950,000,000	25%

On-going Projects

Project (Lot)	Target Unserved Districts	Target Unserved UC/Towns Covered	Target OFC Length (Km)	Service Provider	Contracted Subsidy (PKR)	Current Completion Status
OFC-UC-PB-Lot 6	DG Khan	75	629		1,165,000,000	50%
OFC-UC-PB-Lot 4	Rajanpur	62	617		1,580,000,000	50%
OFC-UC-PB-Lot 5	Muzaffargarh	91	699		1,725,000,000	50%



Project (Lot)	Target Unserved Districts	Target Unserved THQ/Towns	Target OFC Length (KM)	Target Unserved Population	Service Provider	Contracted Subsidy (PKR)	Current Completion Status
OFC-KPK/Package-2	Bajaur, Mohmand, Khyber, Orakzai, Kurram, FR Peshawar, FR Kohat	40	910	2,206,785		2,559,864,984	25%



FUTURE OUTLOOK

Looking ahead to FY 2022-23, USF will drive new infrastructure, integrate new elements and instigate new growth momentum to achieve favorable growth for the rural and remote communities. USF will pursue stable progress while forging ahead with a steadfast focus on broadening the NG-BSD program and expanding the NG-OFNS program. USF is determined to achieve the following targets:

NG-BSD Program

For FY22-23, USF has identified and scheduled launch of 16 voice and highspeed data services projects, in under-served 21 districts targeting 1,385 mauzas, having population of over 1.8 million. Additionally, 732 kms of un-served/under-served road segment will be provided high speed broadband data services.

NG-BSD Projects

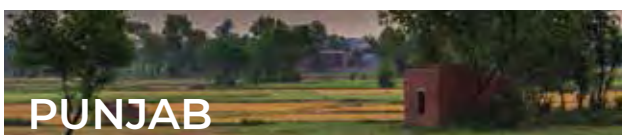
Project (Lot)	Target Districts	Target Unserved Mauzas	Target Unserved Population	Province
NG-BSD/Lot51-Sibi/2022	Sibi	47	33,743	Balochistan
NG-BSD/Lot50-Gwadar-2/2022	Gwadar, Nasirabad	54	31,945	Balochistan
NG-BSD/Lot56-Kalat/2022	Kalat	244	96,135	Balochistan
NG-BSD/Lot58-Dera Bugti/2022	Dera Bugti, Kohlu	210	164,489	Balochistan
NG-BSD/Lot54-Malakand/2022	Bajaur, Malakand	89	298,069	KPK
NG-BSD/Lot55-Abbotabad/2022	Abbotabad, Haripur, Batagram, Mansehra, Torghar	90	292,898	KPK
NG-BSD/Lot57-Kohat/2022	Kohat, Ex.FR Kohat	32	157,156	KPK
NG-BSD/Lot61-Upper Kohistan/2022	Upper Kohistan	199	90,011	KPK
NG-BSD/Lot59-Faisalabad/2022	Faisalabad, Chiniot, Sargodha	58	215,962	Punjab
NG-BSD/Lot60-Gujranwala/2022	Gujranwala, Hafizabad, Mandi Bahauddin	58	83,893	Punjab
NG-BSD/Lot62-Bahawalnagar-Border/2022	Bahawalnagar	169	307,642	Punjab
NG-BSD/Lot63-Rahim Yar Khan-Border/2022	R Y Khan, Bahawalpur	135	27,276	Punjab



Sibi, Gwadar, Nasirabad, Kalat, Dera Bugti, Kohlu



Bajaur, Malakand, Abbotabad, Haripur, Batagram, Mansehra, Torghar, Kohat, Ex.FR Kohat, Upper Kohistan



Faisalabad, Chiniot, Sargodha, Gujranwala, Hafizabad, Mandi Bahauddin, Bahawalnagar, Rahim Yar Khan, Bahawalpur

NG-BSD NH&MW Projects

Projects	Target Districts	Target Unserviced Road Segments (KM)	Province
NG-BSD/Lot10-M-8 (Rato Dero to Gwadar)/2022	Larkana, Kambar Shahdad Kot, Jhal Magsi, Khuzdar, Gwadar, Awaran, Kech	469.8	Balochistan Sindh
NG-BSD/Lot9-NH&MW-N35/2022	Attock, Haripur, Abbottabad, Mansehra, Batagram, Kohistan	144.33	KPK
NG-BSD/Lot11-NH & MW-M16 (Swat Motorway)/2022	Swabi, Mardan, Malakand	53.32	KPK
NG-BSD/Lot12-N70 (Rakhni to Multan)/2022	DG Khan, Muzaffargarh, Multan	64.78	Punjab

NG-OFNS Program

For FY22-23, USF has identified and scheduled launch of 10 backhaul services (OFC) projects in 18 districts targeting 801 un-served UCs/towns having population of 13.7 million and laying of 6,027 km of OFC.


NG-OFNS Projects

Projects	Target Districts	Target UC/Towns	Target OFC (KM)	Province
OFC-UC-PB-LOT19	Sheikhupura, Nankana Sahib	103	761	Punjab
OFC-UC-PB-LOT20	Sahiwal, Pakpattan	102	826	Punjab
OFC-UC-PB-LOT28	Narowal	97	480	Punjab
OFC-UC-PB-LOT22	Kasur	75	577	Punjab
OFC-UC-PB-LOT25	Okara	83	609	Punjab
OFC-UC-PB-LOT26	Jhang	74	575	Punjab
OFC-UC-SD-LOT27	Sanghar	63	505	Sindh
OFC-UC-SD-LOT24	Matiari, Tando Allahyar, Tando Muhammad Khan	78	593	Sindh
OFC-UC-KP-LOT21	Swabi, Swat, Shangla, Buner	89	710	KPK
OFC-UC-KP-LOT23	D.I. Khan, Tank	37	391	KPK

Universal Service Fund confirms the following:

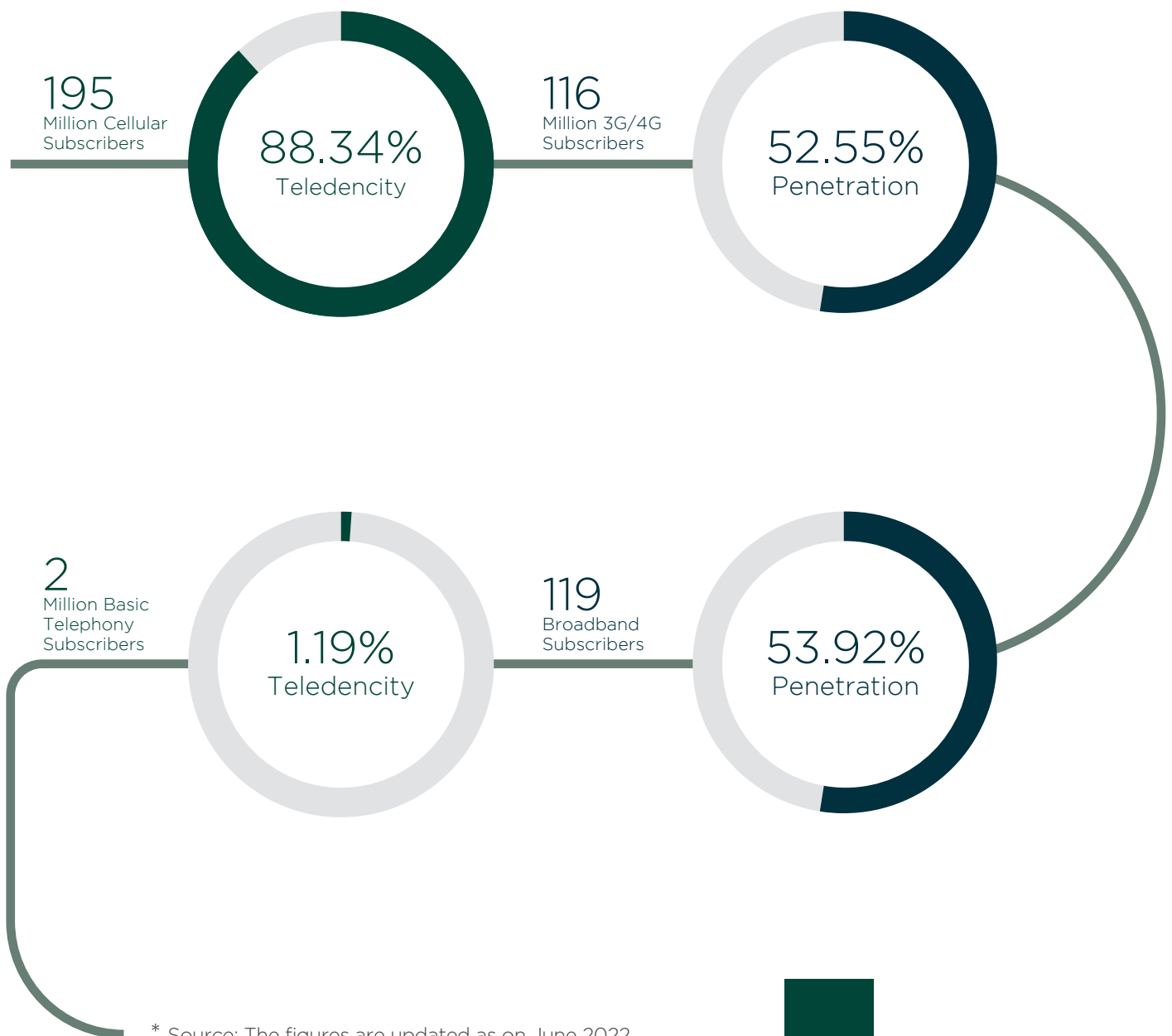
- (i) compliance with the relevant provisions of the Companies Act 2017.
- (ii) compliance with all the provisions and conditions of the Associations with Charitable and Not for Profit Objects Regulations, 2018.
- (iii) compliance with all conditions provided in the license.
- (iv) that the provisions of Regulation 13 (2) (iv) of the Associations with Charitable and Not for Profit Objects Regulations, 2018, does not apply as no foreign donation, foreign member, foreign director and foreign Chief Executive Officer have been obtained;

* subject to non-compliance with Rules 2(d) and 3(2) of the Public Sector Companies (Corporate Governance) Rules, 2013 as reflected in Statement of Compliance on page 138 of the Annual Report.

Signature: 
 Name: HAARIS MAHMOOD CHAUDHARY
 Chief Executive Officer

Signature: 
 Name: Imdad Qureshi
 Director

PTA INDICATORS



* Source: The figures are updated as on June 2022.
<https://www.pta.gov.pk//en/telecom-indicators>





E-HEALTH

I lived in Kasur district of Punjab when my two-year-old baby suffered a high grade fever with a seizure attack at night. I had no means to take him to emergency care as my husband was out of city. I was frightened and distressed and felt very helpless. In my state of worry, I remembered an E-Health medical app 'MediQ', which I had downloaded before and quickly booked an online consultation with available pediatric professors. I ordered the prescription and it was delivered to my doorstep within a few minutes.

Due to the access of high speed broadband connectivity and the availability of internet and the mobile application, I had access to qualified specialist doctors, medicine delivery to my home and follow-up care which eventually led to my child's successful management of the fever and infection. I am grateful for the improving access of the provision of timely and comprehensive quality e-care.

Mrs. Asma Zeeshan
Kasur, Punjab





OUR PEOPLE

Learning & Development





USF Learning & Development portfolio of approximately PKR 4 million was utilized with organization wide trainings conducted on diversity, empathy, having a growth mind set and the art of communication. Individual learnings targeted the following functional areas, namely, Digital Marketing, Procurement, and 4G/LTE. On leadership development, building & managing High-Performance Teams remained center stage.



Performance Appraisal Process

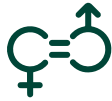
With the aim of building a more robust and transparent performance appraisal system, the performance appraisal process was revisited & improved to ensure that USF’s reward linkages are positioned as one of the key levers of performance targets and are appropriately aligned with the external market. Ratings & scoring structure was changed to reflect performance differentiation among employees. Growth Pillars and our Way of Work (M.E.D) were introduced in the framework & linkages created between core competencies and career progression.

Rating Scale		
Rating Scale	Overall Performance Rating	Description
1	Significantly Below Expectations	Performance needs significant improvement
		Demonstrates lack of MED
		Lack of understanding of Growth Pillars
2	Meets Expectations	Delivers solid performance
		Demonstrated behavior is mostly aligned with MED
		Growth Pillars are demonstrated independent of supervision, or with encouragement
3	Exceeds Expectations	Exceeds expectations in delivering on all or majority of the targets
		Demonstrated behavior is completely aligned with MED
		Encourages or supervises others in the Growth Pillars
4	Super Exceeds Expectations	Performance represents the highest level of contribution i.e., beyond position
		Strong adherence to MED . The employee is a role model for others
		Encourages or supervises others in the growth pillars. Innovates in the Growth Pillars

Growth Pillars	
 Communication	Effective Listening, reading, writing & speaking. Giving & receiving candid feedback. clarity, brevity, presentation skills
 Teamwork	Prioritizing team success, deprioritizing individual success, helping teammates, dependability, participation, empathy, diversity (open to other viewpoints)
 Technical Education/ Job Knowledge	Technical skills, planning, execution. delivery track record, quality of work. framework proficient, theoretical building blocks, problem solver, initiative
 Maturity	Leadership, domain knowledge, business knowledge. community contribution, emotional intelligence, humble, non-judgmental

Diversity & Inclusion

As part of our ongoing work on building an inclusive workplace at USF, we recognize that gender diversity is an underlying indicator of a healthy and inclusive environment. In 2021, we committed to increase female representation in the workforce to 15%. Fostering a culture of diversity and inclusion for our people remains a focus area, which resulted in us achieving our target as of 30th June 2022. Some of the steps taken to improve gender diversity were as follows:



Became an equal opportunity employer by encouraging women to apply on vacant positions



Appointed a focal person from USF to represent the Ministry of Information and Telecommunication in supporting the Ministry of Planning, Development & Special Initiatives in drafting the Gender Policy Framework.



Internal frameworks of workplace grievance and harassment were designed to ensure an inclusive and safe workspace.

Cultural Transformation

At USF we strongly believe that our people are the key to the company's success. Promoting an egalitarian work culture, a uniform medical insurance limit was introduced for all job cadres. MED was coined as the USF 'Way of Work' to further strengthen a performance-oriented work culture. As part of employer branding efforts, USF company website was re-branded to give it a more cohesive brand identity and to be at par with global standards.



Meet our Interns

Our internship program offers students three to nine months of hands-on work experience. In FY 2021 – 22 USF employed 39 interns. Following are some of the testimonials by our interns, some of who left USF to start a functional career.



At USF, I was able to get valuable hands-on experience and a better idea about teamwork and what knowledge areas and skills are important in my field. I worked on graphic designing and content writing. Everyone I worked with at USF was friendly and welcoming. I am humbled at USF's efforts to empower under-serving communities and thankful for the guidance and advice that I have received.

Fatima Zahra
Communications Intern

I have done BBA from SZABIST, and USF has given me my first ever corporate culture exposure in the HR Department. USF puts in a lot of effort and time in their interns by grooming them personally and professionally. All the theoretical knowledge I learnt during my specialized courses is being applied in the daily HR functions. As a comfortable working space with an amazing team, we are creating excitement every day of our work. I look forward to going to work every day, explore and accomplish new dimensions

Mian Faran Malik
HR Intern



I joined USF as an intern on 14th February 2022. It has been a wonderful learning experience in which I got the chance to learn different telecom domains related to Access Networks and Optical fiber networks. During my time here I have learned the testing of quality parameters of wireless access networks i.e., drive testing and analysis using TEMS Discovery. I was lucky enough to get the chance to help engineers in finalization of Technical Auditors hiring evaluation of pre-requisite data submitted by different telecom giants. Overall, it has been a pleasure working with USF on projects that are really making a positive change in the development of the country.

Bilal Ahmad
P&T Intern

Breaking the Barriers



It is challenging to navigate the paths of career and family, but anything is possible with the support and encouragement that was given to me by USF. I am blessed to have a work family that has truly empowered me and enabled me to become an inspiration not just for my children, but other working mothers as well.

Alia Afridi
Company Secretary

Being a working mother is hard but I know that I am not alone in my struggle. I multi-task and plan ahead so that my child is well looked after and her needs are taken care of while I'm at work. Sticking to a productive routine keeps me and my family happy.

Raheela Yousaf
GIS Officer



I am an Assistant Law Manager at USF. Balancing work responsibilities and my duties as a mother is very stressful and challenging but with time management and USF's support and commitment to taking motherhood into consideration, I have come to appreciate my own worth and importance.

Memoona Irshad
Assistant Manager - Law

As a career woman, I am struggling to live up to unrealistic work-life balance expectations but USF has encouraged my lifestyle with occasional flexibility in my schedule and has provided me with personal and professional fulfillment, financial stability and a way to be an inspiration for my children by helping me break through gender barriers.

Azra Butt
Law Officer





E-AGRICULTURE

I am a passionate small scale farmer of wheat, rice and fodder crops on a four acres land in Hafizabad. As an amateur beginner, I am in need of timely advice and guidance from resourceful tips and experts which I am able to access through online E-agriculture applications. I am able to stay up-to-date with cropping, record-keeping, current weather conditions and more.

When in need of help, I simply tap on the Bakhabar Kissan app and get connected on call with agriculturalists and expert farmers who are able to resolve my farming problems even when they are not present at the farm.

Moreover, I often visit other farms and share this expert information with them as well. As someone who is partially blind, I find it really useful to remotely listen to expert advice on choosing the type of pesticides best suitable for my crops, cultivation, sowing and harvesting decisions without any difficulties. The access to 4G broadband connectivity has truly made a difference in my life and has helped me with the growth of my farming business.

Muzammil
Hafizabad, Punjab

OUR CONTRIBUTION TO THE UN SDGs

USF has connected billions of residents and communities across Pakistan enabling them with access to ICT that improve their lives on daily basis while fulfilling the SDGs. The pandemic accelerated the need for e-suite services including e-education, e-health, e-agriculture, e-finance and e-commerce while opening avenues for USF to empower communities, enabling them to become a part of digital inclusion. Our programs are indirectly accelerating progress towards 12 out of the 17 UN SDGs.



No Poverty (1)

We are providing possibilities to improve productivity among millions of marginalized people so that they can better provide for themselves and their families and move out of poverty. One of our flagship project – ICT for Girls, helps marginalized girls acquire 21st century skills to earn better livelihoods.



Good Health (3)

We are enabling health workers to be connected to information and diagnostic services, while analytics can help make projections about health service usage, patient knowledge, personal continuous management of diseases and health practices.



Quality Education (4)

We are assisting in opening up access to education for un-served and under-served populations and those living in remote, resource-poor areas, enabling online certification and student advisory services, in turn leading to improved economic opportunities for all.



Gender Equality (5)

We are enhancing gender equality and gender empowerment, allowing women and girls to access information of importance to their productive and community roles through expanded access to markets, education, training and employment.



Affordable and Clean Energy (7)

We are improving energy efficiency and reducing emissions by investing in alternate energy sources like solar powered equipment, making ICT itself more environmentally sound and less carbon intensive.



Decent Jobs and Economic Growth (8)

We are digitally transforming the way that business is being done, from traditional employment sectors to new sectors such as IT.



Industry, Innovation and Infrastructure (9)

We are building resilient infrastructure and fostering innovation by empowering the remote population to participate in the digital economy and to increase their overall economic well-being and competitiveness.



Reduced Inequalities (10)

We are helping in reducing inequality within and between societies, especially when used to help bring information and knowledge, and therefore social and economic progress, to disadvantaged segments of society - including those living with disabilities, as well as women and girls.



Sustainable Cities and Communities (11)

We are enabling rural communities to manage more effectively and holistically, with ICT based infrastructure and applications.



Ensure Sustainable Consumption and Production Patterns (12)

We are contributing to improve air quality and help people reduce their exposure to harmful air by utilizing renewable energy in all our projects across Pakistan. The self-sustainable solar-powered telecom towers and optical fiber nodes are minimizing our carbon footprint and providing mobile operators substantial benefits from the net-metering opportunities being presented by current utility providers.



Climate Action (13)

USF is supporting Pakistan's transition to a greener future by improving energy efficiency and reducing carbon emissions. Solar energy is considered as a key driver in mitigating climate change and balancing environmental, social and economic aspects.



Partnership for the Goals (17)

We are strengthening the means of implementation for the SDGs, through enhancing international cooperation and coordination; promoting technology transfer; capacity-building; forging multi-stakeholder partnerships; and enabling and improving data monitoring and accountability.



FOR A GREENER FUTURE

The world we live in seems to be under constant assault. From unprecedented shifts in global alliances, threats to formerly secure political hegemonies, sky-rocketing inflation across world economies to calamitous climate change, challenges abound in a magnitude previously unwitnessed.

While it is easy to be overwhelmed and subsequently defeated by all that confronts us, the hallmark of the brave has always been to never give up without a fight. Undoubtedly, there is much that lies beyond our personal spheres of influence but climate change is one area where we all, as individuals and as organizations, can contribute positively towards alleviating the threats we face. It is precisely with this mindset that the USF seeks to take a lead and be an inspiring example for others to emulate.

Climate change has become a catch phrase in modern times but do we truly understand what it implies? The UN defines climate change as the long-term shifts in temperature and weather patterns. What these shifts have produced are record tsunamis, volcanic eruptions, landslides, deadly heat and a contribution towards seismic activity provoking earthquakes by inducing rising sea levels through glacier melting which aggravates what scientists term as the 'isostatic rebound' effect.

While some of these shifts may be natural, induced by variations in the solar cycle, most of the changes observed have human activities as the main driver behind them. Burning of fossil fuels to generate power, explosion in manufacturing and industry, cutting down of forests and excessive use of transportation are just some of the human factors that add to the greenhouse gas emissions that blanket the Earth, trapping the sun's heat which then disastrously affects climate change.

In the face of alarming scientific data and the destruction perpetrated through natural disasters brought on by climate change; measured in terms of lives lost, economic devastation and the consequent disruption of social fabric; one is forced to question whether it is even possible to achieve the sustainable development required to keep our economies and societies functioning optimally without further adding to this looming threat we face? At the risk of being termed an unreal optimist, I believe the answer to that question is a resounding yes. We can sustain and augment economic and social growth without adversely contributing to furthering harmful climate change. Is it an easy goal to aspire to? Absolutely not. Is it an achievable one? Absolutely yes.

What does aspiring to such a lofty goal actually entail in real terms beyond mere rhetoric? It necessitates a critical conversion from the dependency on consuming fossil fuel based energy sources to the usage of clean and renewable ones throughout all sectors of our economic and social activities. This will not only require a shift in physical terms but more importantly, a critical modification in our established mental paradigms.

The UN SDG7, one of the 17 SDGs established by the UN General Assembly in 2015, aims to “ensure access to affordable, reliable, sustainable and modern energy for all.” The UN SDG7 is a precursor to Pakistan's own Clean Green Initiative and it is in conflation with both these guidelines that USF Pakistan has taken concrete measures to play its part in achieving progress without adding to the already burgeoning weight of destructive climate change.

With the goal of utilizing renewable energy wherever possible while still accomplishing its objective of providing seamless connectivity to rural and remote areas, USF took the lead in setting up self-sustainable mobile networks with higher efficiency through solar-powered telecom towers. With 3,710 cell sites installed since its inception, USF has ensured that 1,842 of these are powered through solar energy. These solar-powered cell towers contribute significantly towards eliminating gas emissions in comparison to the smoke generating diesel gensets previously used in tower operations. This has additionally provided mobile operators substantial benefits from the net-metering opportunities being presented by current utility providers.

This may seem like a small step forward but it would be naive to underestimate the impact such measures have in inspiring others to seek innovative solutions ensuring the use of cleaner energy. The ability to use solar energy while still providing broadband service access to the rural and remote populace of Pakistan also has the incremental advantage of educating them about the potential benefits of using clean and renewable energy sources.

At USF, we strive daily to find novel ways to incorporate the latest technologies available to us in order to reduce our carbon footprint by any and every means possible. While acknowledging that the road ahead is long and arduous, we also resolve to never shirk from traveling on it no matter the obstacles we face.

We hope to inspire others, not just in the information and communications technology industry, but across the board, to follow our lead and search for ways to minimize our carbon footprint, both at an organizational and an individual level, as much as possible. Together, we can all play a part in promoting the use of clean and renewable energy sources, making Pakistan a safer and healthier place for ourselves and our generations to come.

PARTNER TESTIMONIALS



Aamir Ibrahim
CEO - Jazz

As Pakistan's number one 4G operator and the largest internet and broadband services provider, Jazz is focused on distributing the benefits of connectivity to those not yet online. In the last four years alone, we have invested close to USD 1 billion in network expansion and upgradation. Our goals and ambitions are matched by the USF, and we believe it is one of the most important organisations in the quest to bridge the digital divide, establishing a firm foundation for a Digital Pakistan.

With a contribution of around PKR 28.6 billion, Jazz is a key partner to USF, working on 28 high-speed mobile broadband projects that will proliferate the benefits of connectivity in rural areas connecting over 12.7 million fellow citizens in over 7,200 mauzas.

I have also had the honor of serving on USF's Board from 2017-19 and look forward to exploring more synergies with the organisation to promote digital inclusion and uplift lives.



Irfan Wahab Khan
CEO - Telenor

USF and Telenor Pakistan are united by a common purpose, of empowering societies and connecting the unconnected for socioeconomic impact to last generations. The infrastructure that we have been able to web out across Pakistan together, has been connecting millions for over 15 years and will continue to do so for years ahead.

At Telenor Pakistan, we believe we hold the responsibility of making smart connectivity possible for millions. While we take on this responsibility eagerly and diligently, we rely on partners like USF to help us strengthen our resolve of connecting Pakistanis to what matters most, while harnessing the power of technology. This brings us in unison to work towards uplifting Pakistan together, enriching lives, contributing to a better, evolved and progressive tomorrow.



Hatem Bamatraf
President & CEO - PTCL Group

PTCL is the backbone of country's communication infrastructure and the primary internet service provider for over 75 years now. We serve people of Pakistan from large metropolitan cities to remote rural areas and hence are the National Carrier of the country. At PTCL & Ufone, we are glad to partner with USF on multiple projects to provide hi-speed internet and meet the connectivity needs across the country, especially in the un-served and under-served areas. Aligned with the vision of enhancing the connectivity and digital ecosystem, we are committed to playing our role in supporting

in supporting these communities and empowering them for a prosperous future. We commend USF's extraordinary achievements in promoting connectivity and digital inclusion for millions of people in Pakistan. The organization's work has enabled and empowered people through easy access to the internet and a range of innovative digital, social and financial services. Similarly, this has contributed to laying a strong foundation for equitable and sustainable growth and development across all socio-economic spheres. USF will always have our support and we hope the good work will continue with equal zeal in the future.



Wang Hua
Chairman & CEO - CMPak

CMPak and USF are working to benefit the people of Pakistan by expanding access to telecommunications services in rural and remote areas. The aim of this alliance is to improve the quality of life in unserved and underserved communities in Pakistan and, as a result, make significant strides towards becoming a more prosperous nation. CMPak is passionate about spearheading the goal of achieving a Digital Pakistan, which is why we are actively promoting Digital and Intelligent transformation in the country with the assistance of USF.



Wahaj us Siraj
CEO & Co-Founder - Nayatel

USF and Nayatel have worked together to bring fiber broadband to remote districts of Muzaffargarh and Rajapur in South Punjab. Muzaffargarh network was recently completed and 91 Union Council's fiberized with 700 km of network whereas connectivity to Rajapur's 62 Union Councils, 617 km is being delivered. The fiber broadband when fully operational, would serve a rural population of around 3 million in both districts. Nayatel has hired 165 direct employees in both districts, all from local areas and these fresh graduates and technicians have been trained in latest fiber broadband

technologies. The project has created hundreds of additional jobs indirectly through contractors and vendors.

We have found the USF team to be thoroughly professional and meticulous throughout various stages of project from planning to quality control and audit. USF funded projects are having significant socioeconomic impact in far flung rural areas of the country. The people who could not even think to have modern telecom facility in next 20 years are now reaping benefits of broadband with the help of USF.

A photograph of a man in a light blue shirt and a man in a white shirt with a backpack talking in a shop. The shop has shelves with various items and a sign that says "SUPER".

E-FINANCE

When USF installed the towers in my hometown, Taunsa, it opened great opportunities for everyone to start digital businesses. Taking one such opportunity, I decided to become a JazzCash Retailer.

Being a JazzCash Retailer, my business has flourished. Before, everyone had to wait in a long line at the post office to pay utility bills or send money. Now, they just visit my shop, conveniently saving their time and effort. Whether it is transferring money or paying bills, the town people directly turn to my shop because they know JazzCash is fast and convenient.

My kids are studying in another town, so I pay their fees and send them money via JazzCash as well. With the Internet coming to our town, things have improved considerably. Thank you, Jazz and USF, for enabling us with the power of digital.

Muhammad Adnan
D.G Khan

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2022



**Grant Thornton Anjum
Rahman**
302 B, 3rd Floor,
Evacuee Trust Complex,
Aga Khan Road, F-5/1,
Islamabad, Pakistan.

T +92 51 2271906
F +92 51 2273874

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UNIVERSAL SERVICE FUND (THE COMPANY)
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the financial statements of Universal Service Fund (the Company), which comprise the statement of financial position as at June 30, 2022, and the statement of income and expenditure and other comprehensive income, and 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, the statement of income and expenditure and other comprehensive income 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 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 loss 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.

Emphasis of Matter

We draw our attention to note 17.1.4 of the financial statements which describes that PTCL has filed legal suit in court of law against receivable and payable balances with PTCL including late delivery charges which is pending adjudication at the year end. Honourable District Court has ordered to maintain the status quo until outcome of the case is ascertained. Our opinion is not modified in respect of this matter.

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 is 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 scepticism 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 those charged with governance 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

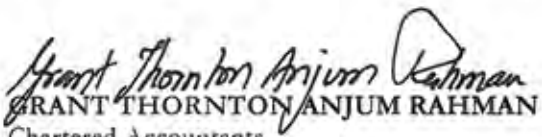
Based on our audit, we further report that in our opinion:

- a) proper books of accounts 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 and other comprehensive income 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 accounts and returns;
- c) investments made, expenditures 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 unqualified opinion vide their report dated September 14, 2021.

The engagement partner on the audit resulting in this independent auditor's report is Waqas Waris.


GRANT THORNTON ANJUM RAHMAN
Chartered Accountants
Islamabad
September 22, 2022
UDIN: AR2022102097sIVj6JLi

UNIVERSAL SERVICE FUND

(A Company incorporated under Section 42 of the Companies Act, 2017)


STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	Note	June 2022 (Rupees)	June 2021 (Rupees)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	97,334,538	125,028,592
Intangible assets	6	33,618,019	25,905,249
Long term deposits	7	6,620,500	4,135,500
Long term advances	8	2,567,212	1,265,420
		140,140,269	156,334,761
CURRENT ASSETS			
Advances	9	4,843,384,057	3,132,117,643
Short-term prepayments	10	7,289,574	9,844,266
Interest accrued		13,248	46,566,478
Other receivables	11	1,722,238,808	1,722,238,808
Cash and bank balance	12	923,676,254	3,311,414,707
		7,496,601,941	8,222,181,902
TOTAL ASSETS		7,636,742,210	8,378,516,663
FUNDS AND LIABILITIES			
General fund		-	-
NON-CURRENT LIABILITIES			
Fund balance (restricted)	13	6,384,337,625	5,392,530,546
Deferred capital grant	14	130,952,557	150,933,841
Lease liability	15	-	20,171,726
		6,515,290,182	5,563,636,113
CURRENT LIABILITIES			
Trade and other payables	16	1,098,438,769	2,790,832,550
Current portion of lease liabilities	15	23,013,259	24,048,000
		1,121,452,028	2,814,880,550
TOTAL FUNDS AND LIABILITIES		7,636,742,210	8,378,516,663
CONTINGENCIES AND COMMITMENTS	17		

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


CHIEF EXECUTIVE OFFICER


DIRECTOR

UNIVERSAL SERVICE FUND

(A Company incorporated under Section 42 of the Companies Act, 2017)

**STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	June 2022 (Rupees)	June 2021 (Rupees)
INCOME			
Amortization of deferred capital grant	14	55,333,259	38,119,951
EXPENDITURE			
Administrative and general expenses	18	513,295,673	437,602,565
Subsidy grant for projects	19	17,073,290,920	6,146,569,436
Technical and monitoring audit fee	20	200,666,866	92,964,197
		17,787,253,459	6,677,136,198
		(17,731,920,200)	(6,639,016,247)
FUNDS (RESTRICTED) RECOGNIZED AS GRANT AGAINST EXPENDITURE	13	17,731,920,200	6,639,016,247
NET SURPLUS FOR THE YEAR		-	-
OTHER COMPREHENSIVE INCOME			
Item not to be reclassified to statement of income and expenditure:			
Remeasurement loss on defined benefit plan		(4,889,349)	(5,934,437)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(4,889,349)	(5,934,437)

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

UNIVERSAL SERVICE FUND
(A Company incorporated under Section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	June 2022 (Rupees)	June 2021 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES		
Subsidy grant disbursement	(20,487,160,337)	(5,365,658,506)
Technical & monitoring audit fee	(189,960,605)	(88,510,760)
Liquidated damages, profit on deposit account and others	60,522,253	214,462,452
Payment to suppliers and employees	(487,223,304)	(554,211,527)
Net cash used in operating activities	<u>(21,103,821,993)</u>	<u>(5,793,918,341)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Procurement of property, equipment and intangibles	<u>(33,916,460)</u>	<u>(72,588,506)</u>
Net cash used in investing activities	<u>(33,916,460)</u>	<u>(72,588,506)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Grant received	<u>18,750,000,000</u>	<u>6,300,000,000</u>
Net cash generated from financing activities	<u>18,750,000,000</u>	<u>6,300,000,000</u>
Net (decrease)/ increase in cash and cash equivalents	<u>(2,387,738,453)</u>	<u>433,493,153</u>
Cash and cash equivalents at beginning of year	<u>3,311,414,707</u>	<u>2,877,921,554</u>
Cash and cash equivalents at end of year	12 <u>923,676,254</u>	<u>3,311,414,707</u>

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR

UNIVERSAL SERVICE FUND

(A Company incorporated under Section 42 of the Companies Act, 2017)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1 STATUS AND ACTIVITIES

The Universal Service Fund (the Company) was incorporated in Pakistan on December 12, 2006 as a public company, limited by guarantee, not having a share capital and as a not-for-profit organization licensed under section 42 of the repealed Companies Ordinance, 1984 (repealed through the enactment of the Companies Act, 2017). The Company was formed under Section 10 of the Universal Service Fund Rules, 2006 (the Rules) and its registered office is located at office # 310-312, 3rd Floor, Evacuee Trust Complex, F-5/1, Islamabad.

Pursuant to Section 16 of the Rules, operations of the Company are funded by the Ministry of Information Technology and Telecommunication (MoIT&T), Government of Pakistan through the Universal Service Fund (USF), a separate entity established under section 33 A of the Telecommunication Re-organization Act, 1996. USF is kept in Public Account of the Federal Government which is maintained and operated by MoIT&T. A Non-Lapsable assignment account is maintained by USF Company for withdrawal of funds. The primary objective of the Company is to plan, develop, finance and execute communication network projects and services to un-served or under-served areas of Pakistan as defined under Section 26 of the Rules mainly through disbursement of grants received from Government of Pakistan, in the form of subsidies to selected contributors to USF, for execution of the related telecom projects.

The Company is certified from Pakistan Centre for Philanthropy (PCP), a certifying body for all local and international NGOs having certification No. PCP- 2021/871, dated August 10, 2021 to August 10, 2024.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under 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 Standards 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 except for liability for gratuity, which is carried at present value of defined benefit obligation net of fair value of plan asset.

2.3 Functional and presentation currency

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

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UNIVERSAL SERVICE FUND

(A Company incorporated under Section 42 of the Companies Act, 2017)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

3 NEW AND REVISED STANDARDS AND INTERPRETATIONS

Following are the standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company. These standards, amendments and interpretations are anticipated to have no significant impact on the Company's Financial Statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
IAS 1 Presentation of Financial Statements (Amendments)	January 01, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	January 01, 2023
IAS 12 Income Taxes (Amendments)	January 01, 2023
IFRS 4 Insurance Contracts (Amendments)	January 01, 2023
IAS 16 Property, Plant and Equipment (Amendments)	January 01, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 01, 2022
IAS 41 Agriculture (Amendments)	January 01, 2022
IFRS 3 Business Combinations (Amendments)	January 01, 2022
IFRS 9 Financial Instruments (Amendments)	January 01, 2022
IFRS 16 Leases (Amendments)	January 01, 2022

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

The following interpretation issued by the International Accounting Standards Board (IASB) has been waived by the Securities and Exchange Commission of Pakistan (SECP):

IFRIC 12	Service Concession Arrangements
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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies have been applied consistently to all periods presented in these Financial Statements.

4.1 Operating fixed assets

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

Depreciation is charged on assets using the straight line method, at the rates stated in note 5.2. A full month's depreciation is charged in the month of acquisition of an asset, while no depreciation is charged in the month of an assets' retirement.

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

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

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UNIVERSAL SERVICE FUND

(A Company incorporated under Section 42 of the Companies Act, 2017)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income and expenditure statement in the year the asset is derecognized.

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

4.2 Right-of-use assets and their related lease liability

4.2.1 Right of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for certain remeasurement of lease liability.

Right-of-use assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

4.2.2 Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. Remeasurements of lease liabilities only occur in cases where the terms of the lease are changed during the lease tenor. These remeasurements of lease liabilities are recognized as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the income and expenditure statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4.3 Intangibles

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

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

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

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

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

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4.4 Advances, deposits and other receivables

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

4.5 Cash and cash equivalents

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

4.6 Fund balance (restricted)

The management is following deferral method of accounting for amount received from MoIT&T and included in the fund balance. Any income earned on these funds is also included in the fund. Expenditure incurred, as reduced by the income earned on these funds, is transferred from the fund balance to the income and expenditure statement to match the net expenditure incurred during the year.

4.7 Deferred capital grant

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

4.8 Trade and other payables

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

4.9 Provision

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

4.10 Staff benefits

i) Defined benefit plan

The Company operates a funded gratuity scheme for employees who have completed the minimum qualifying period of service to the Company. Provision for gratuity is made to cover obligations under the scheme in accordance with the actuarial recommendations using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at June 30, 2022, details are given in the note 16.2 of the Financial Statements.

ii) Compensated absences

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

4.11 Taxation

i) Current

Provision for taxation is based on taxable profits, at the current rates of taxation, after taking into account tax credits and tax rebates, if any. The Company is subject to 100% tax credit as per section 100C of Income Tax Ordinance (ITO). Further, the Company's income is not liable for minimum tax, under Section 113 of the Income Tax Ordinance, 2001, as the Company considers the amount received from the MoIT&T as grant. The Company has applied to Commissioner for getting recognition under section 2(36) of Income Tax Ordinance, 2001 as a not for profit entity for the tax year ended on June 30, 2022. Management and its tax advisor are confident that such approval will be obtained due to which no provision for taxation has been made in these financial statements.

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ii) Deferred

The Company being registered under section 42 of the repealed Companies Ordinance, 1984, as a non profit Company. Accordingly, the income of the Company is subject to 100% tax credit as per section 100C of Income Tax Ordinance, 2001. Therefore, no tax expense or deferred tax expense is recognized in these financial statements.

4.12 Income

i) Profit on bank deposits

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

ii) Other income

Any other income is recorded on an accrual basis.

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

4.13 Foreign currency translation

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

4.14 Financial instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the income and expenditure statement.

4.14.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets:

(i) Debt instruments designated at amortized cost

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is 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.

(ii) Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

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By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial

Amortized cost and effective interest rate method:

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in income and expenditure statement and is included in the "finance income - interest income" line item.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to income and expenditure statement on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in income and expenditure.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

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- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortized cost Criteria or the FVTOCI Criteria are classified as at FVTPL. In addition, Debt instruments that meet either the amortized cost Criteria or the FVTOCI Criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or Liabilities or recognizing the gains and Losses on them on different bases. The Company has not designated any Debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in income and expenditure statement.

Impairment of financial assets:

The Company recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables, contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;

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- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

(ii) Definition of default:

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 360 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets:

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy:

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in income and expenditure statement.

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(v) Measurement and recognition of expected credit losses:

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the debtor or any other party.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets:

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in income and expenditure statement. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to income and expenditure statement. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to income and expenditure statement, but is transferred to retained earnings.

4.14.2 Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

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(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the statement of income and expenditure to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the income and expenditure statement incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch income and expenditure statement. The remaining amount of change in the fair value of liability is recognized in statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified to income and expenditure statement; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognized in income and expenditure statement.

(ii) Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities:

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in income and expenditure statement.

ii) **Non-financial assets**

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

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income and expenditure statement.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

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

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

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4.15 Fair value measurement

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

4.16 Significant accounting judgments and estimates

The preparation of Financial Statements in conformity with approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods affected.

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

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4.16.1 Property, equipment and intangible assets

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

4.16.2 Employee benefits

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

4.16.3 Taxation

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

4.16.4 Provisions and contingencies

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

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, it is disclosed as contingent liability.

5 PROPERTY AND EQUIPMENT		June 2022 Rupees	June 2021 Rupees
	Note		
Right of use assets	5.1	25,135,086	46,679,457
Operating fixed assets	5.2	72,199,452	78,349,135
		<u>97,334,538</u>	<u>125,028,592</u>
5.1 Right of use (ROU) assets			
Cost			
Opening balance as at July 01		64,633,094	-
Additions		-	64,633,094
Disposals	5.1.1	-	-
Closing balance as at June 30		<u>64,633,094</u>	<u>64,633,094</u>
Accumulated depreciation			
Opening balance as at July 01		(17,953,637)	-
Charge for the year		(21,544,371)	(17,953,637)
Disposals		-	-
Closing balance as at June 30		<u>(39,498,008)</u>	<u>(17,953,637)</u>
Net book value at June 30		25,135,086	46,679,457

Depreciation rate per annum

3 years

5.1.1 Depreciation for the year is charged to administrative and general expenses (refer to note 18).

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5.2 OPERATING FIXED ASSETS

Description	(Rupees in '000)						Total
	Vehicles	Furniture and equipment	Computer and accessories	Communication equipment	Leasehold improvements		
Cost							
Opening balance as at July 01, 2021	29,704,498	88,425,444	36,271,284	2,236,946	28,223,588	184,861,760	
Additions	-	2,514,533	11,383,931	2,696,440	466,895	17,061,799	
Disposals	-	-	(6,021,098)	-	-	(6,021,098)	
Closing balance as at June 30, 2022	29,704,498	90,939,977	41,634,117	4,933,386	28,690,483	195,902,461	
Accumulated depreciation							
Opening balance as at July 01, 2021	(29,704,428)	(45,072,166)	(29,854,141)	(1,411,497)	(470,393)	(106,512,625)	
Charge for the year	-	(11,629,950)	(5,253,483)	(646,604)	(5,681,035)	(23,211,072)	
Disposals	-	-	6,020,688	-	-	6,020,688	
Closing balance as at June 30, 2022	(29,704,428)	(56,702,116)	(29,086,936)	(2,058,101)	(6,151,428)	(123,703,009)	
Net book value as at June 30, 2022	70	34,237,861	12,547,181	2,875,285	22,539,055	72,199,452	
Cost							
Opening balance as at July 01, 2020	29,704,498	51,503,323	37,022,085	2,148,746	-	120,378,652	
Additions	-	39,211,268	6,339,881	88,200	28,223,588	73,862,937	
Disposals	-	(2,289,147)	(7,090,682)	-	-	(9,379,829)	
Closing balance as at June 30, 2021	29,704,498	88,425,444	36,271,284	2,236,946	28,223,588	184,861,760	
Accumulated depreciation							
Opening balance as at July 01, 2020	(29,704,428)	(39,713,266)	(33,792,354)	(1,026,731)	-	(104,236,779)	
Charge for the year	-	(7,559,507)	(3,152,009)	(384,766)	(470,393)	(11,566,675)	
Disposals	-	2,200,607	7,090,222	-	-	9,290,829	
Closing balance as at June 30, 2021	(29,704,428)	(45,072,166)	(29,854,141)	(1,411,497)	(470,393)	(106,512,625)	
Net book value as at June 30, 2021	70	43,353,278	6,417,143	825,449	27,753,195	78,349,135	
Depreciation rate per annum	20%	20%	33%	20%-33%	20%		

5.3 Depreciation for the year is charged to administrative and general expenses (refer to note 18).

5.4 Cost and accumulated depreciation of fully depreciated assets is Rs. 85,428,897 (2021: Rs. 87,609,538) and Rs. 85,426,307 (2021: Rs. 87,606,858) respectively, having carrying amount of Rs. 2,590 (2021: Rs. 2,680).

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6 INTANGIBLE ASSETS

Description	Digital maps	Software	Capital work in progress (CWIP)-softwares	Total
	------(Rupees in '000)-----			
Cost				
Opening balance as at July 01, 2021	7,500,000	41,436,943	17,777,929	66,714,872
Additions	-	14,359,370	12,010,035	26,369,405
Transfers	-	-	(8,078,809)	(8,078,809)
Disposals/ write off	-	(758,876)	-	(758,876)
Closing balance as at June 30, 2022	7,500,000	55,037,437	21,709,155	84,246,592
Accumulated amortisation				
Opening balance as at July 01, 2021	(7,499,990)	(33,309,633)	-	(40,809,623)
Amortization charge	-	(10,577,816)	-	(10,577,816)
Disposals/ write off	-	758,866	-	758,866
Closing balance as at June 30, 2022	(7,499,990)	(43,128,583)	-	(50,628,573)
Net book value as at June 30, 2022	10	11,908,854	21,709,155	33,618,019
Cost				
Opening balance as at July 01, 2020	7,500,000	39,953,527	16,785,429	64,238,956
Additions	-	1,483,416	992,500	2,475,916
Closing balance as at June 30, 2021	7,500,000	41,436,943	17,777,929	66,714,872
Accumulated amortisation				
Opening balance as at July 01, 2020	(7,499,990)	(24,709,994)	-	(32,209,984)
Charge for the year	-	(8,599,639)	-	(8,599,639)
Closing balance as at June 30, 2021	(7,499,990)	(33,309,633)	-	(40,809,623)
Net book value as at June 30, 2021	10	8,127,310	17,777,929	25,905,249
Depreciation rate per annum	20%	33%		

6.1 Amortization for the year is charged to administrative and general expenses (refer to note 18).

6.2 Capital work in progress (CWIP) represents accounting software (Oracle) installed by the Company which is currently in its testing phase. Additions during the year represent other softwares purchased.

6.3 Cost and accumulated amortisation of fully depreciated assets is Rs. 46,694,651 (2021: Rs. 23,713,125) and Rs. 46,694,331 (2021: Rs. 23,712,865) respectively, having carrying amount of Rs. 320 (2021: Rs. 260).

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7 LONG TERM DEPOSITS		
This includes security deposits amounting to Rs. 4.008 million (June 30, 2021: Rs. 4.008 million) equals to two months office rent on the basis of 16,197 Sqft office area at Rs. 120 per Sqft and 1,006 Sqft at Rs. 60 per Sqft of common area amounting to Rs. 2,004,000 per month on the 3rd floor in the Evacuee Trust Complex, F - 5/1, Islamabad.		
8 LONG TERM ADVANCES	June 2022 (Rupees)	June 2021 (Rupees)
Advance against gratuity balance to employees	7,880,230	6,318,413
Current portion	(5,313,018)	(5,052,993)
	<u>2,567,212</u>	<u>1,265,420</u>

8.1 This represents advances issued against employees' gratuity in accordance with Company's service rules with repayment terms of maximum twenty four (24) months and carries no markup.

9 ADVANCES	Note	June 2022 (Rupees)	June 2021 (Rupees)
Considered good - secured			
To employees			
- against gratuity - current portion		5,313,018	5,052,993
- against expenses		278,187	97,748
Advance against projects	9.1	4,837,742,852	3,126,966,902
To suppliers/employee		50,000	-
		<u>4,843,384,057</u>	<u>3,132,117,643</u>

9.1 This represents unutilized portion of advances paid to service providers, in respect of following projects. The advances are secured against bank guarantees.

	June 2022 (Rupees)	June 2021 (Rupees)
Advances to related parties:		
PTML-NG-BSD Gwadar	-	90,000,000
PTML-NG-BSD Kech	55,320,454	368,803,021
PTML-NG-BSD Killa Saifullah	692,365,800	-
PTML-NG-BSD Loralai	508,351,940	-
Telenor-NG- BSD Chitral	-	274,417,010
Telenor-NG-BSD Bahawalpur	-	85,926,925
Telenor-NG-BSD Small Lot S3	-	16,942,374
Telenor-NG-BSD Chaghi	86,762,344	-
Telenor-NG-BSD Buner	407,562,150	-
Telenor NG-BSD Jhang	451,319,841	-
Telenor NG-BSD Small Lot S6	73,283,201	-
PTCL-OFC-UC-SD-Lot-1	-	262,000,000
PTCL-OFC-UC-SD-Lot-2	-	351,293,163
PTCL-OFC-UC-SD-Lot-3	-	420,000,000
PTCL-OFC FATA PACKAGE-2	211,967,617	511,972,996
PTCL-OFC-UC-PB-Lot-6	93,200,000	-
PTCL-OFC-UC-PB-Lot-7	47,500,000	-
PTCL-OFC-UC-PB-Lot-8	104,978,843	-
PTCL-OFC-UC-PB-Lot-10	237,256,249	-
PTCL-OFC-UC-PB-Lot-12	249,367,123	-
PTCL-OFC-SMALL LOT-3	47,000,000	-
PTCL-OFC-UC-SD-LOT-11	289,800,000	-
PTCL-OFC-UC-BL-LOT-13	392,254,624	-

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	June 2022 (Rupees)	June 2021 (Rupees)
Advances to other than related parties:		
PMCL-BSD South Waziristan	-	5,405,781
PMCL-NG-BSD Ghotki	-	23,457,517
PMCL-NG-BSD Jhelum	-	50,944,193
PMCL-NG-BSD Pishin	22,313,829	-
PMCL-NG-BSD NH&MW M-5	30,958,018	-
PMCL-NG-BSD TD-K1	196,876,286	-
PMCL-NG-BSD TD-K2	85,111,064	-
PMCL-NG-BSD Mianwali	47,973,914	-
PMCL-NH&MW-Hakla-DIKhan	33,782,118	-
PMCL-Small Lot Punjab-10	4,520,388	-
PMCL-Small Lot Islamabad-2	2,204,742	-
PMCL-Sialkot	124,960,439	-
PMCL-Nankana Sahib	93,779,545	-
PMCL-Lodhran	237,986,913	-
PMCL-NH&MW Lot-8 (M-4)	8,985,410	-
Nayatel-OFC-UC-PB-Lot-4	-	316,000,000
Nayatel-OFC-UC-PB-Lot-5	-	345,000,000
CM PAK-NG BSD Small Lot S4	-	4,803,922
	4,837,742,852	3,126,966,902

10 SHORT-TERM PREPAYMENTS

Insurance	2,096,584	1,763,588
Others	5,192,990	8,080,678
	7,289,574	9,844,266

11 OTHER RECEIVABLES

Secured - considered good		
PTCL Mastung	281,929,919	281,929,919
PTCL OFC BP-05	1,387,060,677	1,387,060,677
PTCL BB HTR	53,193,552	53,193,552
Others	54,660	54,660
11.1 & 17.1.4	1,722,238,808	1,722,238,808

11.1 This includes receivables against late delivery charges amounting to Rs. 1,636.801 million and receivable against descoping from Pakistan Telecommunication Company Limited (PTCL) amounts Rs. 85.383 million. Late delivery charges are recognized on delay in implementation of projects milestones as per contracts. PTCL has filed law suits in District Court Islamabad against the balances as detailed in note 17.1.4 to the financial statements. Receivable from PTCL are secured against performance bank guarantee provided by PTCL amounting to Rs. 1.946 billion.

11.2 Maximum outstanding balance at end of any month during the year amounts to Rs. 1,722.238 million (2021: Rs. 1,722.238 million).

11.3 Aging of other receivables at reporting date is as follows;

	June 2022 Rupees	June 2021 Rupees
Past due 1-30 days	-	-
Past due 30-90 days	-	-
Past due 90 days	1,722,238,808	1,722,238,808
	1,722,238,808	1,722,238,808

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12 CASH AND BANK BALANCES	Note	June 2022 Rupees	June 2021 Rupees
Cash in hand		21,183	47,229
Cash at bank :			
Assignment account with NBP	12.3	923,410,167	-
Sub-assignment account with NBP	12.1	-	3,300,000,000
Deposit account - local currency saving account	12.2	244,904	11,367,478
		<u>923,676,254</u>	<u>3,311,414,707</u>

12.1 This represents sub-Assignment non-lapsable account opened on June 30, 2021 with National Bank of Pakistan. Accountant General Pakistan Revenues (AGPR) issued authorization on June 30, 2021 for placement of funds for payment up to a ceiling of Rs. 3,300 million. The authorization is made to arrange payment for withdrawals from this account against the Company approved budget.

Subsequent to the year end, funds authorized have been withdrawn from the account. The Company is allowed to make payments and issue cheques directly from this account. The account is closed in Nov-21 & new assignment account is opened for making payments by Company through AGPR.

12.2 This carries mark-up at rate 5.50 to 12.25% per annum (June 30, 2021: 5.50 to 6.10 % per annum). The profit on bank deposit is receivable with reference to the daily balance in the bank account.

13 FUND BALANCE (RESTRICTED)	Note	June 2022 Rupees	June 2021 Rupees
Balance at the beginning of the year		5,392,530,546	5,754,152,775
Grant received during the year		18,750,000,000	6,300,000,000
Profit on deposit account	13.1	701,528	121,554,114
Miscellaneous receipts	13.2	13,267,075	2,657,288
		18,763,968,603	6,424,211,402
Grants transferred to:			
-Deferred capital grant	14	(35,351,975)	(140,882,947)
-Income and expenditure statement		(17,731,920,200)	(6,639,016,247)
		(17,767,272,175)	(6,779,899,194)
-Remeasurement loss on defined benefit plan	16.3.4	(4,889,349)	(5,934,437)
		<u>6,384,337,625</u>	<u>5,392,530,546</u>

13.1 Profit on deposit account and miscellaneous receipts are included in the fund balance, being income of USF Fund MoIT&T, Government of Pakistan and are adjusted against future release of grants/funding to USF Company.

13.2 This includes amount of Rs. 9,461,875 (2021: Rs. 785,972) against liquidated damages, recovered from operators.

14 DEFERRED CAPITAL GRANT	Note	June 2022 Rupees	June 2021 Rupees
Balance at beginning of the year		150,933,841	48,170,845
Transferred from fund balance (restricted) - net	13	35,351,975	140,882,947
Depreciation/amortization charged		(55,333,259)	(38,119,951)
Balance at end of the year		<u>130,952,557</u>	<u>150,933,841</u>

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15 LEASE LIABILITY		June 2022 Rupees	June 2021 Rupees
Opening balance		44,219,726	-
Add: Addition during the year		-	64,633,094
		<u>44,219,726</u>	<u>64,633,094</u>
Interest expense		2,841,533	3,634,632
Less: Lease payments		<u>(24,048,000)</u>	<u>(24,048,000)</u>
		23,013,259	44,219,726
As at June 30,			
Less: Current lease liabilities		<u>(23,013,259)</u>	<u>(24,048,000)</u>
Non-current liabilities		<u>-</u>	<u>20,171,726</u>
Maturity analysis - contractual undiscounted cash flows:			
Less than one year		24,048,000	24,048,000
More than one year and less than five years		-	24,048,000
Total undiscounted lease		<u>24,048,000</u>	<u>48,096,000</u>
Future finance charges		<u>(1,034,741)</u>	<u>(3,876,274)</u>
Present value of lease payments		<u>23,013,259</u>	<u>44,219,726</u>
Amount recognized in statement of income and expenditure			
Interest expense on lease liabilities		<u>2,841,533</u>	<u>3,634,632</u>
16 TRADE AND OTHER PAYABLES	Note		
Project subsidy	16.1 & 17.1.4	1,059,493,635	2,762,587,102
Technical and monitoring auditor fee		15,262,439	4,556,178
Payable to suppliers		11,036,449	8,294,103
Accrued liabilities		5,360,783	2,523,129
Withholding income taxes payable		1,195,402	-
Withholding sales tax payable		557,962	-
Payable to gratuity fund	16.2	5,432,099	12,662,038
Earnest money		100,000	210,000
		<u>1,098,438,769</u>	<u>2,790,832,550</u>

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16.1	This includes an amount of Rs. 1,059.49 million (June 30, 2021: 2,503.31 million) payable to related parties which also includes the amount payable to PTCL amounting to Rs. 675.947 million (June 30, 2021: 674.213 million). The Company is in litigation with PTCL on receivable and payables as explained in notes 17.1.4 to the financial statements.		
16.2	Payable to gratuity fund	June 2022	June 2021
		Rupees	Rupees
	The movement in net liability is as follows:		
	Balance at beginning of the year	12,662,038	16,787,416
	Charge for the year	17,199,985	14,158,734
	Remeasurement loss	4,889,349	5,934,437
	Contribution	<u>(29,319,273)</u>	<u>(24,218,549)</u>
	Balance at end of the year	<u>5,432,099</u>	<u>12,662,038</u>
16.3	The details of actuarial valuation carried out as at June 30, 2022 are as follows:		
16.3.1	Reconciliation of payable to gratuity fund	June 2022	June 2021
		Rupees	Rupees
	Present value of the defined benefit obligation	98,676,438	91,943,017
	Fair value of the plan assets	<u>(93,244,339)</u>	<u>(79,280,979)</u>
		<u>5,432,099</u>	<u>12,662,038</u>
16.3.2	Change in the present value of defined benefit obligation		
	Opening balance	91,943,017	87,489,648
	Current service cost	17,404,739	13,888,116
	Interest cost on defined benefit obligation	8,337,444	7,159,905
	Benefits paid	<u>(21,204,197)</u>	<u>(16,665,462)</u>
	Benefits due but not paid	-	(3,505,077)
	Actuarial loss	2,195,435	3,575,887
		<u>98,676,438</u>	<u>91,943,017</u>
16.3.3	Expense charge for the year is as follows:		
	Current service cost	17,404,739	13,888,116
	Interest expense	8,337,444	7,159,905
	Interest income on plan assets	<u>(8,542,198)</u>	<u>(6,889,287)</u>
	Interest income - net	<u>(204,754)</u>	270,618
	Expense chargeable to income and expenditure	<u>17,199,985</u>	<u>14,158,734</u>
16.3.4	Total remeasurement chargeable to other comprehensive income	June 2022	June 2021
		Rupees	Rupees
	<u>Remeasurement of plan obligations</u>		
	Actuarial losses from changes in demographic assumptions	840,312	-
	Actuarial losses from changes in financial assumptions	616,784	180,360
	Remeasurement loss on defined benefit plan	738,339	3,395,527
		<u>2,195,435</u>	<u>3,575,887</u>
	Return on plan assets excluding the interest income	<u>2,693,914</u>	<u>2,358,550</u>
		<u>4,889,349</u>	<u>5,934,437</u>

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16.3.5 Change in fair value of plan assets

Opening balance	79,280,979	70,702,232
Interest income	8,542,198	6,889,287
Contribution made directly to gratuity fund	29,319,273	24,218,549
Benefits paid	(21,204,197)	(16,665,462)
Benefits due but not paid	-	(3,505,077)
Return on plan assets, except amount included in interest	(2,693,914)	(2,358,550)
	<u>93,244,339</u>	<u>79,280,979</u>

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

	June 2022 Rupees	June 2021 Rupees
Cash and other deposits:		
-Bank A/c	93,244,339	79,280,979
-Percentage	100%	100%

16.3.6 The principal actuarial assumptions used were as follows:

Actuarial valuation of the plan was carried out as at June 30, 2022, by an independent valuer using projected unit credit method, on following assumptions:

	June 2022	June 2021
Discount rate used for interest cost in Income and Expenditure charge	10.25%	9.25%
Discount rate used for year end obligation	13.25%	10.25%
Salary increase used for year end obligation	N/A	9.75%
Salary increase FY 2022 onward	12.75%	9.75%
Next salary is increased on	1-Jul-22	1-Jul-21
Mortality rates	SLIC 2001-2005 Setback 1 year	SLIC 2001-2005 Setback 1 year
Withdrawal rates	Age-Based (per appendix)	Age-Based (per appendix)
Retirement assumption	Age 60	Age 60

16.3.7 Estimated expenses to be charged to income and expenditure

	2023 Rupees	2022 Rupees
Current service cost	18,684,948	16,600,577
Interest cost on defined benefit obligation	12,670,842	9,209,252
Interest income on plan assets	(13,893,490)	(9,152,594)
	<u>17,462,300</u>	<u>16,657,235</u>

16.3.8 For a change of 100 basis points in these assumptions, keeping other present value of defined benefit obligation as at June 30, 2022 would have been as follows:

	June 2022		June 2021	
	Present value of obligation		Present value of obligation	
	1 % Increase	1 % decrease	1 % Increase	1 % decrease
	-----Rupees-----		-----Rupees-----	
Discount rate	89,848,658	108,814,360	82,435,952	103,033,734
Salary increase rate	108,936,932	89,584,513	103,120,919	82,189,169

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				June 2022	June 2021
	The average duration of the defined benefit obligation			11 Years	11 Years
16.3.9	Historical information	2022	2021	2020	2019
		----- Rupees -----			
	Net staff retirement benefit	5,432,099	12,662,038	16,787,416	5,273,612
	Remeasurement loss on defined benefit plan	4,889,349	5,934,437	10,317,726	4,013,072

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 During FY 2013-14, the Additional Commissioner Inland Revenue (ACIR) raised a demand in respect of tax years 2008 to 2013, amounting to Rs. 3,939,571,607 by treating the grant received from MoIT&T as taxable income, after giving benefit for the Company's administrative and general expenses. The Company filed appeals against this demand, with the Commissioner Inland Revenue Appeals [CIR(A)], for re-examining of facts for, ignoring the provision of clause 59 of part of 2nd Schedule, limiting the scope of Charitable purpose under section 2(11A) and ignoring the provisions of section 9, of Income Tax Ordinance, 2001 as well as limiting the admissibility of expense by disallowing expenses for projects subsidy grant and projects technical auditors fee. CIR (A) set aside all the orders and remanded back for admissibility of expenses not allowed and instructions that taxation should be made as is done on normal business/profession.

The Company filed appeals with the Appellate Tribunal Inland Revenue (ATIR) against the ACIR's & CIR(A) refusal to treat the Company funding from Government as Government Grants and its operations not of welfare organizations. ATIR during FY 2020-21 decided the appeals of TY 2011 and TY 2012 in Company's favour. The Department has filed reference to High Court against the order to ATIR. While decision of the ATIR for remaining years is pending for adjudication.

Management believes that it is not chargeable to tax as the objective of incorporation of the Company is to pursue and implement the objective of the telecom policy announced by Federal Government (FG) to develop communication network in unserved and underserved areas, for this purpose it intends to obtain tax exemption from FG and is hopeful of successful outcome. Also, based upon the advice of its tax advisors, the Company is confident of a favorable outcome of the above cases and accordingly, no provision in this regard has been recognized in these financial statements.

17.1.2 The Deputy Commissioner Inland Revenue DCIR(Audit), passed the orders for Tax years 2015 to 2021 and raised the demand of Rs. 12,626,001,130 by disallowing the USF projects subsidy expense for non withholding u/s 153 & 174(N) and advertisement expense u/s 21(n) considering capital in nature. The Company filed appeals to the Commissioner Inland Revenue CIR(A) for ignoring the facts and not considering subsidy payments as exempt. CIR (A) maintained the orders of DCIR(Audit). The Company has filed appeals with ATIR where the matter is currently pending adjudication. Based on advice of tax consultant, the Company is confident that there are reasonable grounds for favorable decision and accordingly no provision in this regard has been recognized in the financial statements.

17.1.3 The Deputy Commissioner Inland Revenue DCIR(Enforcement), issued notice for 2nd quarter of tax year 2021 and raised the demand of Rs. 590,651,166 as advance, by considering receipt of grants to the Company on turnover u/s 147. The Company filed the reply. DCIR (Enforcement) issued notice u/s 138 for payment of advance tax. The Company filed the appeal to Islamabad High Court (IHC) and stay is granted by IHC. As the Company is confident that the matter would be settled in its favour, consequently, no provision in this regard has been made in these financial statements in respect of the above mentioned notices.

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17.1.4 Notice of default had been issued to PTCL by the Company claiming the amount of late delivery (LD) / deduction of subsidy on the basis of actual bill of quantity (BOQ). In prior year, PTCL has filed a law suits claiming recovery of amount Rs. 1,460,631,584 in the court of law which are pending in District Courts of Islamabad. PTCL has contended that work has been completed in accordance with the contract and delay in the completion of work is protected under force majeure clause to the contract. However, the Company contests the suit on the grounds that PTCL failed to complete the projects in agreed time. During the year, the Company has submitted the bank guarantee for encashment, however, the Honorable Court has ordered the parties to maintain the status quo and has restrained from recovery and encashment of bank guarantees till the final outcome of the case. Next date of hearing is fixed on September 17, 2022. The Company anticipates favorable outcome of the case.

17.1.5 There are some litigations filed against the USF, in most of which the Company involved as proforma defendant/respondent and has no direct financial impact even if cases are decided against USF. Further litigations filed by the Company or where the Company is petitioner/appellant, management is of the opinion that USF has good prima facie cases and cases are likely to be decided in favor of Company and so no provision is made for these litigations in these financial statements.

17.2	Commitments	Note	June 2022	June 2021
			Rupees	Rupees
	Subsidy grant commitments	19	39,590,847,544	26,669,344,219
	Technical auditor's fee	20	91,321,912	81,670,411
	Monitoring auditor's fee	20.2	2,000,000	12,853,693
18	ADMINISTRATIVE & GENERAL EXPENSES			
	Salaries and benefits	18.1	335,605,510	289,242,731
	Training and human resource development		1,737,818	1,198,014
	Legal and professional charges		44,311,559	42,045,173
	Rent		-	14,322,000
	Utilities and office supplies		5,600,673	3,139,097
	Communication charges		1,417,898	1,359,014
	Entertainment		1,122,613	832,545
	Traveling		14,160,903	9,339,611
	Printing and stationery		2,776,437	2,545,315
	Vehicle fuel expenses		17,753,518	12,125,181
	Repairs and maintenance		14,523,805	10,903,214
	Advertisement		13,416,639	6,533,572
	Depreciation	5.2	44,755,443	29,520,312
	Amortization of intangible asset	6	10,577,816	8,599,639
	Interest on finance lease	15	2,841,533	3,634,632
	Auditors' remuneration	18.2	420,500	326,100
	Insurance expense		2,272,221	1,908,051
	Bank charges		787	28,364
			<u>513,295,673</u>	<u>437,602,565</u>

18.1 Salaries and benefits include Rs. 17,199,985 (2021: Rs. 14,158,734) charged in respect of defined benefit scheme.

UNIVERSAL SERVICE FUND

(A Company incorporated under Section 42 of the Companies Act, 2017)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	June 2022	June 2021
	Rupees	Rupees
18.2 Auditors' remuneration:		
Annual audit fee	187,500	160,000
Interim audit fee	100,000	75,000
Review of Code of Corporate Governance	75,000	25,000
Out of pocket expense	-	21,121
Sales tax	58,000	44,979
	<u>420,500</u>	<u>326,100</u>

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19.1. SUBSIDY GRANT FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Total subsidy as per contract	Subsidy due For the year		As of 30 June 2021	As of 30 June 2020	Subsidy disbursed For the year	As of 30 June 2021	As of 30 June 2020	Liquidated damages for the year	Balance commitment	Bank guarantee	Milestones achieved	
					Open	Over										
Rupees																
C) OPTICAL FIBER CABLE- OFC																
1	Balochistan Package-2	PTCL****	25-Jun-09	1,200,000,000	-	-	960,000,000	960,000,000	-	960,000,000	960,000,000	-	240,000,000	480,000,000	Up to 3rd	
2	Balochistan- Punjab Package-3	Wateen Telecom	24-Nov-09	986,000,000	-	-	591,600,000	591,600,000	-	591,600,000	591,600,000	-	394,400,000	-	Up to 2nd	
3	Balochistan- Punjab Package-5	PTCL****	17-May-10	1,498,000,000	-	-	1,498,000,000	898,800,000	-	898,800,000	898,800,000	-	599,200,000	599,200,000	Completed	
4	KPK	PTCL****	8-Mar-18	779,894,680	-	-	779,894,680	779,894,680	-	779,894,680	779,894,680	-	-	320,000,000	Completed/BG	
5	FATA- Package-1	PTCL****	27-Jun-18	684,486,049	-	-	280,000,000	280,000,000	-	280,000,000	280,000,000	-	-	230,000,000	Completed	
6	OFC-JC-SD-LOT1	PTCL****	18-Nov-20	1,310,000,000	-	-	-	-	-	-	-	-	1,310,000,000	574,000,000	Mobilization Adv.	
7	OFC-JC-SD-LOT2	PTCL****	18-Nov-20	1,756,463,815	-	-	-	-	-	351,293,163	351,293,163	-	1,756,463,815	702,586,326	Mobilization Adv.	
8	OFC-JC-SD-LOT3	PTCL****	25-Jan-21	2,100,000,000	-	-	-	-	-	420,000,000	420,000,000	-	2,100,000,000	840,000,000	Mobilization Adv.	
9	OFC-KPK/FATA/Pk2	PTCL****	25-Jun-21	2,559,864,984	-	-	-	-	-	511,972,996	511,972,996	-	2,559,864,984	1,033,945,994	Mobilization Adv.	
10	OFC-JC-PB-LOT4	Nawatel	9-Apr-21	1,580,000,000	-	-	-	-	-	316,000,000	316,000,000	-	1,580,000,000	632,000,000	Mobilization Adv.	
11	OFC-JC-PB-LOT5	Nawatel	9-Apr-21	1,725,000,000	-	-	-	-	-	345,000,000	345,000,000	-	1,725,000,000	699,000,000	Mobilization Adv.	
12	OFC-JC-PB-LOT6	PTCL****	28-Aug-21	1,165,000,000	-	-	-	-	-	-	-	-	1,165,000,000	466,000,000	Contract Signed	
Sub-total (C)					4,04,486,049	-	4,513,980,729	3,510,394,680	2,486,266,199	5,996,560,839	17,830,730,799	-	17,830,730,799	6,557,732,330		
D) BROADBAND																
1	HTR	PTCL****	24-Nov-09	196,295,292	-	-	196,295,292	169,273,356	-	169,273,356	169,273,356	-	-	84,636,679	Completed	
Sub-total (D)					196,295,292	-	196,295,292	169,273,356	-	169,273,356	169,273,356	-	-	84,636,679		
E) SPECIAL PROJECTS-OTHER ICT SERVICES																
1	FDE-I (107 Labs)	Computer Marketing Co Pvt Ltd	5-Jun-17	168,538,758	5,617,959	-	157,300,839	157,300,839	5,617,959	162,920,798	162,920,798	-	5,617,960	2,808,960	Up to 3rd (1st year)	
2	ICTGS-HR-FDE-I (202 Teachers)	Pak Multi services Pvt Ltd	24-Dec-17	540,975,890	6,578,459	127,130,387	325,200,370	320,067,120	137,387,569	458,354,689	458,354,689	-	82,066,674	1,166,537	Task-2/Slurry Up to June-21	
3	WEC-III (45 Labs)	Analytical Solutions Pvt Ltd	24-Oct-17	52,475,700	1,749,190	-	48,977,320	48,977,320	1,749,190	50,726,510	50,726,510	366,965	1,749,190	1,749,200	Up to 3rd (1st Year)	
4	FDE-II (19 Labs)	Analytical Solutions Pvt Ltd	24-Oct-17	228,089,222	9,400,574	-	211,214,073	211,214,073	9,400,574	220,614,647	220,614,647	478,987	7,474,575	3,801,487	Up to 3rd (2nd Y Warranty)/ BB YSSO4	
5	National Library & Sp eds Inc of CAIDD (6 Labs)	Analytical Solutions Pvt Ltd	8-May-18	23,913,000	797,100	-	22,318,800	22,318,800	797,100	23,115,900	23,115,900	-	797,100	797,100	Up to 1st (2nd Y Warranty)	
6	Girls Educational Institutions (6 Labs)	Analytical Solutions Pvt Ltd	31-Dec-18	10,959,000	365,300	-	9,863,100	9,863,100	365,300	10,228,400	10,228,400	-	730,600	1,095,900	Up to 1st	
Sub-total (E)					1,074,951,570	24,508,582	127,130,387	770,643,252	155,317,692	925,960,944	785,972	98,436,999	-	11,419,304		
G) SPECIAL PROJECTS- DIGITAL INCLUSION																
1	Empowerment of SMEs/MSMEs through E-Commerce	Excellence Delivered(ExD)Pvt Ltd	1-Aug-18	-	-	-	-	-	-	-	-	-	-	-	Contract Terminated	
Sub-total (G)					-	-	-	-	-	-	-	-	-	-		
Total (A+B+C+D+E+F+G)					69,573,742,440	56,756,828,785	5,822,802,384	333,767,052	6,146,569,436	42,903,960,231	37,987,502,872	5,365,658,506	43,353,161,378	785,972	26,669,344,219	24,396,766,739

*** Poltron Pakistan (Private) Limited (Telcom) (a related party)
 **** Poltron Mobile Communication Limited (PMCL)
 ***** Wateen Telecom (Private) Limited (Wateen)
 ***** Pakistan Telecommunication Company Limited (PTCL) (a related party)
 ***** CM Pak Limited
 ***** Pakistan Telecom Mobile Limited (PTML Ufone) (a related party)

UNIVERSAL SERVICE FUND
(A Company incorporated under Section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

20 FEE TO TECHNICAL AUDITORS FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract	Technical audit fee due			Technical audit fee disbursed			Balance commitment	Milestones achieved
					As of 30 June, 2021	For the year	As of 30 June, 2022	As of 30 June, 2021	For the year	As of 30 June, 2022		
C) OPTICAL FIBER CABLE- OFC												
1	Balochistan Package-2	Shaukat Hayat	21-May-10	8,601,988	6,245,588	-	6,245,588	6,245,588	-	6,245,588	2,356,400	Up to 3rd, 2 idle days
2	Balochistan-Punjab Package-3	TEACH ***	16-Apr-14	8,974,928	4,487,464	-	4,487,464	4,487,464	-	4,487,464	4,487,464	Up to 3rd
3	UC-SD-LOT-1	Global Enterprises	16-Aug-21	4,359,488	-	4,405,009	-	-	4,405,009	4,405,009	(45,521)	Completed
4	UC-SD-LOT-2	Global Enterprises	16-Aug-21	4,610,708	-	4,393,115	-	-	4,393,115	4,393,115	217,593	Up to 4th
5	UC-SD-LOT-3	LCC Pakistan	25-Oct-21	3,615,400	-	2,930,738	-	-	2,930,738	2,930,738	684,662	Up to 3rd
6	KPK (FATA)-Package-2	Global Enterprises	04-Feb-22	2,940,513	-	807,800	-	-	807,800	807,800	2,132,713	Up to 1st
7	UC-PB-LOT-4	Global Enterprises	10-Feb-22	2,657,510	-	599,332	-	-	599,332	599,332	2,058,178	Up to 1st
8	UC-PB-LOT-5	Global Enterprises	10-Feb-22	2,677,175	-	1,267,750	-	-	1,267,750	1,267,750	1,409,425	Up to 2nd
9	UC-PB-LOT-6	LCC Pakistan	21-Feb-22	2,617,000	-	1,649,711	-	-	1,649,711	1,649,711	967,289	Up to 2nd
10	UC-PB-LOT-7	Kamkonsult ****	14-Mar-22	4,880,340	-	1,572,064	-	-	1,572,064	1,572,064	3,308,276	Up to 1st
Sub-total (C)					45,935,050	10,733,052	28,358,571	10,733,052	17,625,519	28,358,571	17,576,479	
D) BROADBAND												
1	HTR-PTCL	People Logic	27-Jul-10	4,217,788	3,387,516	-	3,387,516	3,422,676	-	3,422,676	830,272	Up to 4th & Idle days
2	HTR-Wateen	People Logic	27-Jul-10	2,343,463	1,987,633	-	1,987,633	1,987,633	-	1,987,633	355,830	Up to 4th and Idle days
Sub-total (D)					6,561,251	5,375,149	5,375,149	5,410,309	-	5,410,309	1,186,102	
Total (A+B+C+D)					257,797,795	65,084,595	101,391,288	65,017,014	90,687,360	155,704,394	91,321,912	

- * Telecom Services & Consultants (Private) Limited- Tel-e-Com
 ** Optwave Technologies (Pvt.) Ltd.
 *** Telecom Engineering & Consultancy House (Pvt) Limited- TEACH
 **** Kamkonsult Private Limited
 ***** GloTech Services Pakistan Pw Ltd

20.1 FEE TO TECHNICAL AUDITORS FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract	Technical audit fee due		Technical audit fee disbursed		Balance commitment	Milestones achieved	
					As of 30 June, 2020	For the year	As of 30 June, 2021	For the year			
Rupees											
A) BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM											
1	Turbat	Technology at	21-May-14	5,636,303	4,252,911	4,252,911	4,150,170	4,150,170	1,383,392	Up to 4th	
2	Kohistan	Futurist Pvt Ltd	20-Dec-17	11,500,000	6,900,000	6,900,000	4,600,000	6,900,000	4,600,000	Up to 3rd	
3	Khyber	Exceleron	14-Feb-19	7,495,156	7,482,243	7,495,156	7,482,243	7,495,156	-	Completed	
4	North Waziristan	Ranop Solutions	17-Dec-19	6,888,050	1,528,146	1,528,146	-	1,528,146	5,359,904	Up to 2nd	
5	South Waziristan	Ranop Solutions	17-Dec-19	8,209,404	-	-	-	-	8,209,404	Contract Signed	
6	Dera Bugti	Komkonsult ****	20-Feb-20	2,921,074	2,921,074	2,921,074	-	2,921,074	-	Completed	
7	Mohmand	Komkonsult ****	20-Feb-20	6,579,069	2,723,870	2,723,870	-	2,723,870	3,855,199	Up to 2nd	
Sub-total (A)				49,229,056	16,335,154	25,821,157	16,232,413	9,486,003	25,718,416	23,407,899	
B) NEXT GENERATION-BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM											
1	NH&MW Lot-1	Komkonsult ****	23-Jul-19	4,950,498	3,470,426	4,476,082	3,470,426	1,005,656	4,476,082	474,416	
2	Dadu	Myson Engineering	25-Nov-19	10,388,000	4,761,000	7,545,000	4,761,000	2,784,000	7,545,000	2,843,000	
3	NH&MW Lot-2(NH 25-&66S)	Myson Engineering	03-Feb-20	3,819,450	752,468	1,460,368	752,468	707,900	1,460,368	2,359,082	
4	NH&MW Lot-3(NH 50&70)	Myson Engineering	03-Feb-20	3,455,806	949,560	2,124,876	949,560	1,175,316	2,124,876	1,330,930	
5	Hyderabad	Komkonsult Private	20-Feb-20	7,664,893	-	7,664,893	-	7,664,893	-	Completed	
6	Bahawalpur	Komkonsult Private	20-Feb-20	5,985,310	771,355	2,298,287	771,355	1,526,932	2,298,287	3,687,023	
7	Bahawalnagar	Komkonsult Private	06-May-20	4,595,985	2,813,951	2,813,951	-	2,813,951	1,782,034	Up to 3rd	
8	Rahimyar Khan	Komkonsult Private	06-May-20	5,495,586	2,414,803	2,414,803	-	2,414,803	3,080,783	Up to 2nd	
9	Dera Ghazi Khan	Komkonsult Private	06-May-20	6,997,725	2,585,179	2,585,179	-	2,585,179	4,412,546	Up to 1st	
10	Small Lot Sindh-3	Myson Engineering	06-May-20	1,307,500	-	-	-	-	1,307,500	Contract Signed	
11	Tharparker	Ranop Solutions	25-May-20	4,569,017	-	2,878,905	-	2,878,905	1,690,112	Up to 3rd	
12	Sanghar	Myson Engineering	25-Nov-20	6,687,825	4,210,000	4,210,000	-	4,210,000	2,477,825	Up to 3rd	
13	Kurruan	Exceleron	01-Dec-20	2,106,417	-	-	-	-	2,106,417	Contract Signed	
14	Small Lot Islamabad-1	Exceleron	01-Dec-20	495,095	-	-	-	-	495,095	Contract Signed	
15	Small Lot Punjab-4	Exceleron	01-Dec-20	722,744	-	455,016	-	455,016	267,728	Up to 1st	
16	Muzaffargarh	Myson Engineering	10-Dec-20	7,281,150	1,326,000	1,326,000	-	1,326,000	5,955,150	Up to 1st	
17	Small Lot Baluchistan-2	Myson Engineering	26-Mar-21	618,850	396,000	396,000	-	396,000	222,850	Up to 1st	
18	Small Lot Baluchistan-3	Myson Engineering	26-Mar-21	354,600	201,000	201,000	-	201,000	153,600	Up to 1st	
19	Bolan	LCC	01-Apr-21	8,043,300	5,286,000	5,286,000	-	5,286,000	2,757,300	up to 3rd	
20	Ghotki	LCC	01-Apr-21	8,925,655	-	-	-	-	8,925,655	Contract Signed	
21	Jaffarabad	Relicom	18-May-21	3,903,500	-	-	-	-	3,903,500	Contract Signed	
Sub-total (B)				98,368,906	10,704,809	48,136,360	10,704,809	37,431,551	48,136,360	50,232,546	
C) OPTICAL FIBER CABLE- OFC											
1	Balochistan Package-2	Shaukat Hayat	21-May-10	8,601,988	6,245,588	6,245,588	6,245,588	6,245,588	2,356,400	Up to 3rd, 2 Idle days	
2	Balochistan-Punjab Package-TEACH ***	TEACH ***	16-Apr-14	8,974,928	4,487,464	4,487,464	4,487,464	4,487,464	4,487,464	Up to 3rd	
3	FATA Package-1	Global Enterprises	21-Jan-20	3,166,209	3,166,209	3,166,209	3,166,209	3,166,209	8,450,135	Completed	
Sub-total (C)				26,027,051	13,899,261	19,183,187	13,899,261	5,283,926	8,450,135	19,183,187	6,843,864
D) BROADBAND											
1	HTR-PTCL	People Logic	27-Jul-10	4,217,788	3,387,516	3,387,516	3,387,516	3,387,516	830,272	Up to 4th & Idle days	
2	HTR-Wateen	People Logic	27-Jul-10	2,343,463	1,987,633	1,987,633	1,987,633	1,987,633	355,830	Up to 4th and Idle days	
Sub-total (D)				6,561,251	5,375,149	5,375,149	5,410,309	5,410,309	1,186,102	-	
Total (A+B+C+D)				180,186,264	46,314,373	52,201,480	98,515,853	46,246,792	52,201,480	98,448,272	81,670,411

*** Telecom Services & Consultants (Private) Limited- Tel-e-Com
 **** Optiwave Technologies (Pvt.) Ltd.
 ***** Telecom Engineering & Consultancy House (Pvt) Limited- TEACH
 Komkonsult Private Limited
 G10Tech Services Pakistan Pvt Ltd

20.2 FEE TO MONITORING AUDITORS FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract	Monitoring audit fee due			Monitoring audit fee disbursed			Balance commitment	Milestones achieved
					As of 30 June, 2021	For the year	As of 30 June, 2022	As of 30 June, 2021	For the year	As of 30 June, 2022		
Rupees												
A) BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM												
1	Awaran-Lesbla	Ranop Solutions	05-Apr-21	2,000,000	-	-	-	-	-	-	2,000,000	Contract Signed
2	Kharan-Washuk	Ranop Solutions	05-Apr-21	2,092,708	-	2,092,708	2,092,708	-	2,092,708	2,092,708	-	Completed
3	Sibi	Exceleron	05-May-21	4,453,437	4,453,437	-	4,453,437	-	4,453,437	4,453,437	-	Completed
4	Small Lot Balochistan-1	Myson Engineering	06-May-21	700,000	-	700,000	700,000	-	700,000	700,000	-	Completed
5	Khyber	Netkom	19-May-21	3,347,731	-	3,347,731	3,347,731	-	3,347,731	3,347,731	-	Completed
6	Zhob	Komkonsult Private	24-May-21	2,658,340	-	2,658,340	2,658,340	-	2,658,340	2,658,340	-	Completed
7	Mastung	Myson Engineering	06-Oct-21	900,002	-	900,002	900,002	-	900,002	900,002	-	Completed
8	Nasrabad	Myson Engineering	06-Oct-21	1,900,000	-	1,900,000	1,900,000	-	1,900,000	1,900,000	-	Completed
9	Dera Bugti	Myson Engineering	06-Oct-21	4,319,706	-	4,319,706	4,319,706	-	4,319,706	4,319,706	-	Completed
10	Chaghi	LCC Pakistan	08-Oct-21	900,060	-	900,060	900,060	-	900,060	900,060	-	Completed
11	Awaran-Lesbla	LCC Pakistan	08-Oct-21	1,261,000	-	1,261,000	1,261,000	-	1,261,000	1,261,000	-	Completed
12	Zhob	LCC Pakistan	08-Oct-21	1,651,000	-	1,651,000	1,651,000	-	1,651,000	1,651,000	-	Completed
13	Khyber	LCC Pakistan	08-Oct-21	1,426,000	-	1,426,000	1,426,000	-	1,426,000	1,426,000	-	Completed
14	Chitral	Joynt Pvt Ltd	12-Oct-21	1,957,000	-	1,957,000	1,957,000	-	1,957,000	1,957,000	-	Completed
15	DI Khan	Griffin	15-Oct-21	1,500,019	-	1,500,019	1,500,019	-	1,500,019	1,500,019	-	Completed
16	Turbat	Komkonsult	27-Oct-21	1,826,700	-	1,826,700	1,826,700	-	1,826,700	1,826,700	-	Completed
17	Kalat	SC Technologies	27-Oct-21	808,840	-	808,840	808,840	-	808,840	808,840	-	Completed
18	Sibi	SC Technologies	27-Oct-21	1,526,331	-	1,526,331	1,526,331	-	1,526,331	1,526,331	-	Completed
19	Khuzdar	SC Technologies	27-Oct-21	1,747,514	-	1,747,514	1,747,514	-	1,747,514	1,747,514	-	Completed
20	Kharan-Washuk	SC Technologies	27-Oct-21	2,080,451	-	2,080,451	2,080,451	-	2,080,451	2,080,451	-	Completed
21	Shangla	SC Technologies	27-Oct-21	1,202,263	-	1,202,263	1,202,263	-	1,202,263	1,202,263	-	Completed
22	Small Lot B-1	SC Technologies	27-Oct-21	909,539	-	909,539	909,539	-	909,539	909,539	-	Completed
23	Mastung	Myson Engineering	08-Mar-22	909,000	-	909,000	909,000	-	909,000	909,000	-	Completed
24	Kharan-Washuk	LCC Pakistan	11-Mar-22	1,600,000	-	1,600,000	1,600,000	-	1,600,000	1,600,000	-	Completed
25	Small Lot B-1	LCC Pakistan	11-Mar-22	600,000	-	600,000	600,000	-	600,000	600,000	-	Completed
26	Awaran-Lesbla	LCC Pakistan	11-Mar-22	790,000	-	790,000	790,000	-	790,000	790,000	-	Completed
27	Zhob	Netkom	14-Mar-22	1,490,525	-	1,490,525	1,490,525	-	1,490,525	1,490,525	-	Completed
28	Khyber	Netkom	14-Mar-22	1,279,695	-	1,279,695	1,279,695	-	1,279,695	1,279,695	-	Completed
29	Shangla	Global Connect	18-Mar-22	1,183,556	-	1,183,556	1,183,556	-	1,183,556	1,183,556	-	Completed
30	Dera Bugti	Joynt Pvt Ltd	18-Mar-22	2,293,000	-	2,293,000	2,293,000	-	2,293,000	2,293,000	-	Completed
31	Chitral	Joynt Pvt Ltd	18-Mar-22	1,750,000	-	1,750,000	1,750,000	-	1,750,000	1,750,000	-	Completed
32	DI Khan	Griffin	31-Mar-22	1,281,507	-	1,281,507	1,281,507	-	1,281,507	1,281,507	-	Completed
33	Kalat	Griffin	31-Mar-22	629,229	-	629,229	629,229	-	629,229	629,229	-	Contract Signed
34	Chaghi	Griffin	31-Mar-22	855,054	-	855,054	855,054	-	855,054	855,054	-	Contract Signed
35	Turbat	Myson Engineering	12-Apr-22	1,482,000	-	1,482,000	1,482,000	-	1,482,000	1,482,000	-	Completed
36	Sibi	LCC Pakistan	14-Apr-22	2,049,700	-	2,049,700	2,049,700	-	2,049,700	2,049,700	-	Completed
37	Khuzdar	Joynt Pvt Ltd	19-Apr-22	1,690,000	-	1,690,000	1,690,000	-	1,690,000	1,690,000	-	Contract Signed
Sub-total (A)					61,051,907	4,453,437	54,598,470	59,051,907	54,596,117	54,596,117	2,000,000	

B) NEXT GENERATION-BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM

1	NIH&MW Lot-1(NH 10&25)	Joynt Pvt Ltd	12-Oct-21	874,000	-	874,000	874,000	-	874,000	874,000	-	Completed
2	Hyderabad	Netkom	13-Oct-21	1,455,228	-	1,455,228	1,455,228	-	1,455,228	1,455,228	-	Completed
3	NIH&MW Lot-3(NH 50&70)	LCC Pakistan	11-Mar-22	800,000	-	800,000	800,000	-	800,000	800,000	-	Completed

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20.2 FEE TO MONITORING AUDITORS FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract	Monitoring audit fee due		Monitoring audit fee disbursed		Balance commitment	Milestones achieved
					As of 30 June, 2021	For the year	As of 30 June, 2022	For the year		
Rupees										
4	Hyderabad	Netkom	14-Mar-22	943,741	-	943,741	-	943,741	-	Completed
5	Rahimyar Khan	Netkom	14-Mar-22	712,770	-	712,770	-	712,770	-	Completed
6	Sanghar	Netkom	14-Mar-22	1,178,804	-	1,178,804	-	1,178,804	-	Completed
7	Bahawalnagar	Global Connect	18-Mar-22	789,320	-	789,320	-	789,320	-	Completed
8	Tharparker	Global Connect	18-Mar-22	1,087,475	-	1,087,475	-	1,087,475	-	Completed
9	NH&MW Lot-1(NH 10&25)	Jovn Pvt Ltd	18-Mar-22	790,000	-	790,000	-	790,000	-	Completed
Sub-total (B)					8,631,338	-	8,631,338	-	8,631,338	-

C) OPTICAL FIBER CABLE- OFC

1	Sindh-Package	TEACH	23-Apr-21	-	-	-	-	-	-	Terminated	
2	Balochistan Package-1	Jovn	30-Apr-21	-	-	-	-	-	-	Terminated	
3	Balochistan-Punjab Pckg-4	Jovn	30-Apr-21	873,795	-	873,795	-	873,795	-	Completed	
4	Balochistan-Punjab Pckg-2	Global Enterprises	18-Nov-21	2,614,000	-	2,614,000	-	2,614,000	-	Completed	
5	Balochistan-Punjab Pckg-5	Global Enterprises	18-Nov-21	2,868,000	-	2,868,000	-	2,868,000	-	Completed	
6	FATA Package-1/KPK	TEACH	26-Nov-21	4,855,000	-	4,855,000	-	4,855,000	-	Completed	
7	OFC- KPK	TEACH	26-Nov-21	2,590,000	-	2,590,000	-	2,590,000	-	Completed	
8	Balochistan-Punjab Pckg-3	Jovn	30-Nov-21	780,000	-	780,000	-	780,000	-	Completed	
9	Balochistan-Punjab Pckg-4	Jovn	30-Nov-21	794,975	-	794,975	-	794,975	-	Completed	
10	Balochistan-Punjab Pckg-2	Bidcom Solutions	28-Mar-22	4,000,000	-	4,000,000	-	4,000,000	-	Completed	
11	Balochistan-Punjab Pckg-5	Bidcom Solutions	28-Mar-22	3,615,000	-	3,615,000	-	3,615,000	-	Completed	
12	Balochistan-Punjab Pckg-3	Global Enterprises	06-Apr-22	4,455,000	-	4,455,000	-	4,455,000	-	Completed	
13	Balochistan-Punjab Pckg-4	Global Enterprises	06-Apr-22	4,400,000	-	4,400,000	-	4,400,000	-	Completed	
14	FATA Package-1/KPK	Jovn Pvt Ltd	19-Apr-22	2,500,000	-	2,500,000	-	2,500,000	-	Contract Signed	
15	OFC- KPK	Jovn Pvt Ltd	19-Apr-22	1,700,000	-	1,700,000	-	1,700,000	-	Contract Signed	
Sub-total (C)					36,045,770	-	36,045,770	36,045,770	-	-	
Total (A+B+C)					105,729,015	4,453,437	99,275,578	103,729,015	99,273,225	2,000,000	-

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FOR THE YEAR ENDED JUNE 30, 2022

20.2.2 FEE TO MONITORING AUDITORS FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract	Monitoring audit fee due			Monitoring audit fee disbursed			Balance commitment	Milestones achieved
					As of 30 June, 2020	For the year	As of 30 June, 2021	As of 30 June, 2020	For the year	As of 30 June, 2021		
Rupees												
A) BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM												
1	Turbat	Exceleron	03-Mar-20	1,028,890	-	1,028,890	1,028,890	-	1,028,890	1,028,890	-	Completed
2	Awaran-Lasbela	Exceleron	03-Mar-20	1,125,071	-	1,125,071	1,125,071	-	1,125,071	1,125,071	-	Completed
3	Mastung	Ranop Solutions	10-Mar-20	758,200	-	758,200	758,200	-	758,200	758,200	-	Completed
4	Chitral	Ranop Solutions	10-Mar-20	653,150	-	653,150	653,150	-	653,150	653,150	-	Completed
5	DI Khan	Ranop Solutions	10-Mar-20	850,000	-	850,000	850,000	-	850,000	850,000	-	Completed
6	Nasirabad	Myson Engineering	04-Jun-20	999,240	-	999,240	999,240	-	999,240	999,240	-	Completed
7	Khuzdar	Komkonsult Private	04-Jun-20	1,990,000	-	1,990,000	1,990,000	-	1,990,000	1,990,000	-	Completed
8	Chaghi	Komkonsult Private	04-Jun-20	1,217,647	-	1,217,647	1,217,647	-	1,217,647	1,217,647	-	Completed
9	Kalat	Exceleron	04-Jun-20	882,960	-	882,960	882,960	-	882,960	882,960	-	Completed
10	Kharan-Washuk	Global Enterprises	11-Aug-20	2,436,000	-	2,436,000	2,436,000	-	2,436,000	2,436,000	-	Completed
11	Sibi	Global Enterprises	11-Aug-20	1,914,000	-	1,914,000	1,914,000	-	1,914,000	1,914,000	-	Completed
12	Shangla	Exceleron	05-Oct-20	1,197,530	-	1,197,530	1,197,530	-	1,197,530	1,197,530	-	Completed
13	Small Lot Balochistan-1	Exceleron	05-Oct-20	653,472	-	653,472	653,472	-	653,472	653,472	-	Completed
14	Zhob	Netkom	16-Oct-20	1,668,932	-	1,668,932	1,668,932	-	1,668,932	1,668,932	-	Completed
15	Khyber	Myson Engineering	22-Dec-20	725,000	-	725,000	725,000	-	725,000	725,000	-	Completed
16	Chaghi	Myson Engineering	12-Mar-21	800,000	-	800,000	800,000	-	800,000	800,000	-	Completed
17	Kalat	Myson Engineering	12-Mar-21	975,000	-	975,000	975,000	-	975,000	975,000	-	Completed
18	Mastung	Global Enterprises	16-Mar-21	1,345,000	-	1,345,000	1,345,000	-	1,345,000	1,345,000	-	Completed
19	Khuzdar	Global Enterprises	16-Mar-21	2,838,817	-	2,838,817	2,838,817	-	2,838,817	2,838,817	-	Completed
20	Chitral	Global Enterprises	16-Mar-21	3,620,991	-	3,620,991	3,620,991	-	3,620,991	3,620,991	-	Completed
21	DI Khan	Komkonsult Private	16-Mar-21	1,348,836	-	1,348,836	1,348,836	-	1,348,836	1,348,836	-	Completed
22	Turbat	Komkonsult Private	16-Mar-21	1,107,714	-	1,107,714	1,107,714	-	1,107,714	1,107,714	-	Completed
23	Shangla	Netkom	19-Mar-21	2,669,500	-	2,669,500	2,669,500	-	2,669,500	2,669,500	-	Completed
24	Awaran-Lasbela	Ranop Solutions	05-Apr-21	2,000,000	-	-	-	-	-	-	2,000,000	Contract Signed
25	Kharan-Washuk	Ranop Solutions	05-Apr-21	2,299,992	-	-	-	-	-	-	2,299,992	Contract Signed
26	Nasirabad	Ranop Solutions	05-Apr-21	1,400,000	-	1,400,000	1,400,000	-	1,400,000	1,400,000	-	Completed
27	Sibi	Exceleron	05-May-21	4,453,437	-	4,453,437	4,453,437	-	-	-	-	Completed
28	Small Lot Balochistan-1	Myson Engineering	06-May-21	700,000	-	-	-	-	-	-	700,000	Contract Signed
29	Khyber	Netkom	18-May-21	3,347,731	-	-	-	-	-	-	3,347,731	Contract Signed
				47,007,110	-	38,659,387	38,659,387	-	34,205,950	34,205,950	-	8,347,723
B) OPTICAL FIBER CABLE- OFC												
				Sub-total (A)	-	38,659,387	38,659,387	-	34,205,950	34,205,950	-	8,347,723
1	Sindh-Package	TEACH	23-Apr-21	2,926,170	-	-	-	-	-	-	-	2,926,170
2	FATA Package-1(KPK)	TEACH	23-Apr-21	2,103,330	-	2,103,330	2,103,330	-	2,103,330	2,103,330	-	Contract Signed
3	Balochistan Package-1	Joyn	30-Apr-21	594,000	-	-	-	-	-	-	-	594,000
4	Balochistan-Punjab Pkg-4	Joyn	30-Apr-21	985,800	-	-	-	-	-	-	-	985,800
				Sub-total (B)	-	2,103,330	2,103,330	-	2,103,330	2,103,330	-	4,505,970
				Total (A+B)	-	40,762,717	40,762,717	-	36,309,280	36,309,280	-	12,853,693

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UNIVERSAL SERVICE FUND

(A Company incorporated under Section 42 of the Companies Act, 2017)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

21 FINANCIAL ASSETS AND LIABILITIES

The Company's exposure to interest rate risk on its financial assets and liabilities are summarized as follows:

Description	AS AT JUNE 30, 2022			
	Total	Interest/mark up bearing		Non interest / mark up bearing
		Maturity up to one year	Maturity after one year	
	Rupees			
Financial assets				
At amortized cost				
Long term advances	2,567,212	-	-	2,567,212
Interest accrued	13,248	13,248	-	-
Other receivables	1,722,238,808	-	-	1,722,238,808
Bank balances	923,676,254	244,904	-	923,431,350
	2,648,495,522	258,152	-	2,648,237,370
Financial liabilities				
At amortised cost				
Trade and other payables	1,091,253,306	-	-	1,091,253,306
	1,091,253,306	-	-	1,091,253,306
On balance sheet gap				
Off balance sheet item				
Financial commitment	39,684,169,456	-	-	39,684,169,456
Total gap	(38,126,927,240)	258,152	-	(38,127,185,392)

Effective interest rate has been mentioned in the respective note. The risk does not have any impact on company financial position as projects are funded by Government of Pakistan.

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Description	AS AT JUNE 30, 2021			
	Total	Interest/mark up bearing		Non interest / mark up bearing
		Maturity up to one year	Maturity after one year	
	Rupees			
Financial assets				
At amortized cost				
Long term advances	1,265,420	-	-	1,265,420
Interest accrued	46,566,478	46,566,478	-	-
Other receivables	1,722,238,808	-	-	1,722,238,808
Bank balances	3,311,414,707	11,367,478	-	3,300,047,229
	5,081,485,413	57,933,956	-	5,023,551,457
Financial liabilities				
At amortised cost				
Trade and other payables	2,778,170,512	-	-	2,778,170,512
	2,778,170,512	-	-	2,778,170,512
On balance sheet gap				
Off balance sheet item				
Financial commitment	26,763,868,323	-	-	26,763,868,323
Total gap	<u>(24,460,553,422)</u>	<u>57,933,956</u>	<u>-</u>	<u>(24,518,487,378)</u>

Effective interest rate has been mentioned in the respective note. The risk does not have any impact on company financial position as projects are funded by Government of Pakistan.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

- Credit risk
- Liquidity risk and
- Market risk

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

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

22.1 Credit risk

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

The Company limits its exposure to credit risk by maintaining bank account only with counterparties that have a credit rating of at least A1 and A. Considering the high credit rating, the credit risk in respect of bank balance is considered to be low. The Company's other financial assets are not significant to its operations. The carrying values of financial assets represents the maximum credit exposure at the reporting date are as follows:

	June 2022	June 2021
	Rupees	Rupees
Long term advances	2,567,212	1,265,420
Interest accrued	13,248	46,566,478
Other receivables	1,722,238,808	1,722,238,808
Bank balance	923,655,071	3,311,367,478
	<u>2,648,474,339</u>	<u>5,081,438,184</u>

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

Bank name:	Rating	Rating Agency	June 2022	June 2021
			Rupees	Rupees
National Bank of Pakistan:	AAA/A-1+	PACRA		
Bank balance			923,655,071	3,311,367,478
Interest accrued			13,248	46,566,478
			<u>923,668,319</u>	<u>3,357,933,956</u>

The management believes that no expected credit loss allowance is required in respect of these financial assets unless explicitly stated in the respective notes.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

22.2 Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Maturity up to 1 year	Maturity over 1 year and up to 5 years
-----Rupees-----				
June 30, 2022				
Project subsidy payable	1,059,493,635	1,059,493,635	1,059,493,635	-
Technical auditor fee payable	15,262,439	15,262,439	15,262,439	-
Payable to suppliers	11,036,449	11,036,449	11,036,449	-
Accrued liabilities	5,360,783	5,360,783	5,360,783	-
Earnest money	100,000	100,000	100,000	-
	<u>1,091,253,306</u>	<u>1,091,253,306</u>	<u>1,091,253,306</u>	<u>-</u>
June 30, 2021				
Project subsidy payable	2,762,587,102	2,762,587,102	2,762,587,102	-
Technical auditor fee payable	4,556,178	4,556,178	4,556,178	-
Payable to suppliers	8,294,103	8,294,103	8,294,103	-
Accrued liabilities	2,523,129	2,523,129	2,523,129	-
Earnest money	210,000	210,000	210,000	-
	<u>2,778,170,512</u>	<u>2,778,170,512</u>	<u>2,778,170,512</u>	<u>-</u>

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

22.3 Market risk

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

22.3.1 Currency risk

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

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

22.3.2 Interest rate risk

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

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

Financial assets include Rs. 244,904 (June 30, 2021: Rs. 11,367,478) which earn interest. Applicable interest rates for financial assets have been indicated in note 12.2.

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Fair value sensitivity analysis for fixed rate instruments

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

22.3.3 Other price risk

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

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

22.4 Off-setting of financial assets and liabilities

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

22.5 Determination of fair values

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

22.6 Capital risk management

The Board of Directors monitors the Company's performance against target set on an annual basis. All of the financing required by the Company, for its activities, is provided through Grant from MoIT&T. The outstanding balance of the Grant is normally adequate for a year's operation. MoIT&T remains committed to met the requirements of the Company.

23 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Company is governed by the Ministry of Information Technology, Government of Pakistan (GoP). Therefore, all departments and agencies controlled by the GoP ("State-controlled entities") are related parties of the Company. Other related parties include directors, members, key management personnel, USF Employees' Gratuity Fund and entities under common directorship. Remuneration to the chief executive, directors and executives is disclosed in note 24 to these financial statements. Balances with related parties are disclosed in note 9, 11, 16 and 19 to the financial statements and significant transactions with related parties are as follows:

	Note	June 2022	June 2021
State-controlled entities			
- MoIT&T- Fund received during the year		<u>18,750,000,000</u>	<u>6,300,000,000</u>
Associate due to common directorship			
Subsidy grant disbursement	19		
- Pakistan Telecommunication Company Limited		6,699,166,458	1,825,266,159
- Pak Telecom Mobile Limited (Ufone)		3,969,791,357	1,240,241,108
- Telenor Pakistan Private Limited-Telenor		4,816,549,852	1,213,274,753
		<u>15,485,507,667</u>	<u>4,278,782,020</u>
USF Employees' Gratuity Fund			
Contributions paid by the Company	16.2	<u>29,319,273</u>	<u>24,218,549</u>

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 NOTES TO THE FINANCIAL STATEMENTS
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24 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive Officer, Directors and Executives of the Company is as follows:

	June 2022			June 2021		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	------(Rupees)-----					
Meeting fee	-	3,310,000	-	-	2,550,000	-
Managerial remuneration	11,583,948		80,851,135	9,060,484		84,499,230
Allowances (24.1)	8,929,206		67,297,986	7,119,580		70,863,646
Bonus	3,010,959		18,141,588			14,833,899
	23,524,113	3,310,000	166,290,709	16,180,064	2,550,000	170,196,775

Number of persons

	1	9	27	1	9	33
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24.1 This includes monetization allowance, amounting to **Rs. 12,633,387** (2021: Rs. 13,180,468) provided in lieu of the Company maintained car to the entitled employees. Further, the Chief Executive Officer is also entitled to gratuity on leaving the Company.

24.2 The Directors of the Company were not paid any remuneration during the year except for the meeting fee.

PK

UNIVERSAL SERVICE FUND

(A Company incorporated under Section 42 of the Companies Act, 2017)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

25 FUNDS MANAGEMENT

The Board of Directors of the Company monitors the performance along with the fund required for the sustainable operations and the Company is not subject to externally imposed fund requirements.


26 NUMBER OF EMPLOYEES	June 2022	June 2021
Employees at year end (Number)	94	93
Average employees during the year (Number)	94	91

27 DATE OF AUTHORIZATION FOR ISSUE


These financial statements were authorized for issue by the Board of Directors of the Company on September 22, 2022.

28 GENERAL

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



CHIEF EXECUTIVE OFFICER

9K


DIRECTOR

**Grant Thornton Anjum
Rahman**
302 B, 3rd Floor,
Evacuee Trust Complex,
Aga Khan Road, F-5/1,
Islamabad, Pakistan.

T +92 51 2271906
F +92 51 2273874

REVIEW REPORT TO THE MEMBERS

ON THE STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013


We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of Universal Service Fund ("the Company") for the year ended June 30, 2022.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors, for their review and approval its related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions, and transactions which are not executed at arm's length price, and recording proper justification for using such alternate pricing mechanisms. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company, for the year ended June 30, 2022.



GRANT THORNTON ANJUM RAHMAN
Chartered Accountants

Engagement Partner: Waqas Waris
Islamabad

October 05, 2022

UDIN: CR202210209XWVvKh3pC

Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

Name of company: UNIVERSAL SERVICE FUND COMPANY

Name of the line ministry: MINISTRY OF INFORMATION TECHNOLOGY & TELECOMMUNICATION

For the year ended: June 30, 2022

I. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called “the Rules”) issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.

II. The company has complied with the provisions of the Rules in the following manner:

S. No.	Provision of the Rules	Rule no.	Y	N
			Tick the relevant box	
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)		Proposal for amendments in Universal Service Fund Rules has been sent to the line Ministry to align with requirements of Public Sector Companies (Corporate Governance) Rules 2013. The proposal has been forwarded to Law Ministry for approval of Rules change.

2.	The Board has at least one-third of its total members as independent directors. At present the Board includes:	3(2)		Proposal for amendments in Universal Service Fund Rules has been sent to the line Ministry to align with requirements of Public Sector Companies (Corporate Governance) Rules 2013. The proposal has been									
	<table border="1" style="width: 100%;"> <thead> <tr> <th>Category</th> <th>Names</th> <th>Date of appointment</th> </tr> </thead> <tbody> <tr> <td>Independent Directors</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Executive Directors</td> <td>1. Mr. Haaris Mahmood Chaudhary, CEO USF</td> <td>11th August, 2020</td> </tr> </tbody> </table>	Category	Names	Date of appointment	Independent Directors	N/A	N/A	Executive Directors	1. Mr. Haaris Mahmood Chaudhary, CEO USF	11th August, 2020			
Category	Names	Date of appointment											
Independent Directors	N/A	N/A											
Executive Directors	1. Mr. Haaris Mahmood Chaudhary, CEO USF	11th August, 2020											

	<p>Non-Executive Directors</p>	<ol style="list-style-type: none"> 1. Mohsin Mushtaq Chandna Chairman USF Board 2. Amir Azeem Bajwa, Chairman PTA 3. Mr. Muhammad Omar Malik, Member Telecom 4. CEO, NITB 5. Mr. Imran Akhtar Shah Vice President Super Net Pvt. Ltd, Nominee for Data Licensees 6. Kaukab Iqbal Chairman Consumers Group 7. Nominee of Fixed Line Licensees 8. Mr. Irfan Wahab Khan, CEO Telenor, Nominee for Mobile Cellular Licensees 	<p>27th April, 2022</p> <p>18th July 2019</p> <p>27th August 2020</p> <p>Vacant</p> <p>18th July 2019</p> <p>18th July 2019</p> <p>Vacant</p> <p>18th July, 2019</p>		<p>forwarded to Law Ministry for approval of Rules change.</p>
3	<p>The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.</p>	<p>3(5)</p>	<p>✓ Declaration in SECP Form 28 & 29 is provided.</p>		

4.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	3(7)	✓ Declaration in SECP Form 28 & 29 is provided.	
5.	The chairman of the Board is working separately from the chief executive of the Company.	4(1)	✓	
6.	The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government.	4(4)		N/A
7.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the chief executive has been nominated by the Government)	5(2)	✓ Refer to minutes of Nomination Committee & 71st BoD Meeting	
8.	(a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. USF Universal Service Fund Pakistan (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓ ✓ ✓	
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓	
10	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b) (ii)	✓	
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5)(b) (vi)	✓	

12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c) (ii)	✓	
13.	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c) (iii)	✓	
14.	The Board has developed a vision or mission statement and corporate strategy of the company.	5(6)	✓	
15.	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	✓	
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation and submitted its request for appropriate compensation to the Government for consideration.	5(8)		The board has quantified the outlay in respect of services to be delivered by USF Co. However, request for compensation in this regard is not submitted to GOP. The company is compensated out of a Special Purpose Fund, which is collected by levying a charge on the adjusted gross revenue of contributing telecom and broadband service providers.
17.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✓	
18.	(a) The Board has met at least four times during the year.	6(1)	✓	
	(b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	6(2)	✓	
	(c) The minutes of the meetings were appropriately recorded and circulated.	6(3)	✓	
19.	The Board has monitored and assessed the performance of senior management on annual/ half-yearly / quarterly basis* and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose. * Strike out whichever is not applicable	8 (2)	✓	

20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓	

21.	<p>(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.</p> <p>(b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.</p> <p>(c) The Board has placed the annual financial statements on the company's website.</p>	10	✓	N/A												
22.	All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11	✓													
23.	<p>(a) The Board has formed the requisite committees, as specified in the Rules.</p> <p>(b) The committees were provided with written term of reference defining their duties, authority and composition.</p> <p>(c) The minutes of the meetings of the committees were circulated to all the Board members.</p> <p>(d) The committees were chaired by the following non-executive directors.</p>	12	✓													
	<table border="1"> <thead> <tr> <th>Committee</th> <th>Number of members</th> <th>Name of Chair</th> </tr> </thead> <tbody> <tr> <td>Audit & Finance Committee</td> <td>3</td> <td>Imran Akhtar Shah</td> </tr> <tr> <td>Risk Management Committee</td> <td>3</td> <td>Imran Akhtar Shah</td> </tr> <tr> <td>Human Resources Committee</td> <td>3</td> <td>Major Gen (R) Amir Azeem Bajwa</td> </tr> </tbody> </table>	Committee	Number of members	Name of Chair	Audit & Finance Committee	3	Imran Akhtar Shah	Risk Management Committee	3	Imran Akhtar Shah	Human Resources Committee	3	Major Gen (R) Amir Azeem Bajwa		✓	
Committee	Number of members	Name of Chair														
Audit & Finance Committee	3	Imran Akhtar Shah														
Risk Management Committee	3	Imran Akhtar Shah														
Human Resources Committee	3	Major Gen (R) Amir Azeem Bajwa														

	Procurement Committee	1 (Total 2-1 vacant)	Kaukab Iqbal		
	Nomination Committee	3	Major Gen (R) Amir Azeem Bajwa		
24.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.			13	✓
25.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules			14	✓
26.	The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of Section 225 of the Act.			16	✓

27.	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.			17	✓
28.	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.			18	✓
29.	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. (b) The annual report of the company contains criteria and details of remuneration of each director.			19	✓ ✓
30.	The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.			20	✓
31.	The Board has formed an audit committee, with defined and written terms of reference, and having the following members:			21 (1) and 21(2)	✓
	Name of member	Category	Professional background		
	Imran Akhtar Shah	Non-Executive	BSc Engineering. Electrical UET (Lahore)		✓

	Muhammad Omar Malik	Non-Executive	MSc Mobile & Telecommunications, Kings College London			
	Kaukab Iqbal	Non-Executive	BSC, B.TECH (Electrical)			
	The Chief Executive and Chairman of the Board are not members of the audit committee.					
32.	(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.			21(3)	✓	
	(b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.				✓	
	(c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.				✓	
33.	(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.			22	✓	
	(b) The chief internal auditor has requisite qualification and experience prescribed in the Rules.				✓	
	(c) The internal audit reports have been provided to the external auditors for their review.				✓	
34.	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.			23(4)	✓	
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.			23(5)	✓	

Signature: _____

Name: HAARIS MAHMOOD CHAUDHARY
Chief Executive Officer

Signature: _____

Name: IMRAN QUTUB SHAH
Director

Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with [except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year:

Sr. No.	Rule/sub-rule no.	Reasons for non-compliance	Future course of action
1.	2(d)	Matter pending at Line Ministry	Proposal for amendments in Universal Service Fund Rules has been sent to the line Ministry to align with requirements of Public Sector Companies (Corporate Governance) Rules 2013. The proposal has been forwarded to Law Ministry for approval of Rules change.
2.	3 (2)	Matter pending at Line Ministry	Proposal for amendments in Universal Service Fund Rules has been sent to the line Ministry to align with requirements of Public Sector Companies (Corporate Governance) Rules 2013. The proposal has been forwarded to Law Ministry for approval of Rules change.

Signature: _____

Name: HAARIS MAHMOOD CHAUDHARY
Chief Executive Officer

Signature: _____

Name: IMRAN AKHTAR SHAH
Director

OUR PROUD PARTNERS





ACKNOWLEDGEMENTS

We extend our sincerest gratitude to our stakeholders for their remarkable contributions as we continue on our journey of empowering the communities of Pakistan. We truly appreciate the GoP, Ministry of IT and Telecommunication and our partners for their unwavering support and efforts in bridging the digital divide and making Digital Pakistan vision a reality. Special thanks to MediQ, JazzCash and Bakhbar Kissan for sharing the stories of empowered individuals. Lastly, we acknowledge the team of USF for compiling the information for the Annual Report and projecting the successes of USF through this publication.



UNIVERSAL SERVICE FUND
EMPOWERING COMMUNITIES



Ministry of Information Technology
& Telecommunication

DIGITAL PAKISTAN

Registered Office

3rd Floor, Evacuee Trust Complex, Agha Khan Road,
F-5/1, Islamabad

Phone: +92-51-9212308-09

Fax: +92-51-9214261

feedback@usf.org.pk

 usf.org.pk  [@USF_Pak](https://twitter.com/USF_Pak)  [@usfpak](https://www.instagram.com/usfpak)

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