



UNIVERSAL SERVICE FUND
EMPOWERING COMMUNITIES



Ministry of Information Technology
& Telecommunication

DIGITAL PAKISTAN



SUSTAINABLE FUTURE
FOR ALL

UNIVERSAL SERVICE FUND

EMPOWERING COMMUNITIES



ANNUAL REPORT
2022 - 2023

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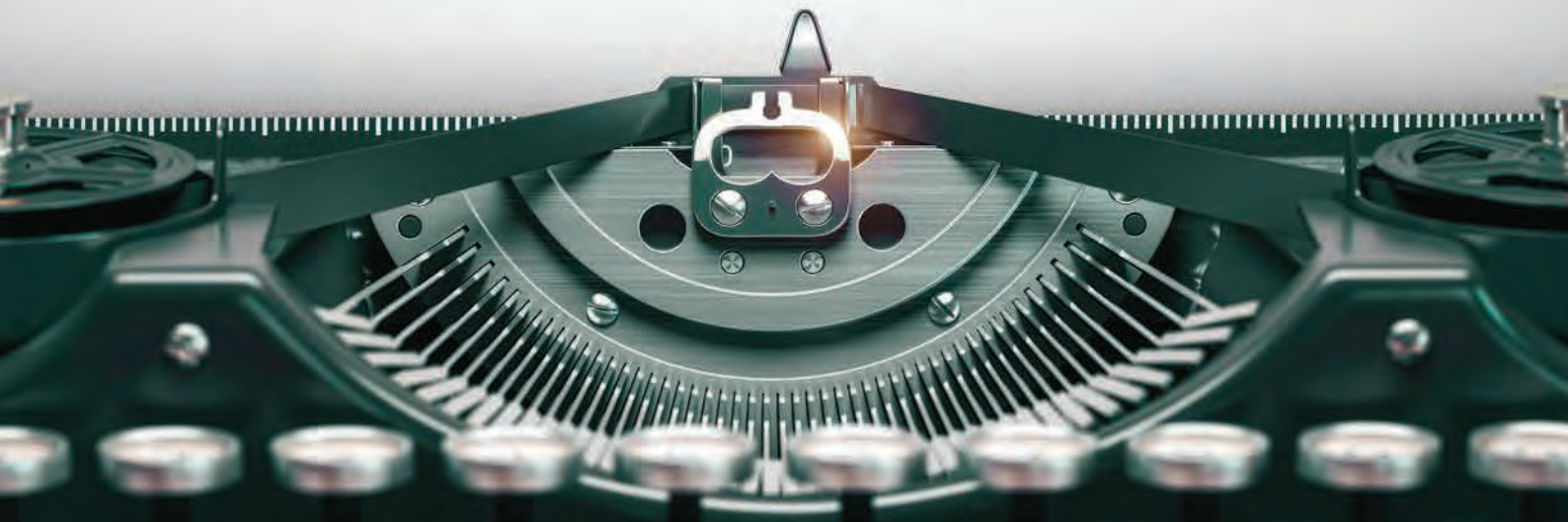
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ACRONYMS

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-BSD	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





Syed Amin Ul Haque
Federal Minister, Ministry of
IT & Telecommunication

I wish **USF Pakistan** to grow even further and continue to serve the masses of Pakistan.

Message from the Federal Minister

The Ministry of IT & Telecommunication is committed to steering Pakistan towards a brighter and more digitally connected future.

Our journey in the Information and Communication Technology (ICT) sector has been nothing short of extraordinary, marked by innovation, rapid progress, and a broadening scope of influence.

In recent years, USF Pakistan has made significant strides in achieving its aim and ambit of reducing the digital divide in mandated areas throughout the length and breadth of Pakistan. With the outbreak of COVID-19 pandemic and floods of 2022 in which millions of people impacted, the role of IT and telecommunication becomes even more significant.

USF Pakistan contributed significantly in terms of provisioning of high-speed voice and internet through mobile broadband and deep fiberization. These undertakings are fast-tracking accessibility for services that include e-education, e-health, e-agriculture, e-finance, e-commerce, disaster management and humanitarian actions. In addition, they are also helping the communities to raise their quality of life through unlocking of new socio-economic opportunities, with special emphasis on gender inclusivity.

We are steadfast in our commitment to building a prosperous future for Pakistan, that is why Government of Pakistan (GoP) and Ministry of Information Technology and Telecommunication (MoITT) are devising policies to increase internet and mobile adoption in Pakistan. Government is also planning to bring 5G technology to our country. GoP has made extensive efforts in ICT to attract Foreign Direct Investments (FDI) and encourage local manufacturers to make mobile handsets in Pakistan to ensure the concept and theme of "Make in Pakistan" and "Truly Local Proudly Global."

Message from the Chairman

Dear Stakeholders,

I am pleased to present the FY 2022-2023 USF Annual Report.



The FY 2022 to 2023 remained plagued by challenges like global hyperinflation, import curbs, internal and external security threats, and megafloods that displaced around 33+ million people. I must appreciate the efforts of USF Pakistan and the associated stakeholders in making every effort in these challenging times to meet the targets and achieve connectivity and digital inclusion in mandated areas through hallmark programs such as the voice and high-speed broadband (3G/4G), and Next Generation Optic Fiber Network Services. USF Pakistan remained committed and resolute to provide voice and high-speed internet through mobile broadband and deep fiber connectivity at the Union Council level in wide-ranging areas.



In FY 22-23, USF Pakistan contracted 09 projects amounting to Rs. 14.3+ billion for voice and high-speed internet connectivity in un(der)served areas and highways sections and 03 projects worth Rs. 6.73+ billion for deep fiber connectivity in un-served Union Councils in un(der)served areas. Likewise, USF Pakistan completed 15 projects under the NG-BSD program and 04 projects in the NG-OFNS domain.

The Ministry of IT and Telecommunication is making every effort to attain digital transformation in the public sector, private sector, and ICT infrastructure. In pursuit of these goals, a three-dimensional policy which includes viewpoints of industry, consumer, and government, is being followed. Aligned with "Pakistan Vision 2025" which aims at economic development, UN 17 SDGs, increased productivity, and new job creation, MoITT is stepping forward in the right direction.

I am confident that the Board, management and the entire team at USF will continue to work for the larger benefit of the masses of Pakistan and extend full support and cooperation to all associated stakeholders. We shall further improve our governance and focus on gender inclusion for economic prosperity in the country. I look forward to USF's commitment to bridging the digital divide and to a sustainable future.

Navid Ahmed Shaikh
Secretary, Ministry of IT &
Telecommunication

Message from the CEO

In the fiscal year 22-23, USF Pakistan demonstrated remarkable resilience amidst challenges such as import restrictions, LC issues, and devastating floods that displaced over 8 million people and impacted 33 million across our nation. Despite these obstacles, USF Pakistan remained unwavering in its commitment to provide essential voice and internet connectivity to under-served, remote areas of Pakistan, staying true to its mission.

Throughout this period, USF Pakistan strongly maintained its steadfast focus on reducing the connectivity gap, emphasizing inclusivity, internet adoption, and the growth of mobile connectivity in Pakistan. This concerted effort not only uplifted the socio-economic conditions of the people in these remote regions but also improved Pakistan's mobile connectivity index ranking.



Performance

In FY 22-23, USF Pakistan successfully initiated 12 projects worth PKR 21+ billion. These projects encompassed 9 cellular connectivity ventures valued at 14+ billion and 3 deep fiber connectivity projects worth 6.7+ billion. We also take pride in completing 15 NG-BSD projects and 4 NG-OFNS projects.

At USF, our dedication, commitment, and resolve align with the goals of "Pakistan Vision 2025,"

Including job creation, sustainable development, socio-economic growth, enhanced productivity, and digital transformation. In collaboration with ITU and Huawei, USF introduced the First Smart Village Pakistan Project in the Asia Pacific Region, a significant step towards digitally empowering remote and rural communities.

Sustainability Commitment

Our commitment to sustainability is resolute. We are steadily progressing towards "Solarization" with a current 93% contracted solarized network. Digital transformation is a priority, as exemplified by the implementation of an e-office to streamline our internal processes. We are also planning to adopt e-procurement and e-auction practices to contribute to a greener future. As part of our "Duty of Care," we've initiated cleanliness and tree plantation drives.

I extend my heartfelt appreciation to our valued partners, dedicated stakeholders, hardworking employees, and the entire USF team for their unwavering dedication to our shared vision. As I transition leadership to the next capable leader, I extend my best wishes to USF Pakistan. May it continue to bridge the digital divide and ensure that every citizen of Pakistan enjoys access to reliable and affordable Information and Communication Technologies (ICT) services, fostering a digitally connected and inclusive Pakistan.

Haaris Mahmood Chaudhary
Chief Executive Officer

ABOUT USF



Overview

Universal Service Fund (USF) was established by the Government of Pakistan under the Ministry of Information Technology (IT) and Telecommunication (MoITT) in 2006 under Section 42 of the Companies Act 2017 (formerly known as the Companies Ordinance 1984). It operates with a diverse Board of Directors representing both public and private sectors.

USF's core mission is to make Information and Communication Technologies (ICT) accessible to Pakistan's un-served* and under-served** communities, striving to ensure affordable and widespread broadband availability. USF achieves this by offering subsidies to licensed telecom operators through a competitive bidding process.

As USF paves the way for a Digital Pakistan, it's not just about today but constantly shaping a better digital future. Our commitment to excellence is the driving force behind reducing the digital divide and forging a sustainable path forward.

**Un-served area: An un-served area means an area having no coverage nor provision of any telecommunication service.*

***Under-served area: An under-served area means an area not having adequate coverage nor provision of voice and data telecommunication services as determined by the Federal Government from time to time, except in some parts.*

Objectives



Encourages the telecom operators to prioritize rural communities and improve telecom connectivity in these areas.



Increase the availability and accessibility of broadband services throughout the country.



Facilitate the development and acclimatization of e-services across all regions of Pakistan.

Governing Framework

Creation: Pakistan Telecommunication (Re-Organization) Act-1996 under section 33-A outlines the establishment of the USF. The Company incorporates itself under Section 42 of the Companies Act 2017.

Policy: USF Policy was formulated in 2006 and underwent partial amendments through the Telecommunication Policy issued in 2015, which delineates the comprehensive objectives and targets set by the Federal Government.

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

Mission and Vision Statement



MISSION

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



VISION

Our vision is to empower the un-served and under-served communities through Information and Communication Technologies (ICT) to achieve a digitally inclusive Pakistan.



Core Values

Diversity, Integrity, Growth, Innovation, and Teamwork are the cornerstones of our corporate culture and how we engage with our stakeholders. At USF, these values guide our actions and interactions. They are embraced by all team members, fostering trust, responsibility, and mutual respect.

D**Diversity**

We empower and welcome people regardless of factors such as religion, race, gender, age, disability, and more.

I**Integrity**

Our commitment to high ethical standards includes accurate financial reporting, transparency, and fostering healthy critique and disagreement.

G**Growth**

We seize opportunities for continuous learning and improvement.

I**Innovation**

Our goal is to redefine excellence in all we do, delivering enhanced results and value to our stakeholders.

T**Teamwork**

We cultivate an atmosphere of partnership and collaboration, supporting each other in achieving our goals.

Our Pillars – Way of Work

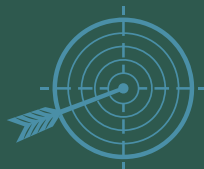
USF relies on three key pillars to direct its actions.: Merit, Excellence, and Discipline. As a leading public sector organization, we uphold high standards in our practices and operations. These pillars motivate us in continuously assessing and improving our performance and accomplishments.



Merit

We strive for conduct that merits approval.

01



Excellence

We aim for exceptional performance that exceeds ordinary standards.

02



Discipline

We promote orderliness, efficiency, punctuality, and focus.

03

Company 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

Khilji Rahat Waheed, Chartered Accountants, Plot No. 2,
Mezzanine Floor, Khumrial Plaza, I & T Centre, Street No. 22,
G-8/4, Islamabad.

Auditors

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

BOARD OF DIRECTORS



Board of Directors for FY 2022-23



Mr. Mohsin Mushtaq Chandna

Ex-Federal Secretary IT & Telecommunication and Ex-Chairperson USF Board (April 2022 till March 2023)

A highly experienced Pakistan Administrative Service (PAS) Officer, Mr. Mohsin Mushtaq Chandna with 33+ years in government and development sectors holds a Master of Public Policy from the University of Chicago and an MBA from IBA Karachi.

Notably, his roles include Secretary Inter Provincial Coordination, Special Secretary in the Ministry of Finance, and Economic Minister at the Pakistan Embassy in Washington DC. He has also served as DG NIM Karachi and Secretary Planning in the Government of Sindh. Extensively, his teaching experience includes courses in Microeconomics, Macroeconomics, Global Economics, Managerial Economics, and Pakistan Economy for BBA and MBA students at IBA Karachi. Additionally, he is a certified BCURE Trainer. Achieved international recognition as a Ruby Life Master in Bridge from the American Contract Bridge League, winning the Annual William Poissant Bridge Trophy twice with the Northern Virginia Bridge Association.

Major General (R) Amir Azeem Bajwa

Former Chairman- PTA

Maj. Gen. Amir Azeem Bajwa (Retired) is a technology professional with over 35 years of experience in national security, ICT development, spectrum management, digital transformation, and policy-making.



He holds degrees in Telecom Engineering, Electronics and Systems Engineering, and Security and Strategic Studies. His career has included leadership roles in ICT strategy, cyber security, and policy implementation. He served as Chairman Pakistan Telecommunication Authority (PTA) from January 2019 till January 2023. Additionally, he holds board positions in organizations like PEMRA, FAB, USF Co, and IGNITE.



Ms. Aisha Humera Moriani

Additional Secretary (In-charge) Ministry of IT and Telecommunication

Ms. Aisha Humera Moriani is an experienced civil servant with 30 years of service. She has held key positions in the Federal Government, including as Economic Counselor at Pakistan's Mission to the WTO, where she managed international trade matters.

As Joint Secretary at the Ministry of Commerce, she has played a pivotal role in implementing Pakistan's E-Commerce Policy and securing access for Pakistani sellers to Amazon's marketplace. Currently, she serves as Additional Secretary at the Ministry of Information Technology and Telecommunication, starting on April 18, 2022. She holds degrees in International Negotiation & Policy Making, Mastering Trade Policy, and Development Management.

Mr. Muhammad Omar Malik

Member Telecom-Ministry of IT and Telecommunication

Mr. Omar Malik is a dynamic technologist with a master's degree from King's College London and executive qualifications from Oxford, MIT, and Harvard Business School in finance and entrepreneurship.



With 20 years of diverse experience in leading technology companies like STC Group, Abu Dhabi Group, Du Dubai, and more, he's launched multiple 5G networks globally. Currently, he is serving the Government of Pakistan, focusing on policies to enhance the \$17 billion telecom industry. He's a Member of the Federal Government's Telecom team, on the boards of various organizations, and part of the Prime Minister's Task Force on IT & Telecommunication.



Mr. Irfan Wahab Khan

CEO - Telenor

Irfan Wahab Khan is the Chairman of Telenor Microfinance Bank and CEO of Telenor Pakistan. He has been with Telenor since 2004, starting as Executive Vice President.

With over 20 years of global telecom management experience, he served as Group Vice President Devices and VP-Head of Asia Distribution in Norway and Thailand. In Bangkok, he oversaw sales, distribution, and processes for 1.1 million retailers across 5 Asian countries. As VP Devices, he managed a device portfolio worth USD 2 Billion across 11 countries. Mr. Khan holds a Masters in Mobile and Personal Communications from the University of Westminster London, UK. He also has qualifications in Financial Management from Harvard Business School, Marketing from London Business School, and Business Management from INSEAD, where he is a lifetime Alumni.



Mr. Kaukab Iqbal

Chairman Consumer Association of Pakistan

Mr. Iqbal has chaired the Consumer Association of Pakistan since March 2003, advocating for consumer rights in areas like Civil Rights, Economic Empowerment, Education, Environment, Health, and Humanitarian Relief.

He holds an Hon. B.Tech degree and an Executive MBA in Marketing from GBSS Shah Faisal Colony. With a strong background in nonprofit management, budgeting, and youth development, he's an experienced Chairperson. Mr. Iqbal is also a recipient of multiple prestigious awards, including the Quaid-e-Azam- Bhutto Award, Energy Award, and Human Rights Award.

Mr. Imran Akhtar Shah

VP for Government Sales- Super Net Limited

Mr. Imran Akhtar Shah is an experienced TMT strategist and techno-commercial expert with over 30 years of experience. His specialties include strategy development, business development, product management, project coordination, and administration in Telecom & Media Solutions.



He has extensive experience in Wholesale Product Development, proficiently managing wireline and wireless services, and understands client needs, tailoring wholesale products accordingly. His expertise spans marketing management for TMT and Triple Play services. Mr. Shah excels in driving new business, establishing partnerships, managing service portfolios, and enhancing product offerings throughout their life cycle. He's known for securing major tenders, fostering key account relationships, and demonstrating strong negotiation and communication skills. Furthermore, Mr. Shah is adept at representing industry viewpoints at high government levels and possesses a deep understanding of the wholesale telecommunications market. He is a skilled team leader and motivator, consistently driving peak performance.

Mr. Haaris Mahmood Chaudhary

Former CEO- USF

Mr. Haaris Mahmood Chaudhary, currently the CEO of USF and a Director at Zarai Taraqiati Bank Limited, brings over 18 years of global experience in Finance, Strategy, Management, and Corporate Affairs.



He launched his career at Citibank in New York, holding senior positions at ABN Amro Bank, Barclays Bank, and Credit Suisse. With an MBA from the New York Institute of Technology, he worked as an investment banker in several countries, including the United States, the United Arab Emirates, and Pakistan. His previous roles at USF included Chief Financial Officer and Company Secretary, leading its transformation. He is passionate about narrowing the digital divide and empowering marginalized communities in Pakistan.

Board Constituted after Amendments in USF Rule, 2006

**Mr. Navid Ahmed Shaikh**

Ex-Federal Secretary IT & Telecommunication and Ex-Chairperson USF Board (March 2023 till August 2023)

Mr. Navid Ahmed Shaikh, a seasoned Pakistan Administrative Service officer with 30+ years of diverse experience across various regions in Pakistan.

His expertise covers public financial management, social development, urban and rural administration, and human resources. Before becoming Secretary MoITT in March 2023, he held significant positions including Special Secretary (Military Finance) in the Finance Division. He chaired the Chief Minister's Inspection Team and served as Commissioner in several divisions. Additionally, he led key provincial departments and worked with international partners.

Mr. Shaikh holds an MBA from the University of Durham, UK, and a Master's degree in International Relations from the University of Karachi. He received the US Hubert H. Humphrey Fellowship in Economic Development in 2012 and has completed various international training programs in public administration and leadership.

Major General (R) Hafeez Ur Rehman

Chairman PTA

Maj Gen Hafeez Ur Rehman (Retired) has 37+ years of experience in national security, ICT development, spectrum management, digital transformation, cybersecurity and policy making.



With a BE (Telecom) and MS (War Studies) from NDU Islamabad, he held pivotal roles in ICT strategy and transformation, deploying cutting-edge telecom infrastructures, optimizing network efficiency, managing fiberization, RoW, and data centers. He served with the UN in member countries and currently chairs the Pakistan Telecommunication Authority (PTA) since May 2023. Gen Hafeez is a board member of PEMRA, FAB, USFco, and IGNITE. Recognized for his exceptional contributions, he received the 'Hilal-e-Imtiaz Military.'



Mr. Hatem Bamatraf

President and CEO PTCL Group (Nominee of Fixed-Line Licensees)

Mr. Hatem Bamatraf is a highly experienced telecommunications executive with 28+ years of leadership in the Middle East and Asia.

Currently, he is serving as President and group CEO of Pakistan Telecommunication Company Limited (PTCL) and Ufone. Mr. Bamatraf began his career with Etisalat Group in 1995, progressing from an engineer to various leadership roles. He later joined Telecom Company, Du, and also contributed to Mobily, Saudi Arabia's launch. As Chief Technology Officer at Etisalat Group, he held a pivotal position for over 8 years before assuming his current role leading PTCL Group in Pakistan. He is a graduate of the Etisalat College of Engineering, holding a Bachelor's degree in Communication Engineering, and is an INSEAD Executive Business School alumnus.

Mr. Wang Hua

CEO CMPak (Zong) (Nominee of Mobile Cellular Licensees)

Mr. Wang Hua is the CEO of China Mobile Pakistan Limited since 2018. He holds a bachelor's in communication engineering from Shanghai University, China.



Followed by master's in Senior management staff business administration from Peking University China. He has an experience of working in the telecom sector for over 30 years.

**Ms. Ayla Majid**

Financial Expert/Independent Director

Ayla Majid, CEO of Planetive Middle East and Planetive Pakistan, is a leading expert in energy transition, DE carbonization, and M&A in emerging markets, with a focus on the Middle East and Asia.

She's a board member in various sectors, an international speaker on energy, hydrogen, and climate finance, and holds degrees from prestigious institutions, including Harvard and Oxford. Ayla is a member of the World Economic Forum's Global Future Council on Energy Transition and holds the title of Young Global Leader and Eisenhower Global Fellow.

Ms. Sofia Saeed

Legal Expert /Independent Director

Ms. Sofia Saeed is an Advocate of the Supreme Court of Pakistan which reflects her prowess in dealing with legal matters.



A highly talented, knowledgeable, and experienced lawyer with a demonstrated track record of providing unmatched legal service. She is an expert in cases of the constitution, banking, civil, and rent cases practicing for nearly 30 years. She is the founder and partner of Sofia Saeed Associates law firm based in Karachi.

**Mr. Muhammad Yousuf**

ICT & Telecom Expert/Independent Director

Mr. Muhammad Yousuf, with over 35 years of experience in Information and Communications Technology across both public and private sectors, has a proven track record in managing large projects and providing innovative IT solutions.

His educational background includes an MSc in Computer Sciences from the University of Karachi, and he received a scholarship from Japan for postgraduate studies in Computer Science. In the private sector, Mr. Yousuf worked with Japanese companies and organized seminars to promote the IT industry in Pakistan. In the public sector, he served in various roles, including Director General and Secretary to the Government, successfully leading numerous ICT-based projects. Mr. Yousuf has been recognized for his contributions and was promoted to Grade BS-21 by the Sindh government. He has also been recommended for the Presidential Medal of Technology and Civil Award twice.

Mr. Muhammad Omar MalikMember Telecom-Ministry of IT and
Telecommunication

Mr. Omar Malik is a dynamic technologist with a master's degree from King's College London and executive qualifications from Oxford, MIT, and Harvard Business School in finance and entrepreneurship.



With 20 years of diverse experience in leading technology companies like STC Group, Abu Dhabi Group, Du Dubai, and more, he's launched multiple 5G networks globally. Currently, Mr. Malik is serving the Government of Pakistan, focusing on policies to enhance the \$17 billion telecom industry. He's a Member of the Federal Government's Telecom team, on the boards of various organizations, and part of the Prime Minister's Task Force on IT & Telecommunication.

Mr. Haaris Mahmood Chaudhary

CEO - USF

Mr. Haaris Mahmood Chaudhary, currently the CEO of USF and a Director at Zarai Taraqiati Bank Limited, brings over 18 years of global experience in Finance, Strategy, Management, and Corporate Affairs.



He launched his career at Citibank in New York, holding senior positions at ABN Amro Bank, Barclays Bank, and Credit Suisse. With an MBA from the New York Institute of Technology, he worked as an investment banker in several countries, including the United States, the United Arab Emirates, and Pakistan. His previous roles at USF included Chief Financial Officer and Company Secretary, leading its transformation. He is dedicated to narrowing the digital divide and empowering marginalized communities in Pakistan.



DIRECTORS' REPORT

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FINANCIAL YEAR
2022 - 2023

The Board of Directors of Universal Service Fund (USF) is pleased to present the Director's Report for the year ended June 30, 2023.

Macroeconomic Environment and Industry Overview

The Fiscal Year 2022-23 posed significant challenges, primarily due to exceptionally high inflation and pak rupee devaluation. Further there was high increase in power tariffs, rising interest rates, disruptions in the supply chain, which all led to raised costs. Given Pakistan's heavy reliance on imports, these developments particularly affected the telecom sector. The sector further saw challenges due to delay in issuance of Letters of Credit by commercial banks.

Operational Performance Review

Universal Service Fund is running two key programs across the country i.e., Access and Backhaul. Access services focuses on the establishment of infrastructure and provision of voice and highspeed broadband data services to the un-served and under-served mauzas across the country. Under different variations of this programme, coverage is also being extended on un-served Road segments along National Highways & Motorways (NH&MW) and to the Tourist Destinations. The Backhaul Services focus on laying Optic Fiber Cable up to the un-served Tehsil Headquarters/ Union Councils and major towns and to establish points of connectivity (Nodes) which can be utilized by telecom operators for expansion of their services.

In FY 22-23, despite the severe economic challenges, USF successfully completed 12 projects and provided access and connectivity to approximately 2.94 million people across the country, under the Access program. Moreover, USF has contracted 7 new projects worth over PKR 8.25 billion for provision of voice and high-speed mobile broadband services to 286,800 people living in 341 mauzas throughout Pakistan. Under the same program, USF has provided seamless 3G/4G connectivity to commuters on un-served road segments of Motorways M-3 (Lahore – Abdul Hakeem), M-4 (Faisalabad – Multan), M-5 (Sukkur – Multan), and M-14 (Hakla – DI Khan). The total road segment covered is approximately 182.2 km. Furthermore, 2 new projects worth approximately 6.05 billion were awarded to provide 3G/4G connectivity on approximately 622.68 km of un-served road segments on Motorway M-8 (Rato Dero – Gwadar), and National Highway N-35 (Karakoram Highway).

In the same fiscal year, under the Backhaul program, USF has contracted 3 projects worth approximately PKR 6.7 billion to extend 1,726 km of optic fiber cable into union councils of Khyber Pakhtunkhwa and Punjab province. These projects will provide backhaul connectivity to 162 UCs of Pakistan. USF also completed 4 projects, laid approximately 1,916 km of optic fiber cable and connected 174 UCs in the province of Sindh, Khyber Pakhtunkhwa, and Punjab.

Future Outlook

Despite the persistent economic challenges, USF is determined to 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.

For FY 2023-2024, USF has secured block budgetary approval for Access and Backhaul projects. Based on the block allocations, target districts with potential areas have been identified for connectivity under USF mandate.

USF has conducted preliminary identification of un/under-served areas for Access projects, based on current coverage of operators, in 57 districts across the country. 10 National Highways & Motorways have also been identified for provision of voice and high-speed broadband services. Similarly, USF has also completed consultancies for assessment of laid Optical Fiber Cable infrastructure along with identifications of un/under-served areas, potential users, government institutes, educational institutions, health institutions and mobile towers in 54 districts across the country.

The board of directors would like to express its gratitude to all stakeholders of USF for their support and contribution including the government, Ministries of IT and Finance, partners and telecom operators, Pakistan Telecommunication Authority, the management and employees of the company.

For and on Behalf of the Board



Mr. Bilal Ahmed
Acting CEO



Ms. Ayla Majid
Independent Director

Islamabad
5th October 2023

Corporate Governance

Composition and Changes to the Board

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

USF has a diverse Board structure comprising highly qualified professionals from both, the public and private sectors. The USF Rules, 2006 were amended in February 2023 and the composition of the Board was changed as per Rule 11(1) of the Rules. Board of Directors' tenure initiated on June 6th, 2023, vide Notification F.No.18-18-2006-DT dated 6th June 2023 for a period of 3 years, 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. Mr. Mohsin Mushtaq Chandna presided as chairman of the Board from April 2022- March 2023. After his tenure, Mr. Naveed Ahmed Shaikh took over the responsibility of the chairman of the Board. Major General (R) Amir Azeem Bajwa as Chairman PTA also ended in January 2023, he was then replaced by Major General (R) Hafeez Ur Rehman (May 2023-incumbent).

The composition of the Board for FY 2022-23, pre and post amendments, is as below.

Board Pre-Amendment in USF Rules

Name	Executive/Non-Executive/ Independent	Representative Ministry and Designation	Position in Board/ Management
1. Mr. Mohsin Mushtaq Chandna	Ex-Officio	Ex-Secretary IT- Ministry of Information and Technology	Chairman (April 2022 till March 2023)
2. Maj. Gen. (R) Amir Azeem Bajwa	Ex-Officio	Chairman PTA	Member
3. Ms. Aisha Humera Moriani	Ex-Officio	Additional Secretary MoITT	Member
4. Mr. Muhammad Omar Malik	Ex-Officio	Member Telecom- Ministry of Information and Technology	Member
5. Mr. Irfan Wahab Khan	Nominee of Cellular Operators/ Non-Executive Director	CEO Telenor	Member
6. Syed Imran Akhtar Shah	Nominee of Data Licensees/ Non-Executive Director	Vice President Super Net Pvt Ltd	Member
7. Mr. Kaukab Iqbal	Representative of Consumer Group/ Non-Executive Director	Chairman Consumer Association of Pakistan	Member
8. Mr. Haaris Mahmood Chaudhary	Executive Director	CEO	Member

Board Post Amendment in USF Rules

Name	Executive/Non-Executive/Independent	Representative Ministry/Designation	Position in Board/Management
1. Mr. Navid Ahmed Shaikh	Ex-Officio	Secretary IT, MoITT	Chairman
2. Mr. Muhammad Omar Malik	Ex-Officio	Member Telecom, MoITT	Member
3. Major General (R) Hafeez Ur Rehman	Ex-Officio	Chairman PTA	Member
4. Mr. Hatem Bamatraf	Nominee of Fixed-Line Licensees	President and CEO PTCL Group	Member
5. Mr. Wang Hua	Nominee of Mobile Cellular Licensees	CEO CMPak (Zong)	Member
6. Ms. Ayla Majid	Independent	Financial Expert	Member
7. Ms. Sofia Saeed	Independent	Legal Expert	Member
8. Mr. Muhammad Yousuf	Independent	ICT/Telecom Expert	Member
9. Mr. Haaris Mahmood Chaudhary	Executive	CEO USF Co.	Member

Meetings of the Board

During FY 2022-23, the Board held 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 confirmation/approval 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, the 83rd-84th Board meetings were chaired by Additional Secretary (In-charge) IT & Telecom Mr. Mohsin Mushtaq Chandna. Whereas the 85th Board of Directors meeting was chaired by Federal Secretary IT and Telecom Mr. Navid Ahmed Shaikh.

The Meetings were held on the following dates:

Board Meeting	Date
83rd Meeting	22nd September 2022
84th Meeting	26th October 2022
85th Meeting	20th June 2023

Attendance of Board Meetings - Pre-Amendments in USF Rules

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

Attendance of Board Meetings - Post Amendments in USF Rules

Board Member	Total Board Meetings	Board Meetings Attended
Chairperson	1	1
Member Telecom	1	1
Independent Director (Legal Expert)	1	1
Chairman PTA	1	1
Nominee Fixed-Line Licensees	1	1
Nominee Mobile Cellular Licensees	1	1
Independent Director (Financial Expert)	1	1
Independent Director ICT/Telecom Expert	1	1
CEO USF Co.	1	1

Roles 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:

1. Authorize CEO and one or more signatory to open one or more bank account of the USF company;
2. Draw or authorize to draw amounts from the bank accounts of the USF company;
3. Verify accounts of the USF company;
4. Approve investment policy and schemes for investment of the sums available with the USF Company in the Government risk free financial securities and schemes only; and
5. Evolve policies for operation and working of the USF company and incorporate these in the procedure manual;
6. Prepare and approve procedural manual for effective working of the USF company;
7. Allocate and approve annual budget of the USF Company for onward submission to USF Policy Committee along-with the schedule of quarterly release of grants and provides guidelines for financial controls;
8. Create committees of the Board and approve their charters;
9. Create an advisory council for seeking guidance and approve its membership and term of reference;
10. Propose changes in the USF policy of the Federal Government;
11. Delegate such of its powers and functions to the Chairman, committee of the Board or CEO, as it may consider necessary for the efficient working of the USF company;
12. Identify and lay-down criteria for selection and creation of lots and special projects and determine suitability of projects for allocation of funds;
13. Set goals for provision of universal service;
14. Oversee, examine, evaluate, approve or review projects;
15. Request the division concerned to lend support staff or officers, as the case may be, on deputation;
16. Appoint employees of the USF company and set their salaries and terms and conditions of the employment;

17. Engage and remove consultants and advisors as may be determined;
18. Fix extra remuneration & benefit for the deputationist.
19. Ensure transparency and accountability in the processes;
20. Assist Federal Government in preparing annual statutory reports;
21. Commission independent audits and publish such audit reports;
22. Request the Authority to furnish details about amounts received from licensees for Fund for any specific period;
23. Perform such other functions as the Federal Government may, from time to time, assign to it not inconsistent with the provisions of the Act and these rules.

Board Committees

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

Audit and Finance Committee (AFC)

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

Pre-Amendment	Post Amendment
Imran Akhter Shah (Chairman)	Ayla Majid (Chairperson)
Kaukab Iqbal	Sofia Saeed
Muhammad Omar Malik	Muhammad Yousuf
-	Muhammad Omar Malik

AFC Composition	September 6th, 2022
Mr. Imran Akhtar Shah	Yes
Mr. Kaukab Iqbal	Yes
Mr. Muhammad Omar Malik	No

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.

Human Resource Governance Committee (HRGC)

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

Pre-Amendment	Post Amendment
Major General (R) Amir Azeem Bajwa (Chairman)	Major General (R) Hafeez Ur Rehman (Chairman)
Imran Akhtar Shah	Ayla Majid
Kaukab Iqbal	Sofia Saeed

HRGC Composition	25th August 2022
Maj. Gen. (R) Amir Azeem Bajwa	Yes
Mr. Imran Akhtar Shah	Yes
Mr. Kaukab Iqbal	Yes (via video link)

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.
- Develop professional and ethical standards and values to be incorporated in the Code of Ethics and provide support to the Board on various aspects of employee relations.
- 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 and align Company's organizational structure and human resources.

Project Oversight Committee

Pre-Amendment	Post Amendment
Major General (R) Amir Azeem Bajwa (Chairman)	Major General (R) Hafeez Ur Rehman (Chairman)
Imran Akhtar Shah	Ayla Majid
Irfan Wahab	Wang Hua
Muhammad Omar Malik	Hatem Bamatraf

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.
- Developing of strategies to address delays in the implementation of projects.
- Perform such other functions as assigned by the Board.

Risk Management Committee

Post Amendment
Sofia Saeed (Chairperson)
Muhammad Omar Malik
Muhammad Yousuf

The Committee carries out 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.

Procurement Committee

The USF has a procurement committee, to ensure transparency in procurement transactions and in dealing with the suppliers.

Post Amendment
Muhammad Omar Malik (Chairman)
Ayla Majid
Muhammad Yousuf

Whistle Blowing Committee

The whistle blowing committee, comprising of one OP-2 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 whistle blowing 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 whistle blowing committee may report the matter to the CEO. If the complaint / allegation is against the CEO, the whistle blowing committee may report the matter to the BoD.

Whistle Blowing 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 assurance 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 understand the operations and the scope of their responsibilities.

Directors' Training Program

Frequent 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. This year the Directors Training was arranged for Member USF Board Ms. Aisha Humera Moriani at LUMS.

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 have distinct, independent but complementary 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 on Other Companies' Boards

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 Taraqiati Bank Limited.

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:

1. This report is also being submitted to the contributors of Universal Service Fund.
2. USF Co. Board makes the following statements, prepared under section S227 of the Companies Act, 2017:
 - a. 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 noncompliance (Statement of Compliance).
 - b. 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.
 - c. Proper books of account of the USF have been maintained.
 - d. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
 - e. They recognize their responsibility to establish and maintain a sound system of internal control, which is regularly reviewed and monitored.
 - f. 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

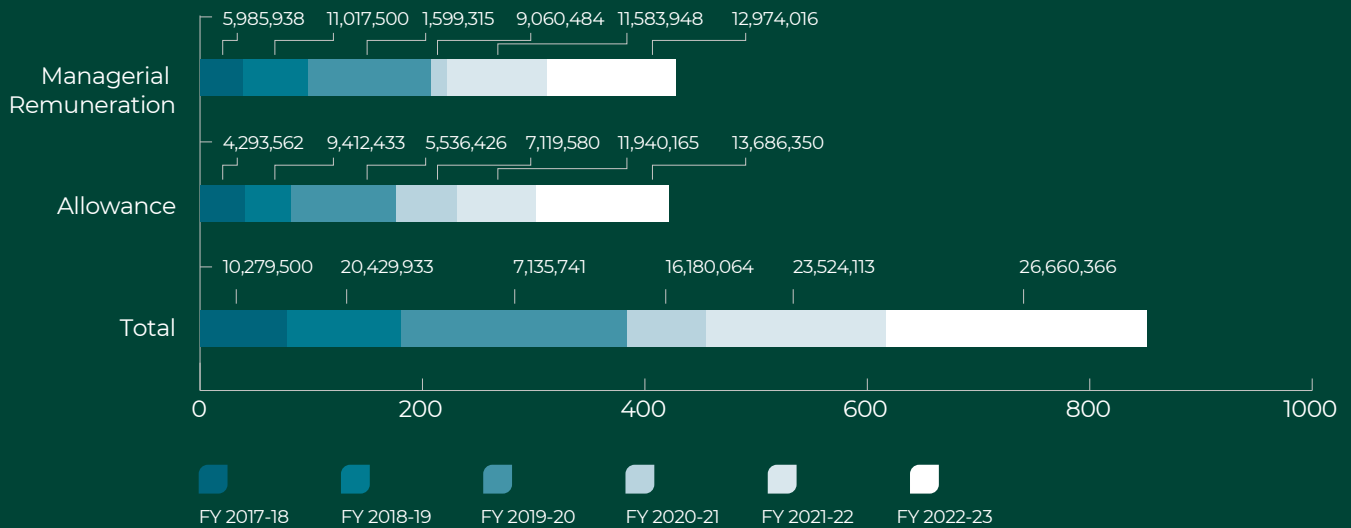
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RS.
50,000 for attending
Committee Meetings

02

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

Remuneration to CEO (Rs.)



Directors Remuneration Total (Rs.)

HRGC Composition	Rs.
Mohsin Mushtaq Chandna	150,000
Amir Azeem Bajwa	300,000
Syed Imran Akhtar Shah	350,000
Kaukab Iqbal	250,000
Muhammad Omer Malik	225,000
Navid Ahmed Shaikh	75,000
Hafeez Ur Rehman	75,000
Hatem Mohamed Ali Ahmed Bamatraf	75,000
Ayla Majid	75,000
Muhammad Yousuf	75,000
Sofia Saeed Shah	75,000

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:

Financial Highlights

Disbursement under each Program for FY 22-23

Program	Subsidy Disbursed (Rs.)
Broadband for Sustainable Development	233,914,392
Next Generation - Broadband for Sustainable Development	11,470,263,799
Optic Fiber Cable	4,853,262,133
Total	16,557,440,324

Subsidy or other Financial Support from the Government

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Government Grants (Rs.)	9,619,000,000	6,949,000,000	4,890,000,000	6,300,000,000	18,750,000,000	18,340,000,000

Summary of Operating and Financial Data of Last 6 Years (Rs.)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Government Grants	9,619,000,000	6,949,000,000	4,890,000,000	6,300,000,000	18,750,000,000	18,340,000,000
Operational Expenses	315,862,068	338,523,611	392,333,759	437,602,565	513,295,673	568,817,739
Capital Expenditure	19,827,996	40,160,764	18,085,490	140,882,947	35,351,975	44,816,728
Subsidy Grant for Projects Disbursed	6,786,484,959	6,205,120,282	5,472,282,626	5,365,658,506	20,487,160,337	16,557,440,324
Fee Disbursed to Technical & Monitoring Auditors for Projects	13,622,192	34,451,262	24,268,108	88,510,760	189,960,605	204,286,940

Balance Sheet - Assets

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Non- Current	26,424,249	50,300,160	50,565,430	156,334,761	140,140,269	126,178,691
Current	4,242,846,902	5,402,246,041	6,631,710,035	8,222,181,902	7,496,601,941	7,013,813,342
	4,269,271,151	5,452,546,201	6,682,275,465	8,378,516,663	7,636,742,210	7,139,992,033

Balance Sheet - Liabilities

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Non- Current	3,864,377,459	5,066,738,786	5,802,323,620	5,563,636,113	6,515,290,182	6,340,462,981
Current	404,893,692	385,807,415	879,951,845	2,814,880,550	1,121,452,028	799,529,052
	4,269,271,151	5,452,546,201	6,682,275,465	8,378,516,663	7,636,742,210	7,139,992,033
Commitments	16,646,129,371	10,353,011,981	10,277,296,359	26,763,868,323	39,684,169,456	42,768,830,479

Related Party Transactions (Rs.)

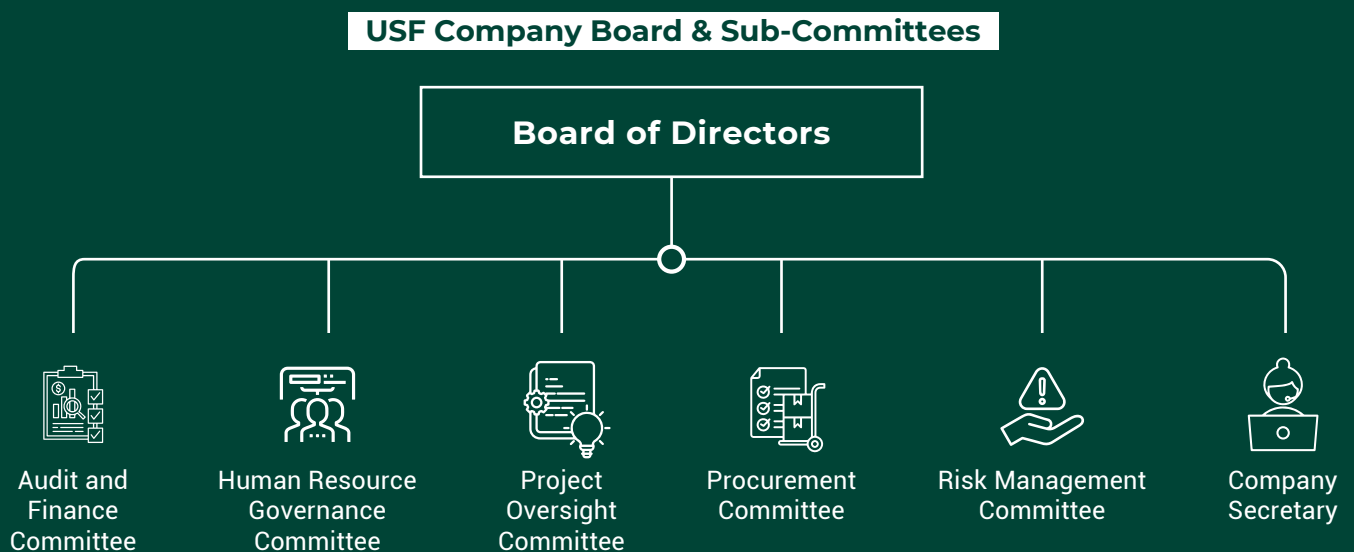
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
MolTT - GoP	9,619,000,000	6,949,000,000	4,890,000,000	6,300,000,000	18,750,000,000	18,340,000,000
Subsidy Payment PTCL	300,000,000	377,427,300	599,894,680	1,825,266,159	6,699,166,458	2,456,757,812
Subsidy Payment PMCL-Jazz	(28,000,000)	45,101,418	-	-	-	-
Subsidy Payment CMPak	-	-	-	-	-	8,096,662
Subsidy Payment Ufone	4,277,294,810	3,176,159,452	1,322,100,387	1,240,241,108	3,969,791,357	5,271,963,733
Subsidy Payment Telenor	-	-	3,063,415,965	1,213,274,753	4,816,549,852	3,714,764,232
Employees Gratuity Fund Account	9,597,938	17,677,638	12,512,106	24,218,549	29,319,273	22,894,399

- No Statutory payment on account of taxes, duties, levies and charges is overdue or outstanding.
- 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.

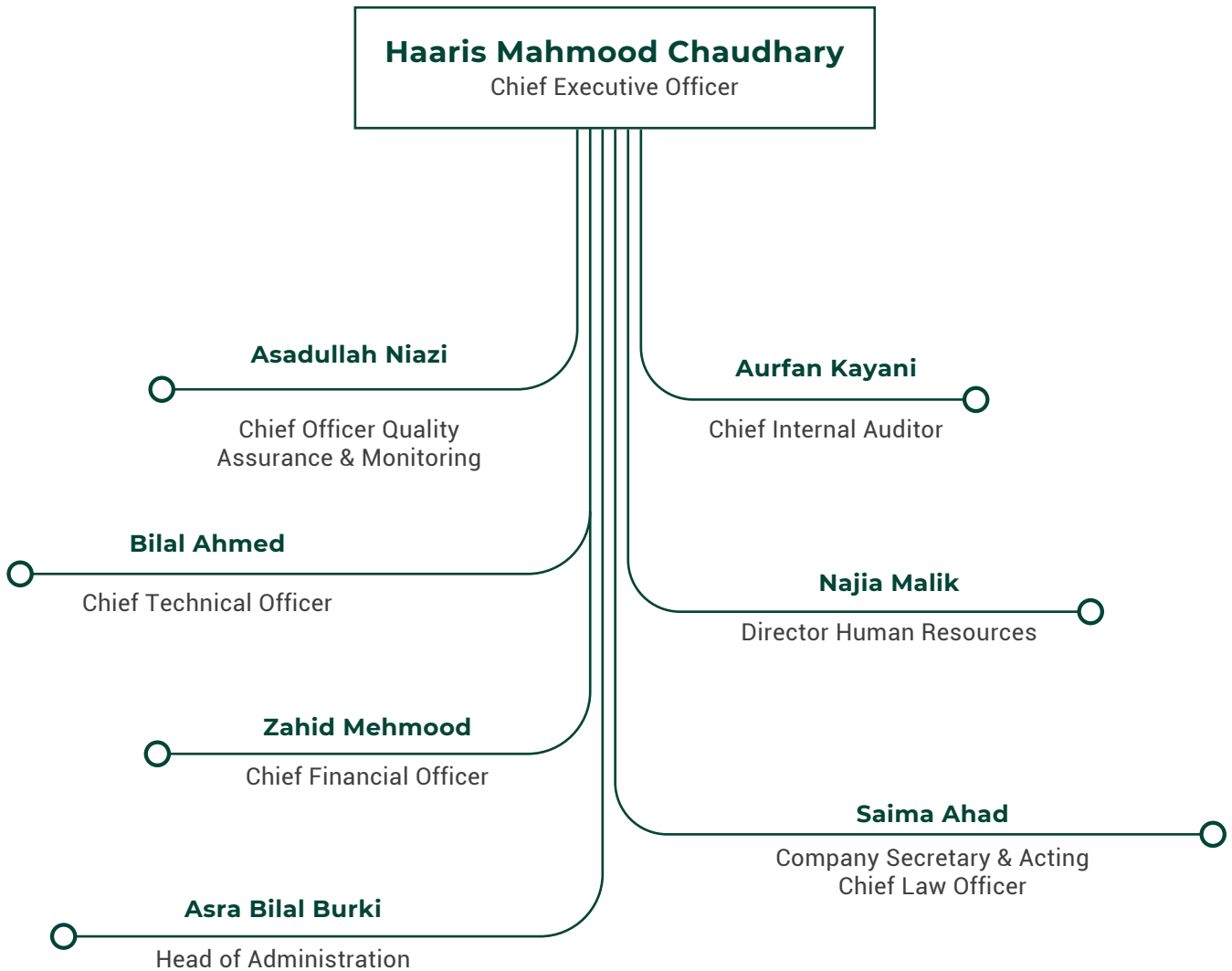
OUR LEADERSHIP

Organization 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.



CEO Secretariat

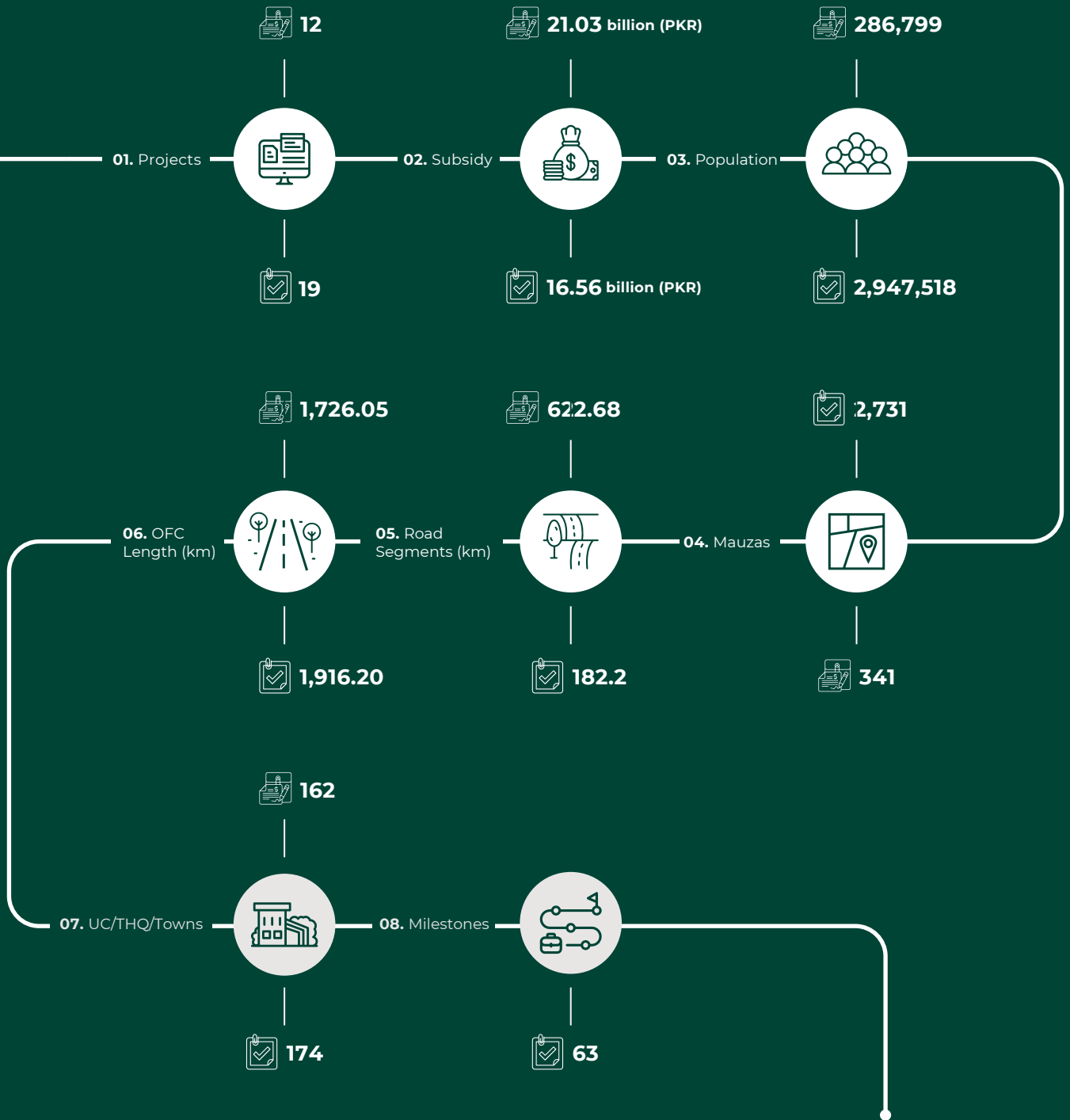


The senior management report to the CEO and are responsible for assisting the CEO with the day-to-day management of USF, as well as for the organization and day-to-day operation of their own departments. Their job specifications define their specific responsibilities and the authority delegated to their 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 carrying out internal control. The senior management can set procedures within their area of responsibility.

PROGRESS & DEVELOPMENT



Year at a Glance

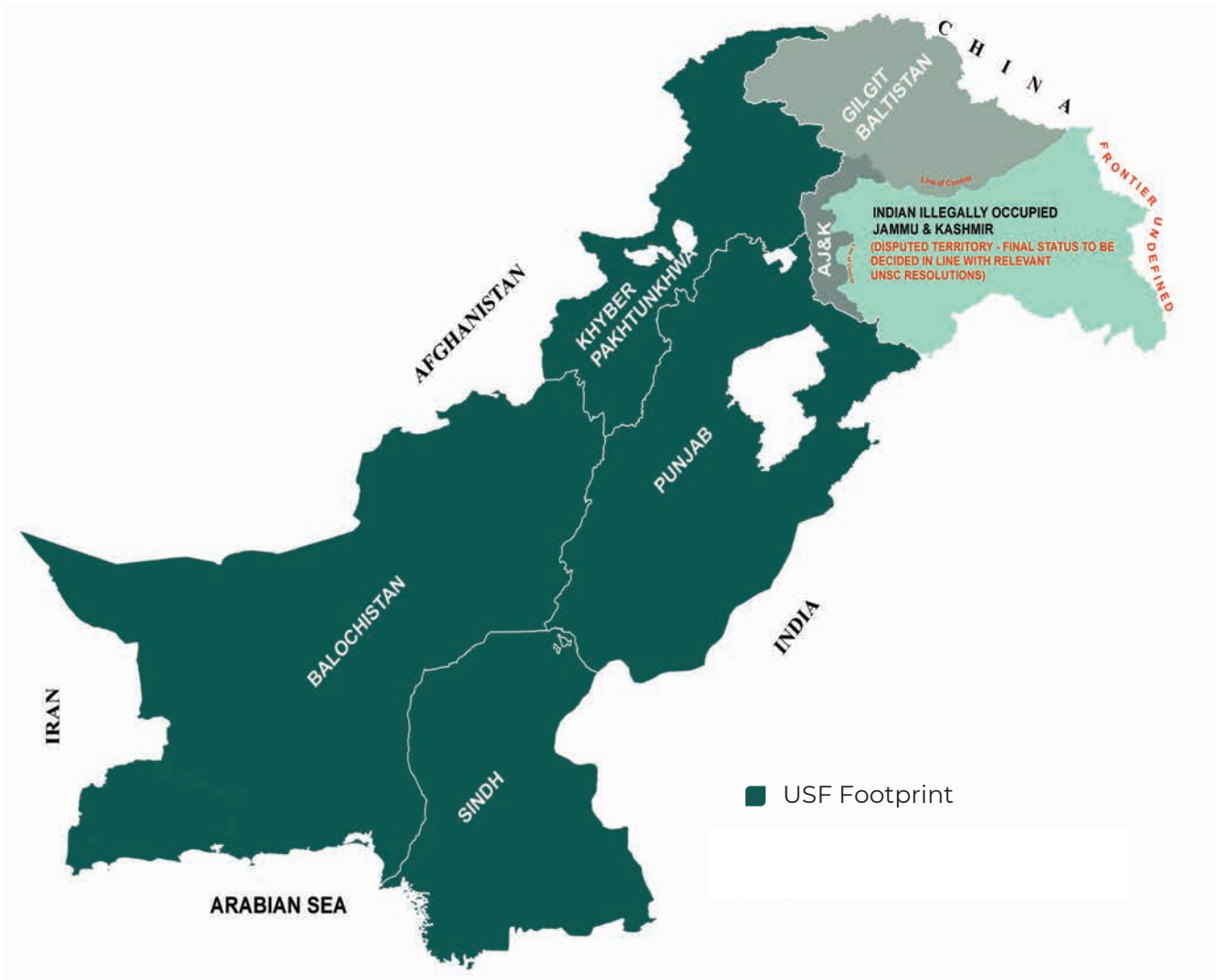


Contracted/
Commitments



Completed/Served/
Disbursed/Achievements

USF FOOTPRINT



STRATEGIC FOCUS





Programs

NG-BSD Program

Through the Next Generation Broadband for Sustainable Development Program, USF is providing voice and high-speed mobile broadband (at the minimum rate of 512 kbps) to the un-served and under-served 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.

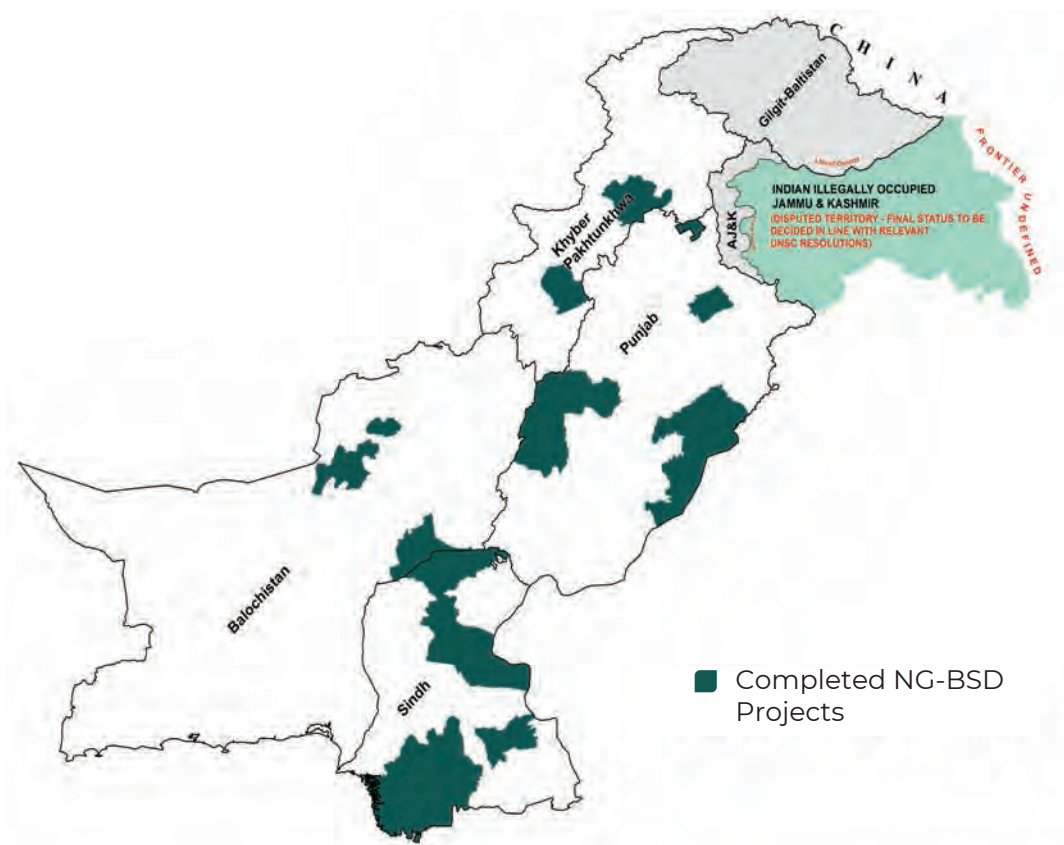
In FY 2022-23, USF successfully completed 12 projects, including 5 small lots, and provided access and connectivity to approximately 2.94 million people in Sindh, Balochistan, Khyber Pakhtunkhwa and Punjab.

Moreover, USF has contracted 7 new projects worth over PKR 8.25 billion for the provision of voice and high-speed mobile broadband services to 286,800 people living in 341 mauzas of Sindh, Balochistan, and Punjab.

Significant progress was made in the following projects: Swabi Lot, Bannu Lot, Chagai Lot, Panjgur Lot, Sahiwal Lot, and Naushahro Feroz Lot.

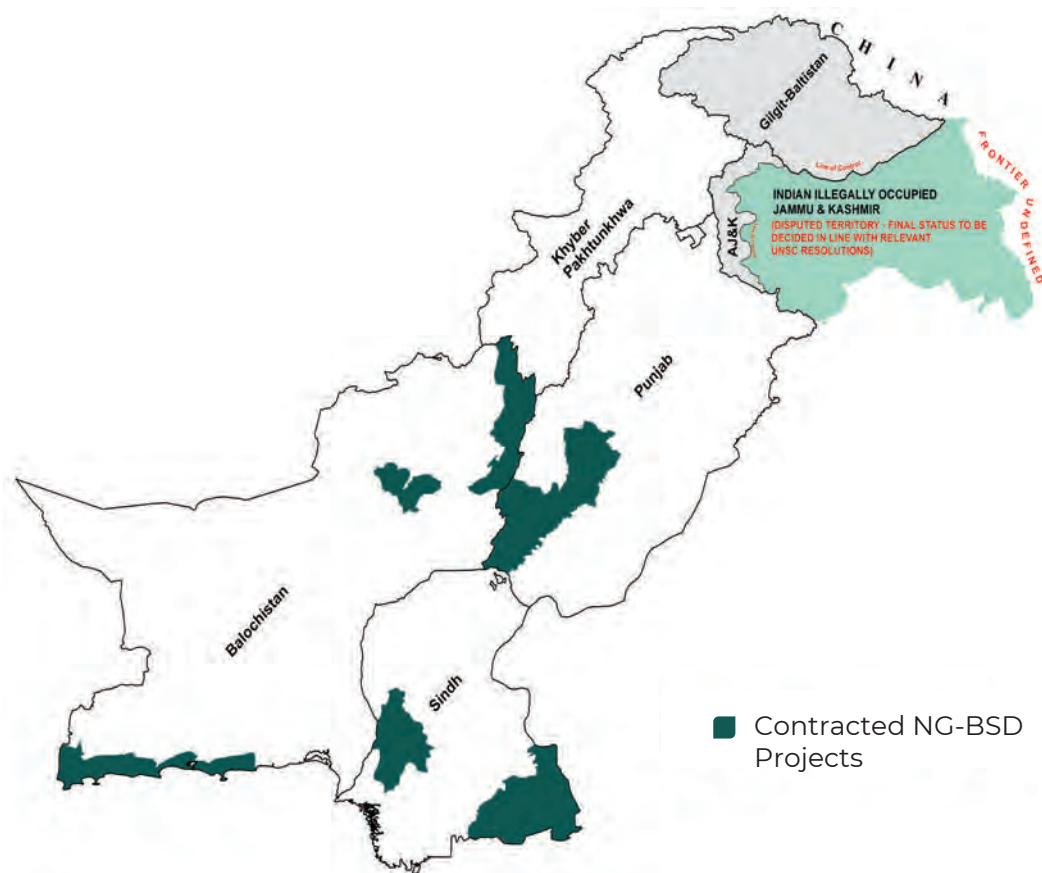
NG-BSD Completed Projects

Project (Lot)	Target Districts	Target Mauzas	Target Population	SP	Contracted Subsidy (PKR)
1. DG Khan	DG Khan, Layyah	671	1,051,097	Jazz	491,027,547
2. Jaffar Abad	Jaffar Abad, Nasirabad, SohbatPur	196	385,562	CMPAK	88,036,687
3. Mastung	Mastung, Ziarat	173	138,945	PTML	652,000,000
4. Shikarpur	Shikarpur, Jacobabad, Kashmore	271	1,092,942	Jazz	344,190,302
5. Swabi	Newshehra, Mardan, Charsadda, Swabi	65	154,713	Telenor	555,000,000
6. Bannu	Bannu, Lakki Marwat	117	165,413	Jazz	201,531,669
7. Sahiwal	Okara, Pakpattan, Sahiwal	749	506,519	Telenor	681,284,742
8. Small Lot S-5	Naushahro Feroze, Khairpur	9	37,671	Jazz	17,506,346
9. Small Lot P-9	Bahawalnagar	2	3,500	Telenor	49,593,870
10. Small Lot I-2	Islamabad	5	7,700	Jazz	11,023,710
11. Small Lot P-10	Mandi Bahauddin	1	2,984	Jazz	2,260,194
12. Small Lot S-6	Sujawal, Tando Mohammad Khan, Hyderabad, Thatta, Badin, Umerkot, Tando Allah Yar	31	19,624	Telenor	366,416,006



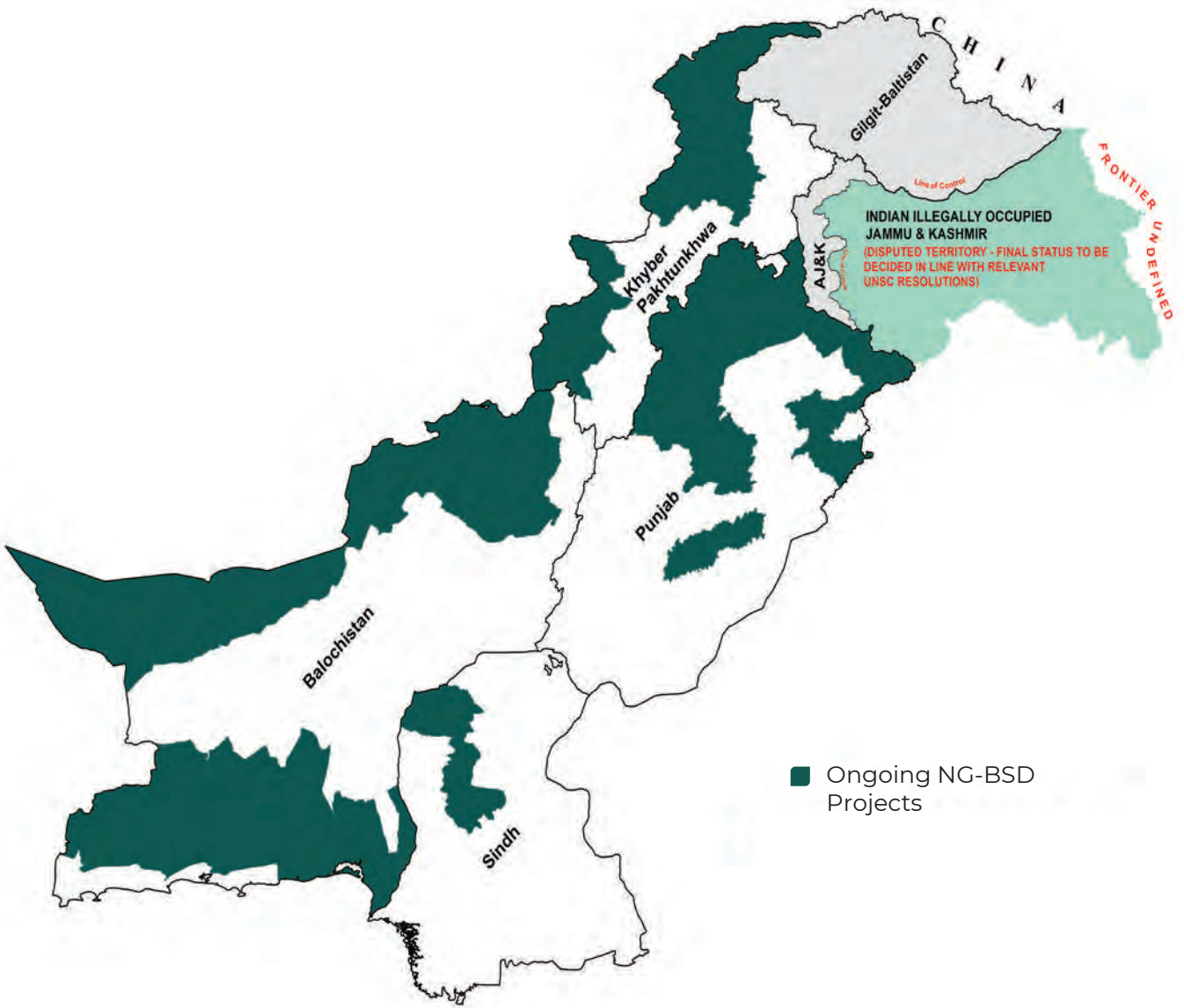
NG-BSD Contracted Projects

Project (Lot)	Target Districts	Target Mauzas	Target Population	SP	Contracted Subsidy (PKR)	Current Completion Status
1. Sibi	Sibi	47	33,743	PTML	1,964,762,420	WIP
2. Musakhel (Rev-1)	Musakhel, Barkhan, Sherani	114	71,792	PTML	3,397,000,000	WIP
3. Small Lot S-7	Jamshoro (Northern Part)	41	40,500	Telenor	658,000,000	WIP
4. Small Lot S-8	Jamshoro (Southern Part)	45	33,723	Telenor	851,078,833	WIP
5. Small Lot P-11	DG Khan, Layyah, Multan, Muzaffargarh, Rajanpur	15	19,775	Jazz	318,672,918	WIP
6. Small Lot B-8	Gwadar	19	15,260	PTML	188,131,368	WIP
7. Small Lot S-10	Thar Parkar	60	72,006	Telenor	874,315,253	WIP



NG-BSD Ongoing Projects

Project (Lot)	Target Districts	Target Mauzas	Target Population	SP	Contracted Subsidy (PKR)	Current Completion Status
1. North Waziristan	North Waziristan Agency, FR Bannu, FR Lakki Marwat	401	565,460	Jazz	192,083,284	50%
2. South Waziristan	South Waziristan Agency, FR Tank	411	638,286	Jazz	90,096,348	WIP
3. Mohmand	Bajaur Agency, Mohmand Agency, Malakand	437	890,024	Telenor	849,647,146	75%
4. Kurram	Kurram	224	442,675	Jazz	92,245,746	WIP
5. Chitral	Chitral, Upper Dir, Lower Dir	648	720,129	Telenor	1,372,085,052	25%
6. Jhelum	Jhelum, Chakwal	263	343,595	Jazz	254,720,966	25%
7. Kech	Kech, Panjgur	306	345,567	PTML	2,077,763,109	25%
8. Chagai	Chagai, Nushki	170	160,915	Telenor	1,369,655,940	75%
9. Pishin	Pishin, Killa Abdullah, Quetta	378	646,620	Jazz	1,319,809,195	25%
10. Panjgur	Panjgur	69	153,429	PTML	590,000,000	75%
11. Swat	Swat	34	65,695	Telenor	781,469,991	25%
12. Attock	Attock, Rawalpindi	306	345,978	Jazz	308,924,164	75%
13. Kambar Shahdadkot	Kambar Shahdadkot, Larkana	359	494,968	Jazz	246,405,845	75%
14. Naushahro Feroze	Naushahro Feroze, Shaheed Benazirabad	438	166,457	Jazz	451,645,455	75%
15. Lasbela	Lasbela, Awaran	223	154,083	PTML	1,773,747,000	50%
16. Mianwali	Mianwali, Khushab	186	376,518	Jazz	1,599,130,467	75%
17. Buner	Buner, Shangla	102	95,840	Telenor	2,037,810,752	WIP
18. Killa Saifullah	Killa Saifullah, Zhob	111	115,287	PTML	3,572,973,000	50%
19. Jhang	Jhang, Bhakkar, Toba Tek Singh	722	1,035,188	Telenor	2,256,599,207	25%
20. Lodhran	Lodhran, Vehari	300	377,996	Jazz	1,189,934,567	25%
21. Nankana Sahib	Kasur, Nankana Sahib, Sheikhpura	305	498,333	Jazz	468,897,727	50%
22. Sialkot	Narowal, Gujrat, Sialkot	232	255,276	Jazz	624,802,198	WIP
23. Loralai	Loralai	143	82,953	PTML	2,600,000,000	50%

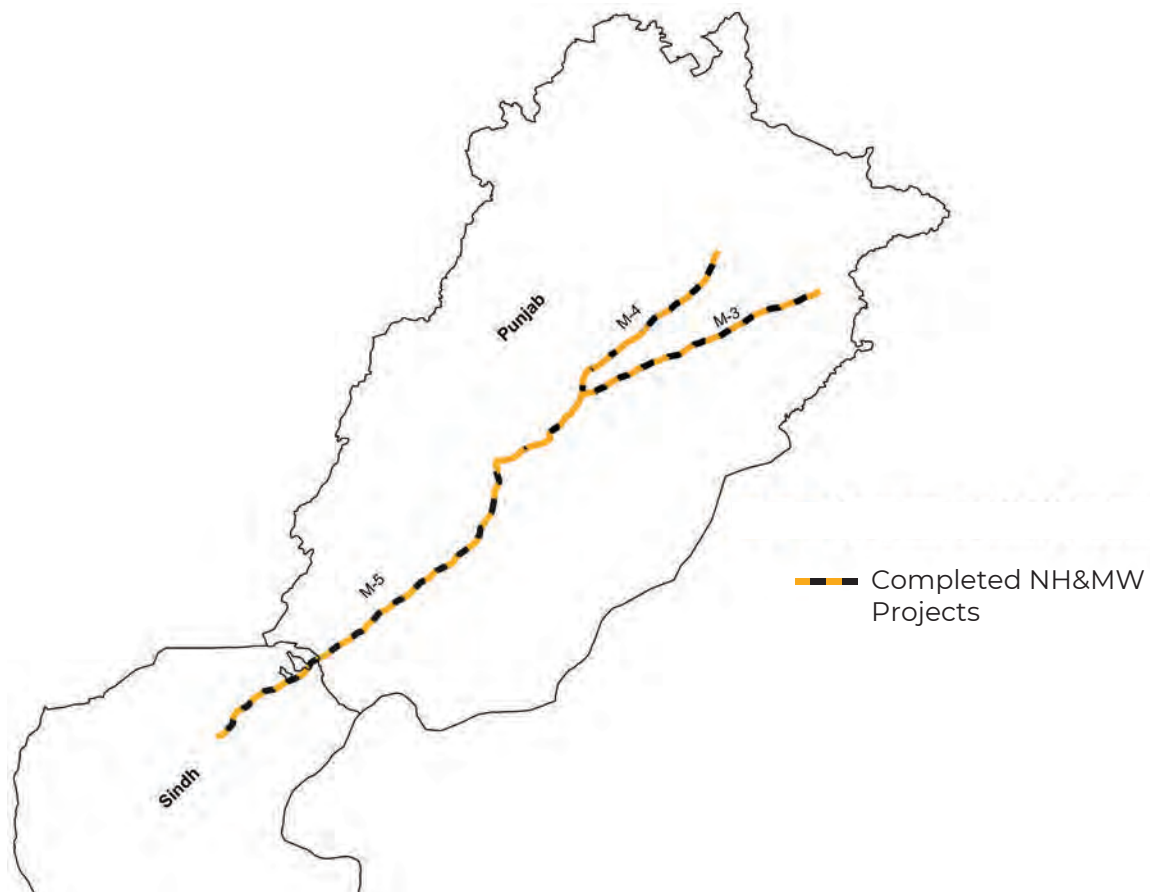


NG-BSD for National Highways & Motorways Program

USF aims to provide voice and high-speed broadband data services to commuters on un-served road segments of National Highways and Motorways in Pakistan. The program is first of its kind as it targets the commuters and offers a unique feature of National Roaming, which 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.

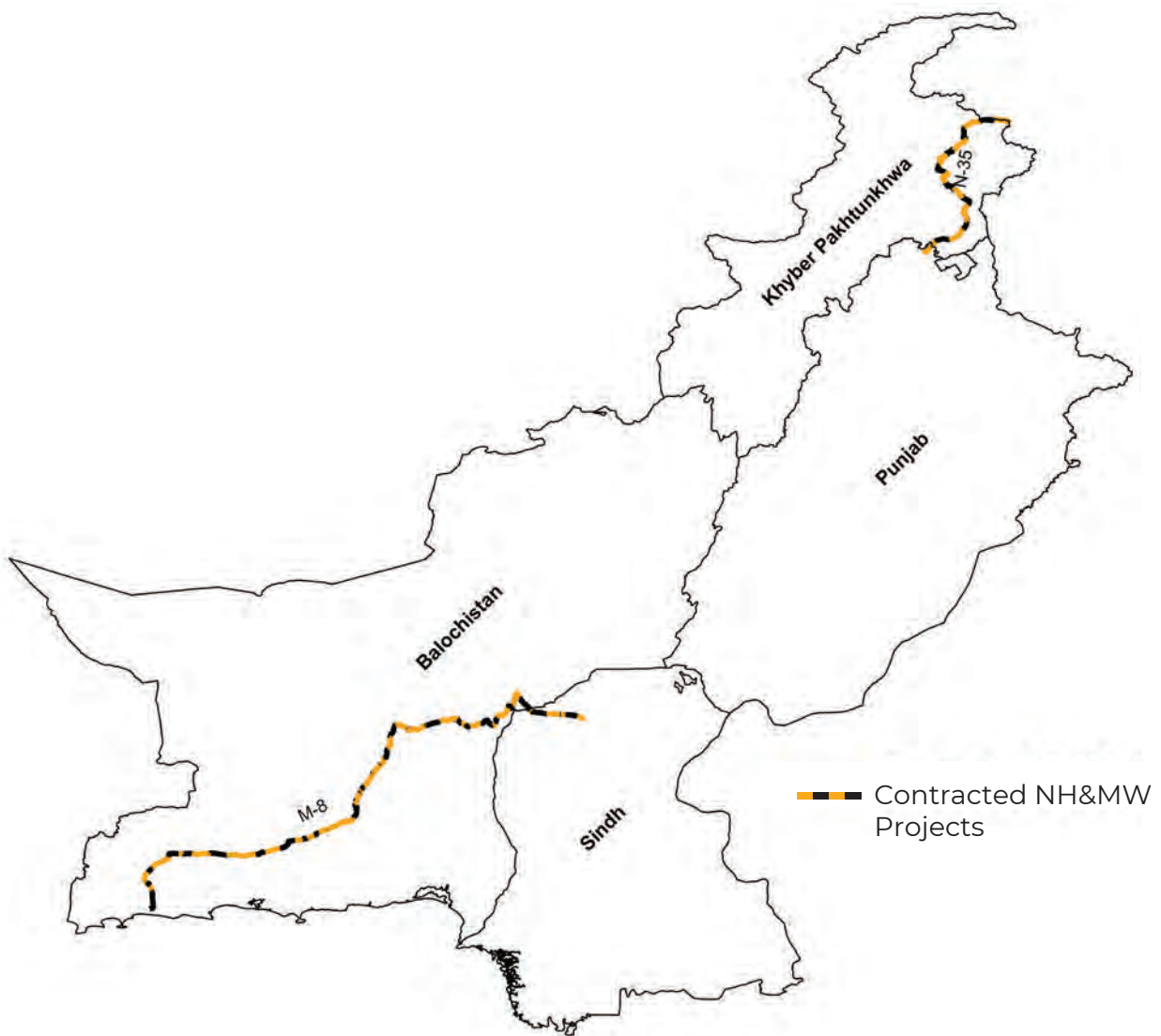
NH&MW Completed Projects

Project (Lot)	Target Districts	Target Road Segment (km)	SP	Target OFC Length (km)
1. Lot-5 (M-3)	Sheikhupura, Nankana Sahab, Faisalabad, Toba Tek Singh, Khanewal	54.92	Jazz	140,238,734
2. Lot-6 (M-5)	Multan, Bahawalpur, Rahimyar Khan, Kashmore, Ghotki, Sukkur	78.85	Jazz	154,790,091
3. Lot-8 (M-4)	Hafizabad, Faisalabad, Toba Tek Singh, Khanewal, Multan	70.67	Jazz	44,927,050



NH&MW Contracted Projects

Project (Lot)	Target Districts	Target Road Segment (km)	SP	Contracted Subsidy (PKR)	Current Completion Status
1. Lot 10 (M-8 Rato Dero - Gwadar)	Gwadar, Kech, Awaran, Khuzdar, Jhal Magsi, Kambar Shahdad Kot, Larkana	478.35	PTML	4,822,797,972	4,822,797,972
2. Lot 9 (N-35 KKH)	Attock, Haripur, Abbottabad, Mansehra, Battagram, Kohistan	144.33	Jazz	1,229,012,007	1,229,012,007



NG-BSD for Tourist Destination Program

USF 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, and local citizenry and support them in income-generating activities. It will also play a significant role in sending timely responses to the agencies concerned in case of an emergency. The tourist locations include Babusar Top, Lake Saif Ul Malook and Sharan Forest in Mansehra district, Kumrat Valley in Upper Dir district, Mahodand Lake in Swat district, and Galiyat.

Ongoing Projects

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

NG-OF Network and Services Program

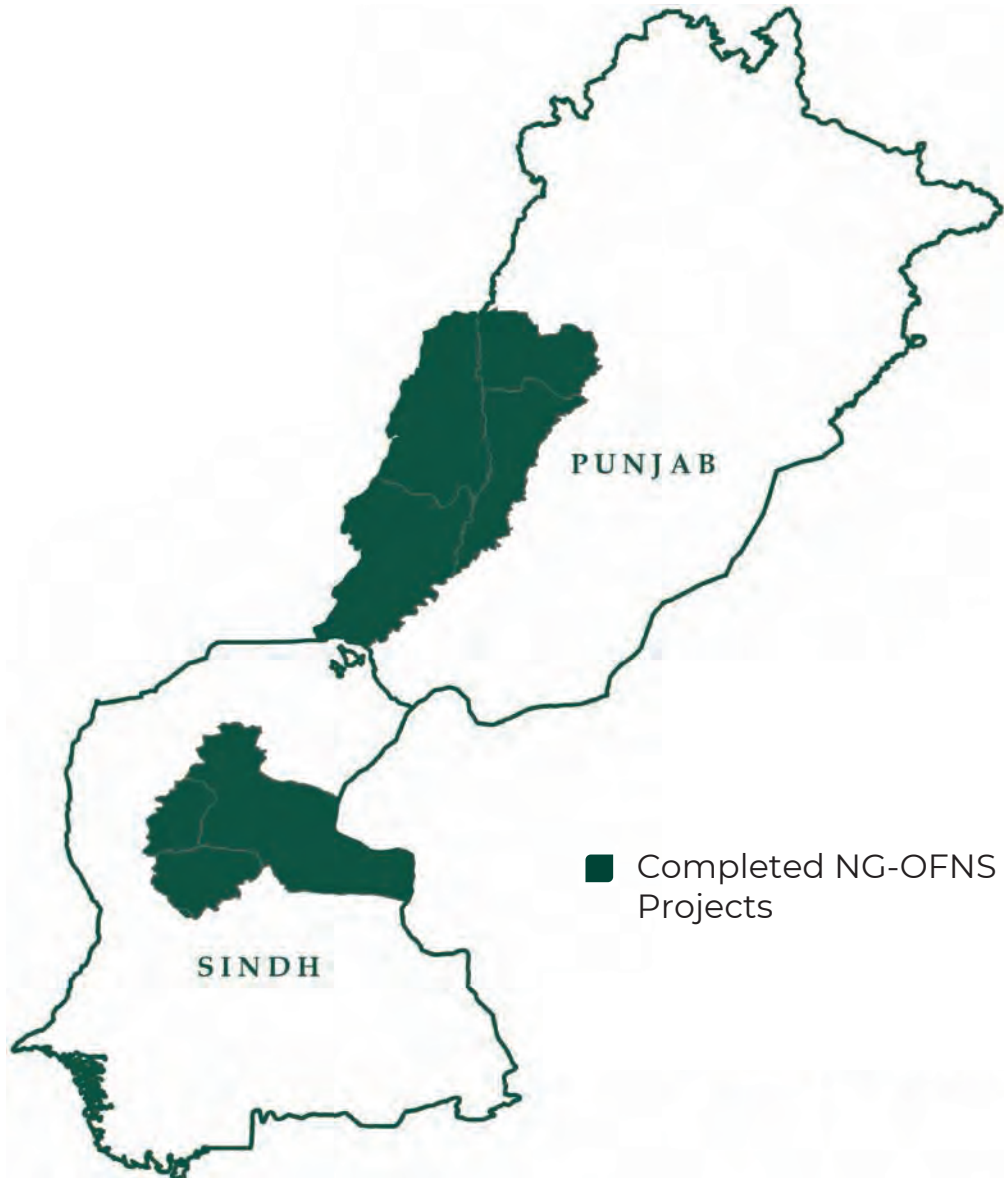
Optic Fiber cable connectivity to Union Council is essential for bridging the digital divide in Pakistan and is considered integral across the globe for paving the way to provide ICT services. These projects will open avenues for access to digital apps and will guarantee their maximum utilization. Moreover,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

During the year, USF has contracted 3 projects worth approximately PKR 6.7 billion to extend 1,726 km of optic fiber cable into union councils of Khyber Pakhtunkhwa and Punjab province. These projects will provide backhaul connectivity to 162 UCs in Pakistan.

Furthermore, USF also completed 4 projects and laid approximately 1,916 km of optic fiber cable and connected 174 UCs in the provinces of Sindh, Khyber Pakhtunkhwa, and Punjab.

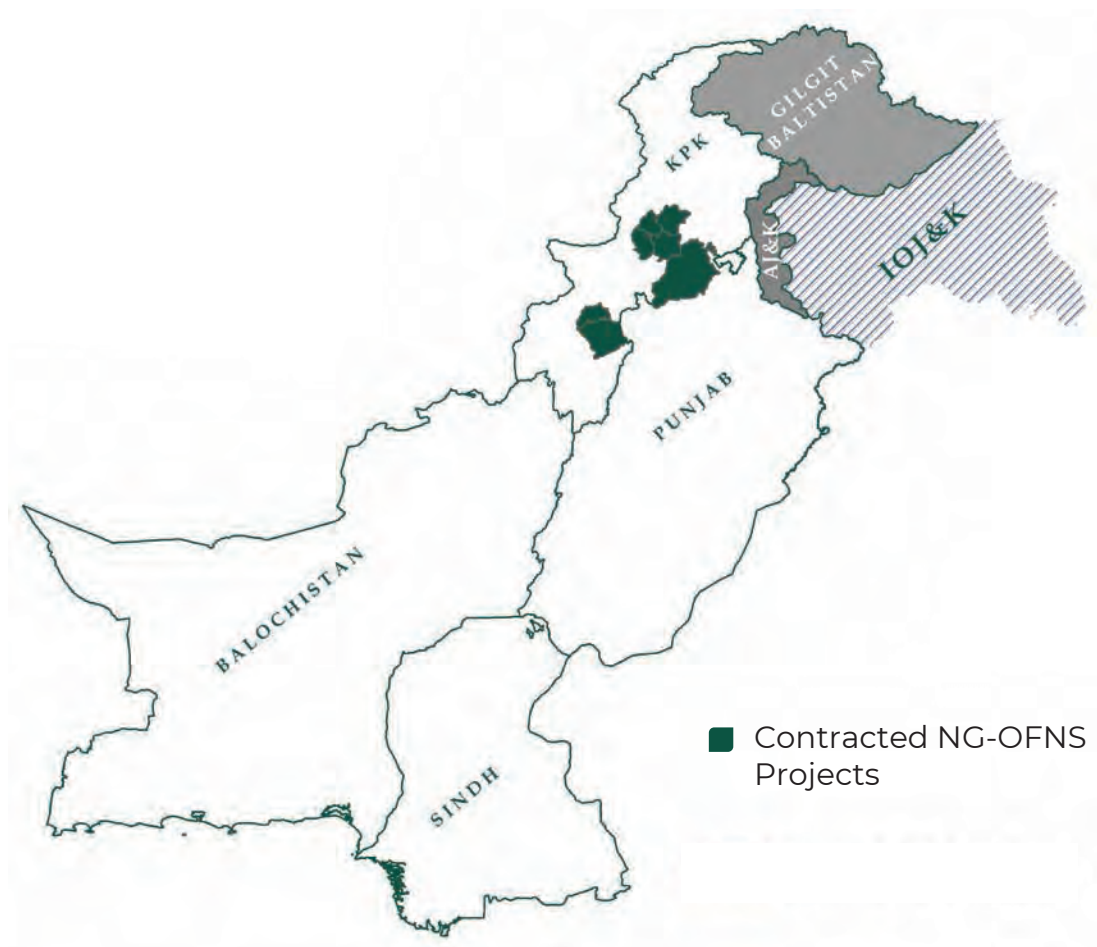
OFC Completed Projects

Project (Lot)	Target Districts	Target UC/ THQ/Towns	Target OFC Length (km)	SP	Contracted Subsidy (PKR)
1. OFC-UC-PB-Lot-4	Rajanpur	62	618	Nayatel	1,580,000,000
2. OFC-UC-PB-Lot-5	Muzaffargarh	91	708.09	Nayatel	1,725,000,000
3. OFC-UC-SD-Lot-3	Khairpur, Naushahro Feroze, Benazirabad	90	752.64	PTCL	2,100,000,000
4. OFC-UC-PB-Lot-7	Layyah, DG Khan	49	501	PTCL	950,000,000



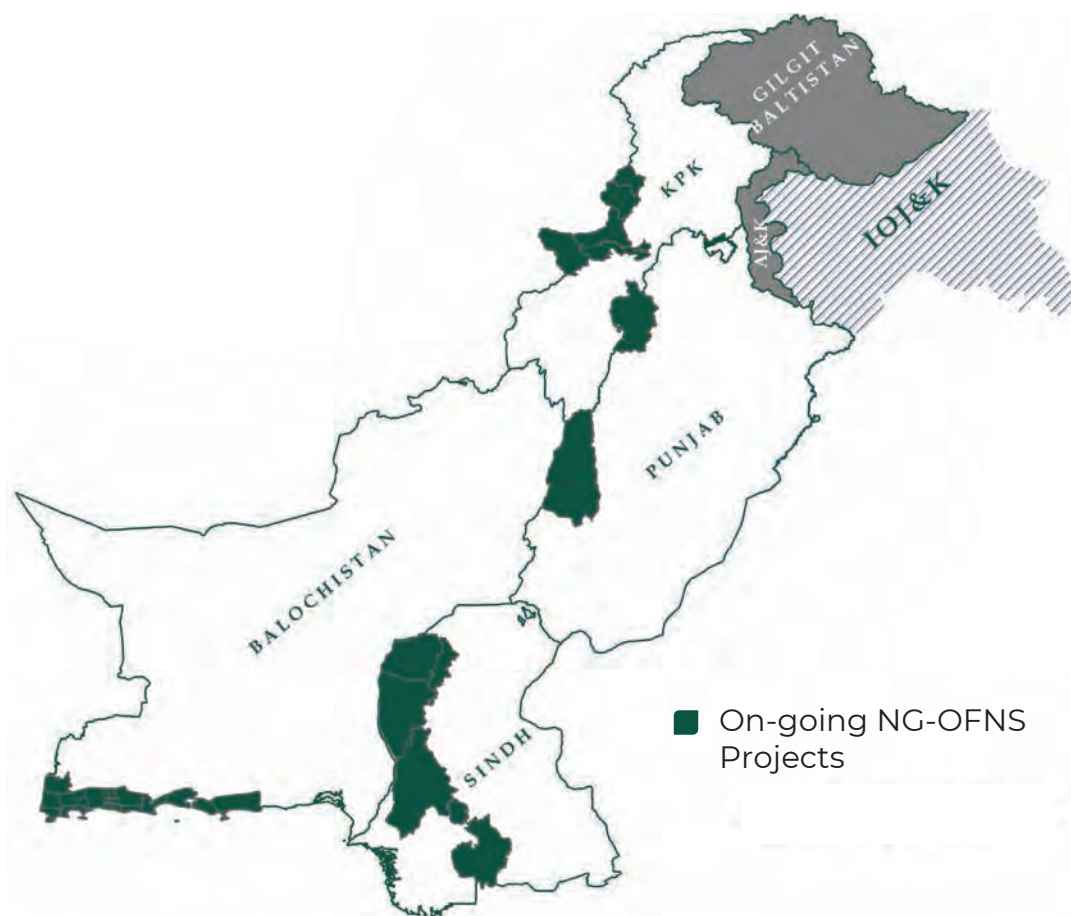
OFC Contracted Projects

Project (Lot)	Target Districts	Target UC/THQ/Towns	Target OFC Length (km)	SP	Contracted Subsidy (PKR)	Current Completion Status
1. OFC-UC-KP-Lot 17	Peshawar, Nowshera, Charsadda, Mardan	78	769.05	PTCL	2,800,000,000	WIP
2. OFC-UC-PB-Lot 14	Attock	47	570	Nayatel	2,693,000,000	WIP
3. OFC-UC-KP-Lot 18	Bannu, Lakki Marwat	37	387	Dancom	1,239,537,831	WIP



OFC Ongoing Projects

Project (Lot)	Target Districts	Target UC/ THQ/Towns	Target OFC Length (km)	SP	Contracted Subsidy (PKR)	Current Completion Status
1. OFC-KPK/Package-2	Bajaur, Mohmand, Khyber, Orakzai, Kurram, FR Peshawar, FR Kohat	40	910	PTCL	2,559,864,984	75%
2. OFC-UC-PB-Lot 6	DG Khan	75	629	PTCL	1,165,000,000	50%
3. OFC-UC-PB-Lot 8	Mianwali	31	390.24	PTCL	614,000,000	50%
4. OFC-UC-SD-Lot 10	Dadu, Jamshoro	54	743.30	PTCL	1,429,000,000	WIP
5. OFC-UC-SD-Lot 12	Hyderabad, Badin	50	787.46	PTCL	1,988,914,000	WIP
6. OFC-UC-SD-Lot 11	Larkana, Kambar ShahdadKot	62	660.65	PTCL	1,610,000,000	WIP
7. OFC Small Lot 3	Islamabad, Haripur	6	106.60	PTCL	235,000,000	WIP
8. OFC-UC-BL-Lot 13	Gwadar	13	396.99	PTCL	1,995,482,850	WIP





CHALLENGES IN FY 2022-2023

The fiscal year 2022-2023 witnessed unparalleled economic difficulties that had a substantial impact on the timelines of USF initiatives. The telecom industry faced and continues to face economic hardships in terms of operating costs, mainly fuel, electricity, interest rate, local currency devaluation, etc. Similarly, import curbs and LC issues further exacerbated the prevailing situation. It led to equipment unavailability for completing ongoing projects and initiating the planned ones.

The 2022 monsoon season brought substantial rainfall, causing devastating floods and landslides that impacted millions of people and significantly impacted the already struggling economic situation. The floods affected all four of the country's provinces and approximately 15% of its population. Nearly one year on from the floods, recovery has been tedious, and many affected people continue to struggle. Due to the high-scale flooding across the country, telecom infrastructure (including USF subsidized infrastructure) such as towers, optical fiber, access networks, generators, routers, cables, and other equipment of critical nature for the provision of services was severely damaged. However, USF telecom infrastructure impacted by recent floods – leading to outage of services was restored in record time.

On the economic front, USF continuously engaged with the State Bank of Pakistan and Ministry of Finance (through MoIT) to address the LC margin issues, and import curbs, and highlighted the prioritized interventions needed from SBP/Ministry of Finance in this regard.

Despite these insurmountable challenges, USF has been dedicated and committed to serving the un/under-served population residing in farthest corners across the length and breadth of the country. USF has made substantial progress and confronted these challenges with utmost dedication, guaranteeing the continued progress of projects that cater to the telecommunication needs of the un/under-served population. During the same period, USF proactively engaged with the Service Providers to prioritize USF project implementation milestones through strategic use of available equipment inventory. These strategic interventions led to the successful completion of 63 project implementation milestones which served approximately 2.9 million population residing in over 2,731 Mauzas across the country. 1,912 Km of optic fiber cable was laid in 174 un-served UCs/Towns and 182 Km of road segments were provided with voice and high-speed broadband services.

Moving forward, USF continues to be fully determined to accelerate the pace of its projects and ensure the provision of 3G/4G voice and broadband services, serving the un/under-served population of Pakistan.

FUTURE OUTLOOK



The past year was marked with unprecedented economic challenges, including but not limited to import curbs and LC margin issues, which severely impacted the supply chains and led to industry-wide equipment unavailability for telecom projects, including USF projects.

Despite the persistent economic challenges, USF is determined to drive new infrastructure, integrate new elements, and instigate new growth momentum to achieve favorable growth for 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.

For FY 2023-2024, USF has secured block budgetary approval for Access and Backhaul projects. Based on the block allocations, target districts with potential areas have been identified for connectivity under USF mandate.

Projects for the potential areas will be launched after scope optimization, area prioritization, and budgetary mapping as directed and approved by the USF Board of Directors. A list of potential areas for FY 2023-2024 is as follows.

Short-Term Tentative Plan

NG-BSD Program

Province	District
1. Balochistan	Dera Bugti, Kalat, Khuzdar Tehsil
2. Punjab	Faisalabad, Chiniot, Sargodha, Gujranwala, Hafizabad, Mandi Bahauddin
3. Khyber Pakhtunkhwa	Kohat, Ex.FR Kohat, Khyber, Karak
4. Sindh	Tando Allahyar, Tando Mohammad Khan

NG-OF Network and Services Program

Province	District
1. Sindh	Sanghar, Umer Kot
2. Khyber Pakhtunkhwa	Swat, Abbottabad
3. Punjab	Jhelum, Multan

Medium to Long-Term Plan

NG-BSD Program

USF has conducted preliminary identification of un/under-served areas for Access projects, based on current coverage of operators, in 57 districts across the country. Furthermore, 10 National Highways and Motorways have also been identified for the provision of voice and high-speed broadband services. The stated areas needing USF intervention shall be planned over the years as per resource allocation and approved budget.

NG-OF Network and Services Program

USF has already completed consultancies for the assessment of laid Optical Fiber Cable infrastructure along with identifications of un/under-served areas, potential users, Government institutes, educational institutions, health institutions, and mobile towers in 54 districts across the country.

USF is ready to launch projects for the identified areas in coming years as per directions of the USF Board of Directors.



PTA INDICATORS

PTA Indicators as of July 2023

Mobile Cellular
Subscribers

191 million

Mobile Broadband
Subscribers

126 million

Fixed Telephone
Subscribers

03 million

Broadband
Subscribers

129 million

Mobile
Teledensity

80.04%

Mobile
Broadband
Penetration

52.83%

Fixed
Teledensity

1.08%

Broadband
Penetration

54.18%



OUR PEOPLE

People & Culture

In continuation to the organizational change transformation journey, which began in the financial year 2020-21, the focus this year was on building an agile and inclusive workplace.

The following areas strengthened USF's people and culture: capacity building, an agile organizational structure, and changing mindsets.



Capacity Building

The organization conducted learning and development programs across four key competency streams: Design Thinking, Data Science, Power BI, and Excel (intermediate & advanced levels), in addition to individual training on Big Data, Procurement and Contract Management, Leadership & HR.



Agile Organization

To shift away from a hierarchical structure with bureaucracy and a top-down hierarchy, and to move towards the new modern organization characterized by a network of teams consisting of experts collaborating across boundaries in a rapid decision-making environment, an expert career path was introduced within the organization's structure. Expert roles were crafted to enable focus on functional competency & specialized knowledge.



Influencing Mindsets

Changing mindsets towards diversity, inclusiveness, ethics, confidentiality, and safe workspaces were the key themes of conversations, values, policies, and practices this year.

- Standard operating procedures were formalized in the areas of ethics & confidentiality along with talks and training delivered on creating a safe & inclusive workplace.
- USF female workforce participation increased from 11% in 2020 to 14% in FY 22-23.
- Women networks were created, such as "Diversity4tech" in collaboration with GSMA.
- We encouraged youth from non-twin cities to participate in our internship program. 50% of USF's current intern headcount comes from non-twin cities.

HIGHLIGHTS OF THE YEAR



SMART VILLAGE LAUNCH

The inauguration of the Asia Pacific's first Smart Village at Gokina represents a pivotal milestone in our digital transformation journey. This collaborative endeavor was led by the Universal Service Fund (USF) under the Ministry of Information Technology and Telecommunication (MoITT), in partnership with the International Telecommunication Union, and Huawei, with TeleTaleem and Sehat Kahani as key service providers, supported by NADRA and Jazz. Within the Gokina Smart Village, TeleTaleem established advanced smart classrooms with digital equipment, facilitating STEM education for over 100 female students in grades 8, 9, and 10. Furthermore, Sehat Kahani introduced a TeleMedicine clinic, catering to hundreds of patients in both fixed and mobile camps, aiming to bridge the digital divide in underserved regions of Pakistan. This initiative not only underscores our commitment to gender inclusivity, digital skills development, and sustainable socio-economic growth but also aligns with our dedication to inclusive education and healthcare, in harmony with global sustainable development goals.



3-DAY CODING WORKSHOP IN GOKINA

In a collaborative effort, USF and TeleTaleem conducted a three-day coding workshop in the Smart Village of Gokina. The workshop's central mission was to equip young girls in rural areas with essential coding skills, fostering inclusivity in the ICT sector, and coincided with the global celebration of International Girls in ICT Day. This initiative was driven by the belief in the transformative power of education and skill development for a more inclusive and equitable future. The event aligned with the global celebration of International Girls in ICT Day, highlighting the importance of encouraging girls and young women to explore opportunities in the tech industry. The workshop showcased the participating girls' remarkable enthusiasm, creativity, and determination as they embarked on their coding journey.



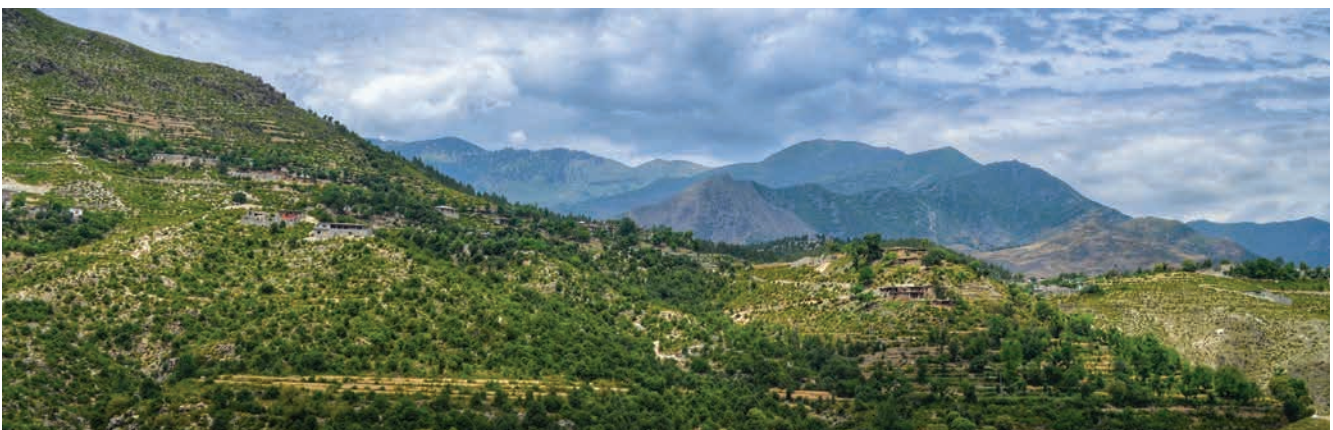
DIVERSITY 4 TECH (GSMA)

The Diversity4Tech event, a collaborative effort between USF and GSMA, brought together the accomplished women leaders from the tech sector. This event was held at the USF office and aimed to drive digital innovation and growth, creating a more diverse and inclusive technology sector in Pakistan and beyond. This event underscored our commitment to promoting diversity and inclusivity in the tech industry, providing equal opportunities for all. It was a celebration of women's achievements and their invaluable perspectives on technology. Notable attendees included Ms. Aisha Humera Moriani, Additional Secretary for MoITT, and Ms. Jeanette Whyte, Head of Public Policy, Asia-Pacific GSMA along with the female workforce of USF.



IMPACT ASSESSMENT

In collaboration with Agahi, USF conducted an impact assessment study in the project areas of BSD and NG-BSD projects, encompassing mauzas in Lower Dir, Mastung, Ziarat, Layyah, and Sanghar across all provinces. This study unveiled the remarkable reduction of the mobile gender gap, and increased internet adoption, following the introduction of cellular connectivity and high-speed mobile broadband. This assessment provided essential insights into the profound impact of USF's initiatives. USF's high-speed mobile broadband has empowered individuals, fostering communication, facilitating businesses, and enabling educational advancements, including inspiring success stories such as female entrepreneurs. In short, the impact assessment study remained informative, quantitative, and a source of quality takeaways. In summary, the impact assessment study proved to be a highly informative, quantitative, and knowledge-rich resource.



TREE PLANTATION DRIVE

USF and CDA collaborated to orchestrate a Tree Plantation Drive at Fatima Jinnah Park, Islamabad, with Federal Minister IT & Telecommunication, Syed Amin Ul Haque underscoring the vital role of afforestation in mitigating the impacts of Climate Change. Distinguished figures, including Parliamentary Secretary Climate Change Naz Baloch, DC Islamabad Irfan Nawaz, USF CEO Haaris Mahmood Chaudhary, along with the entire USF team actively engaged in planting hundreds of trees and various saplings. This event emphasized the continued significance of tree planting endeavors in fostering a greener and more resilient Pakistan. It encouraged all to participate in building a healthier environment, with USF reaffirming its commitment to sustainable development and nurturing these trees towards maturity.



CLEANLINESS DRIVE

Team USF exemplified their steadfast commitment to environmental stewardship by actively participating in the Cleanliness Drive at Trail 5 in Margalla Hills, in collaboration with Mr. Irfan Nawaz, Deputy Commissioner (DC), Islamabad. Our joint efforts have made a significant contribution to environmental preservation and community improvement, underscoring USF's dedication to a cleaner, healthier future as demonstrated through this collective endeavor.



SKILL DEVELOPMENT & CAPACITY BUILDING

In FY 22-23, the Universal Service Fund (USF) prioritized human resource development through the following training sessions that enhanced the competence and expertise of USF personnel:

Data Science: The team learned basic and advanced concepts in Data Science, focusing on the KNIME Data Science Tool for task automation.



5-day training on the Power BI Tool: Covering data cleaning, analytics, visualization, and report generation through a hands-on approach.

Design Thinking Workshop: Imparted techniques of agile thinking to problem solving using design thinking skills of sprints, customer centricity and teamwork.



Mental Health Awareness Session: In an effort to promote a positive mindset, USF organized an interactive session, promoting self-care and mental well-being within all participants. Emphasizing work-life balance, employees delved into the deep relationship between happiness, well-being, and productivity.

Knowledge Hub: USF launched a Knowledge Hub in its office, driven by the belief that our individual experiences and perspectives can be shared through books, fostering mutual learning and growth. This physical space encourages book-sharing and fostering knowledge exchange.



COMMUNITY STORIES



E-EDUCATION

SHABANA ZAHID - LAYYAH, PUNJAB

Shabana Zahid, a Layyah resident and mother of two, faced the challenge of traditional education during the pandemic.

Transitioning to online learning not only saved her time and money but also granted her the flexibility to balance her family responsibilities. This transformation highlights the broader potential of online education to overcome travel barriers, particularly for women, and create a more accessible and empowering learning environment with far-reaching societal impacts. The ripple effect of her experience reaches far beyond her individual achievements highlighting the transformative power of digital literacy.

E-HEALTH

SADAF - ZIARAT, BALOCHISTAN

In Ziarat, when Sadaf's son fell ill while her husband was away, the lack of access to a doctor was a pressing problem.



Her neighbor's daughter, a medical student, facilitated a TeleHealth consultation via WhatsApp, providing a quick diagnosis and prescription. This experience inspired Sadaf to gather healthcare contacts for her village, offering them a lifeline of TeleHealth assistance, significantly improving healthcare access in her community. Her story is a testament to the transformative power of TeleHealth services that not only offers convenience but also becomes lifeline in emergencies in remote communities like Ziarat.



E-COMMERCE

IRAM - ZIARAT, BALOCHISTAN

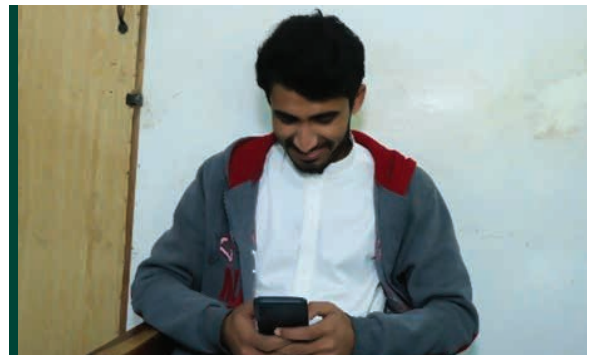
Years ago, Iram learned jewelry making but struggled to sell her creations. A friend's advice led her to create a Facebook page and a WhatsApp Business account, simplifying customer interactions.

Her consistent updates and improved product photography attracted a loyal following. Now, Iram plans to expand on Daraz, showcasing how digital platforms empower entrepreneurs. Her journey exemplifies how access to digital platforms can transform small businesses. Her journey exemplifies how access to digital platforms can transform small business.

E-AGRICULTURE

HASSAN ALI - LAYYAH, PUNJAB

Hasan Ali, a recent graduate, used online resources to modernize farming in his village. By applying digital techniques like water-saving methods and sharing knowledge with elders, he improved crop yields.



Hasan also accessed online information on manure, seeds, and pricing, optimizing his farming. This showcases how technology empowers communities by bridging generational gaps and enhancing agricultural sustainability and exemplifies the transformative power of digital resources in bridging generational farming gaps and driving agricultural progress.



E-BANKING

MUHAMMAD HUSSAIN - LAYYAH, PUNJAB

Muhammad Hussain, a Layyah resident, relies on his smartphone as a cost-effective business tool, streamlining operations, and facilitating client payments through Mobicash.

He also benefits from accessing local news and sports updates via television and social media. Beyond his own work, Hussain recognizes the broader impact of smartphones, particularly in distance learning, enabling affordability and time-saving educational opportunities. His story underscores the pivotal role of smartphones in empowering individuals and small businesses in remote regions.

SKILL DEVELOPMENT & WOMEN EMPOWERMENT



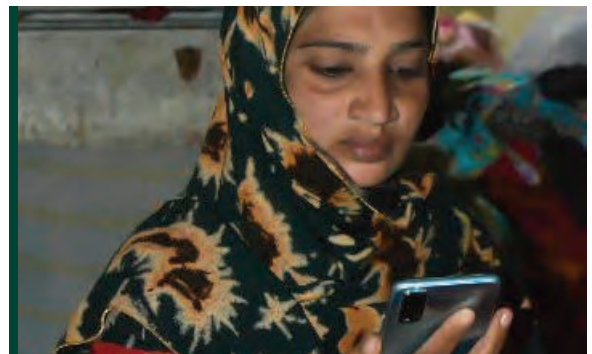
SHAZIA DEEN – SANGHAR, SINDH (e-banking)

Shazia, a skilled seamstress with a diploma in clothing design, turned to YouTube to learn new designs, attracting friends, family, and villagers as customers. Her specialization in bridal attire garnered higher prices.

She plans to teach others through recorded tutorials and online Zoom classes. Digital payment apps like Easy-Paisa and Meezan Bank App simplify transactions, contributing to her self-sufficiency and local economic growth. Her story illustrates the transformative role of digital resources in enabling entrepreneurship and skill-sharing.

HOORIYA SAJID – SANGHAR, SINDH

Hooriya Sajid, a single woman from Sanghar, learned makeup and beauty product skills through YouTube tutorials.



She found cost-effective local alternatives for beauty products and began offering her services to friends and family, planning to expand into crafting natural, affordable vegan lipsticks. Hooriya's story exemplifies the power of digital learning and entrepreneurship for financial independence and innovation particularly empowering women.

Our Contributions to the United Nations Sustainable Development Goals



SDG 3: GOOD HEALTH AND WELL-BEING

In alignment with Sustainable Development Goal 3, USF has launched Asia Pacific's First Smart Village, integrating the Sehat Kahani initiative. This comprehensive approach addresses healthcare access in remote communities. We have established telemedicine services, health monitoring apps, and health education through Sehat Kahani, significantly reducing healthcare disparities. Our commitment to this initiative reflects our dedication to improving health and well-being, contributing to global sustainable development goals.



SDG 4: QUALITY EDUCATION

In alignment with Sustainable Development Goal 4, USF has launched Asia's First Smart Village, integrating the TeleTaleem e-education program. This comprehensive approach addresses educational disparities in remote communities. We have established virtual classrooms, conducted digital literacy workshops, and promoted gender equality through TeleTaleem. Our commitment to this initiative reflects our dedication to inclusive education, ensuring that every individual, regardless of location, has access to quality education, thus contributing to global sustainable development goals.



SDG 5: GENDER EQUALITY

USF is committed to promoting Gender Equality in alignment with Sustainable Development Goal 5. We empower women through skill development, improve girls' access to quality education, support women in e-commerce, and nurture women leaders. Our advocacy for gender-neutral policies underscores our dedication to creating a world of equal opportunities and gender equality.



SDG 13: CLIMATE ACTION

At Universal Service Fund, we are committed to driving positive change through innovation and sustainability. In line with the United Nations Sustainable Development Goal 13 - Climate Action, we recognized the urgent need to address climate change and reduce carbon emissions. With this in mind, we embarked on a transformative initiative.

- **SOLAR-POWERED TOWER**

Through our deployment of state-of-the-art solar technology, we achieved a noteworthy annual 93% installation of solar-powered towers translating to a reduction of CO2 emissions. This accomplishment aligns with our dedication to Sustainable Development Goal 13, showcasing our leadership in promoting renewable energy adoption within our industry. We also actively educate our communities on the importance of renewable energy in combating climate change. Our commitment to sustainability and climate action remains unwavering, with ongoing efforts to further reduce our environmental impact.

FINANCIAL STATEMENTS



**UNIVERSAL SERVICE FUND (A COMPANY
INCORPORATED UNDER SECTION 42 OF
THE COMPANIES ACT, 2017)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2023**



**Grant Thornton Anjum
Rahman**

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**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, 2023, 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 17.1.2 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)..

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

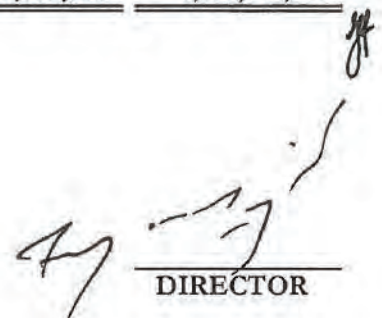

GRANT THORNTON AIJUM RAHMAN
Chartered Accountants
Islamabad
Dated: October 05, 2023
UDIN: AR202310209WD9CP9adyk

UNIVERSAL SERVICE FUND
(A Company incorporated under Section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	June 2023 (Rupees)	June 2022 (Rupees)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	78,416,961	97,334,538
Intangible assets	6	36,625,280	33,618,019
Long term deposits	7	7,630,400	6,620,500
Long term advances	8	3,506,050	2,567,212
		126,178,691	140,140,269
CURRENT ASSETS			
Advances	9	3,363,120,763	4,843,384,057
Short-term prepayments	10	11,846,842	7,289,574
Interest accrued		-	13,248
Other receivables	11	1,722,184,148	1,722,238,808
Cash and bank balance	12	1,916,661,589	923,676,254
		7,013,813,342	7,496,601,941
TOTAL ASSETS		7,139,992,033	7,636,742,210
FUNDS AND LIABILITIES			
General fund		-	-
NON-CURRENT LIABILITIES			
Fund balance (restricted)	13	6,225,420,740	6,384,337,625
Deferred capital grant	14	115,042,241	130,952,557
Lease liability	15	-	-
		6,340,462,981	6,515,290,182
CURRENT LIABILITIES			
Trade and other payables	16	799,529,052	1,098,438,769
Current portion of lease liabilities	15	-	23,013,259
		799,529,052	1,121,452,028
TOTAL FUNDS AND LIABILITIES		7,139,992,033	7,636,742,210
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes from 1 to 27 form an integral part of these financial statements.

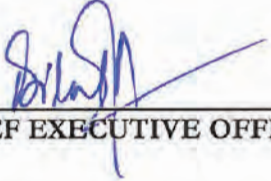

CHIEF EXECUTIVE OFFICER

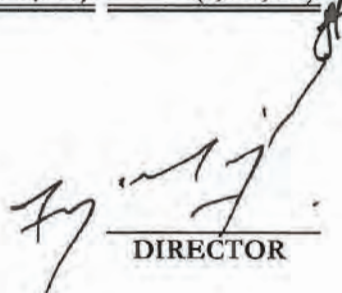

DIRECTOR

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, 2023**

	Note	June 2023 (Rupees)	June 2022 (Rupees)
INCOME			
Amortization of deferred capital grant	14	60,727,044	55,333,259
EXPENDITURE			
Administrative and general expenses	18	568,817,739	513,295,673
Subsidy grant for projects	19	17,764,840,062	17,073,290,920
Technical and monitoring audit fee	20	191,500,258	200,666,866
		18,525,158,059	17,787,253,459
		(18,464,431,015)	(17,731,920,200)
FUNDS (RESTRICTED) RECOGNIZED AS GRANT AGAINST EXPENDITURE	13	18,464,431,015	17,731,920,200
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		(1,582,547)	(4,889,349)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,582,547)	(4,889,349)

The annexed notes from 1 to 27 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER


DIRECTOR

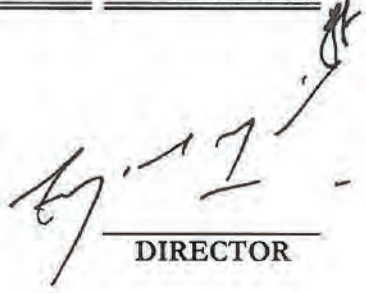
UNIVERSAL SERVICE FUND
(A Company incorporated under Section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 2023 (Rupees)	June 2022 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Subsidy grant disbursement		(16,557,440,324)	(20,487,160,337)
Technical & monitoring audit fee		(204,286,940)	(189,960,605)
Liquidated damages, profit on deposit account and others		12,393,588	60,522,253
Payment to suppliers and employees		(555,374,751)	(487,223,304)
Net cash used in operating activities		<u>(17,304,708,427)</u>	<u>(21,103,821,993)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Procurement of property, equipment and intangibles		(42,306,238)	(33,916,460)
Net cash used in investing activities		<u>(42,306,238)</u>	<u>(33,916,460)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant received		18,340,000,000	18,750,000,000
Net cash generated from financing activities		18,340,000,000	18,750,000,000
Net (decrease)/ increase in cash and cash equivalents		992,985,335	(2,387,738,453)
Cash and cash equivalents at beginning of year		923,676,254	3,311,414,707
Cash and cash equivalents at end of year	12	<u>1,916,661,589</u>	<u>923,676,254</u>

The annexed notes from 1 to 27 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, 2023****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.

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, 2023****3 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS****3.1 Amendments and interpretations to accounting and reporting standards that became effective in the current year**

There were certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on July 1, 2022 but does not have any significant impact on the Company's financial reporting and therefore, have not been disclosed in these financial statements.

3.1.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective and have not been early adopted by the Company

There is a standard and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on July 1, 2022. This standard and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them below:

		Effective date (annual periods beginning on or after)
IFRS 17	Insurance contracts - Remeasurement of the estimates in each reporting period	January 1, 2023
IAS 1	Amendments to IAS 1 'Presentation of Financial Statements' Classification of Liabilities as Current or Non-current	January 1, 2023
	Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies	January 1, 2023
IAS 8	Amendments to "Accounting Policies, Changes in Accounting Estimates and Errors" Definition of accounting estimates	January 1, 2023
IAS 12	Amendments to "Income Taxes" Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
	International Tax Reform — Pillar Two Model Rules - Amendments	
IAS 1	Amendments to IAS 1 'Presentation of Financial Statements' Non-current Liabilities with Covenants	January 1, 2024
IFRS 16	Amendments to IFRS 16 "Leases" Lease Liability in a Sale and Leaseback	January 1, 2024
IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture – Amendments	n/a*

* The effective date is not yet issued

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Other than the aforesaid amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan

IFRS 1 First time Adoption of International Financial Reporting Standards

IFRS 17 Insurance Contracts

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies have been applied consistently to all periods presented in these financial statements.

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, 2023****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.

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 any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

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.

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, 2023**

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.

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, 2023, details are given in the note 16.2 of the Financial Statements.

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, 2023****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. 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, 2023. 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.

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.

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, 2023**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.

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 recognition.

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

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, 2023**

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:

- 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

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, 2023**

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 information that relate to the company's core operations.

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;
- 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;

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- (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.

(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

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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.

(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

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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.

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 Interim 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 Interim 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 the 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,

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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:

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.

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5	PROPERTY AND EQUIPMENT		June 2023 Rupees	June 2022 Rupees
		Note		
	Right of use assets	5.1	3,590,722	25,135,086
	Operating fixed assets	5.2	74,826,239	72,199,452
			<u>78,416,961</u>	<u>97,334,538</u>
5.1	Right of use (ROU) assets			
	Cost			
	Opening balance as at July 01		64,633,094	64,633,094
	Additions		-	-
	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		(39,498,008)	(17,953,637)
	Charge for the year		(21,544,364)	(21,544,371)
	Disposals		-	-
	Closing balance as at June 30		<u>(61,042,372)</u>	<u>(39,498,008)</u>
	Net book value at June 30		3,590,722	25,135,086
	Depreciation rate per annum		3 years	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)					Total
	Vehicles	Furniture and equipment	Computer and accessories	Communication equipment	Leasehold improvements	
Cost						
Opening balance as at July 01, 2022	29,704,498	90,939,977	41,634,117	4,933,386	28,690,483	195,902,461
Additions	-	17,456,234	11,746,125	360,965	-	29,563,324
Disposals	-	(16,338,711)	(4,359,570)	-	-	(20,698,281)
Closing balance as at June 30, 2023	29,704,498	92,057,500	49,020,672	5,294,351	28,690,483	204,767,504
Accumulated depreciation						
Opening balance as at July 01, 2022	(29,704,428)	(56,702,116)	(29,086,936)	(2,058,101)	(6,151,428)	(123,703,009)
Charge for the year	-	(13,654,450)	(6,602,384)	(923,386)	(5,738,095)	(26,918,315)
Disposals	-	16,320,899	4,359,160	-	-	20,680,059
Closing balance as at June 30, 2023	(29,704,428)	(54,035,667)	(31,330,160)	(2,981,487)	(11,889,523)	(129,941,265)
Net book value as at June 30, 2023	70	38,021,833	17,690,512	2,312,864	16,800,960	74,826,239
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
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. 70,071,950 (2022: Rs. 85,428,897) and Rs. 70,069,830 (2022: Rs. 85,426,307) respectively, having carrying amount of Rs. 2,120 (2022: Rs. 2,590).

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6 INTANGIBLE ASSETS

	Description	(Rupees)				Total
		Digital maps	Software	Capital work in progress (CWIP)-softwares		
Cost						
Opening balance as at July 01, 2022		7,500,000	55,037,437	21,709,155	84,246,592	
Additions		-	36,980,781	5,431,926	42,412,707	
Transfers		-	-	(27,141,081)	(27,141,081)	
Disposals		-	-	-	-	
Closing balance as at June 30, 2023		7,500,000	92,018,218	-	99,518,218	
Accumulated amortisation						
Opening balance as at July 01, 2022		(7,499,990)	(43,128,583)	-	(50,628,573)	
Charge for the year		-	(12,264,365)	-	(12,264,365)	
Disposals/ write off		-	-	-	-	
Closing balance as at June 30, 2023		(7,499,990)	(55,392,948)	-	(62,892,938)	
Net book value as at June 30, 2023		10	36,625,270	-	36,625,280	
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)	
Charge for the year		-	(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	
Depreciation rate per annum		20%	33%			

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

6.2 Cost and accumulated amortisation of fully depreciated assets is Rs. 46,694,651 (2022: Rs. 46,694,651) and Rs. 46,694,331 (2022: Rs. 46,694,331) respectively, having carrying amount of Rs. 320 (2022: Rs. 320).

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7 LONG TERM DEPOSITS

This includes security deposits amounting to Rs. 4.008 million (June 30, 2022: 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, Agha Khan Road, Islamabad.

8 LONG TERM ADVANCES	June 2023 (Rupees)	June 2022 (Rupees)
Advance against gratuity balance to employees	11,748,389	7,880,230
Current portion	<u>(8,242,339)</u>	<u>(5,313,018)</u>
	<u>3,506,050</u>	<u>2,567,212</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 2023 (Rupees)	June 2022 (Rupees)
Considered good - secured			
To employees			
- against gratuity - current portion		8,242,339	5,313,018
- against expenses		41,849	278,187
Advance against projects	9.1	3,354,836,575	4,837,742,852
To suppliers/employee		-	50,000
		<u>3,363,120,763</u>	<u>4,843,384,057</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.

Advances to related parties:	June 2023 (Rupees)	June 2022 (Rupees)
PTML-NG-BSD Panjgur	70,800,000	-
PTML-NG-BSD Kech	368,803,019	55,320,454
PTML-NG-BSD Musakhel	649,400,000	-
PTML-NG-BSD NH&MW Lot-10 (M-8)	570,622,331	-
PTML-NG-BSD Small Lot Baluchistan-8	36,620,235	-
PTML-NG-BSD Killa Saifullah	-	692,365,800
PTML-NG-BSD Loralai	-	508,351,940
PTML-NG-BSD Sibbi	318,948,569	-
Telenor-NG- BSD Small Lot S7	131,600,000	-
Telenor-NG-BSD Small Lot S8	170,215,767	-
Telenor-NG-BSD Small Lot S10	174,863,051	-
Telenor-NG-BSD Chaghi	148,735,443	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 FATA PACKAGE-2	-	211,967,617
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-SD-Lot-10	-	237,256,249
PTCL-OFC-UC-SD-Lot-12	-	249,367,123
PTCL-OFC-SMALL LOT-3	-	47,000,000
PTCL-OFC-UC-SD-LOT-11	159,390,000	289,800,000
PTCL-OFC-UC-BL-LOT-13	-	392,254,624

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	Note	June 2023 (Rupees)	June 2022 (Rupees)
Advances to other than related parties:			
PMCL-NG-BSD NH&MW Lot-9 (N-35)		147,481,440	-
PMCL-NG-BSD Pishin		-	22,313,829
PMCL-NG-BSD NH&MW M-5		-	30,958,018
PMCL-NG-BSD TD-K1		88,594,329	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-14		318,762,391	-
		<u>3,354,836,575</u>	<u>4,837,742,852</u>
10 SHORT-TERM PREPAYMENTS			
Insurance		2,112,716	2,096,584
Others		9,734,126	5,192,990
		<u>11,846,842</u>	<u>7,289,574</u>
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
	11.1 & 17.1.4	<u>1,722,184,148</u>	<u>1,722,238,808</u>
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 17.1.2 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 (2022: Rs. 1,722.238 million).		
11.3	Aging of other receivables at reporting date is as follows;		
		June 2023 Rupees	June 2022 Rupees
Past due 1-30 days		-	-
Past due 30-90 days		-	-
Past due 90 days		1,722,184,148	1,722,238,808
		<u>1,722,184,148</u>	<u>1,722,238,808</u>

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12 CASH AND BANK BALANCES	Note	June 2023 (Rupees)	June 2022 (Rupees)
Cash in hand		-	21,183
Cash at bank :			
Assignment account with NBP	12.1	1,916,661,589	923,410,167
Deposit account - local currency saving account	12.2	-	244,904
		<u>1,916,661,589</u>	<u>923,676,254</u>

12.1 This represents non-lapsable assignment account opened on November 09, 2021, with National Bank of Pakistan. Accountant General Pakistan Revenues (AGPR) issues authorization for placement of funds in assignment account. The authorization is made to arrange payment for withdrawals from this account against the Company's approved budget through AGPR.

12.2 This carries mark-up at rate 12.25% to 13.50% per annum (June 30, 2022: 5.50% to 12.25 % per annum). The profit on bank deposit is receivable with reference to the daily balance in the bank account. The account is closed on August 30, 2022.

13 FUND BALANCE (RESTRICTED)	Note	June 2023 (Rupees)	June 2022 (Rupees)
Balance at the beginning of the year		6,384,337,625	5,392,530,546
Grant received during the year		18,340,000,000	18,750,000,000
Profit on deposit account	13.1	1,883	701,528
Miscellaneous receipts	13.2	12,360,235	13,267,075
		<u>18,352,362,118</u>	<u>18,763,968,603</u>
Grants transferred to:			
-Deferred capital grant	14	(44,816,728)	(35,351,975)
-Income and expenditure statement		(18,464,431,015)	(17,731,920,200)
		<u>(18,509,247,743)</u>	<u>(17,767,272,175)</u>
Fund deposited in USF public fund - MoIT&T		(448,713)	-
-Remeasurement loss on defined benefit plan	16.3.4	(1,582,547)	(4,889,349)
		<u>6,225,420,740</u>	<u>6,384,337,625</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. 10,635,604 (2022: Rs. 9,461,875) against liquidated damages, recovered from operator.

14 DEFERRED CAPITAL GRANT	Note	June 2023 (Rupees)	June 2022 (Rupees)
Balance at beginning of the year		130,952,557	150,933,841
Transferred from fund balance (restricted) - net	13	44,816,728	35,351,975
Depreciation/amortization charged		(60,727,044)	(55,333,259)
Balance at end of the year		<u>115,042,241</u>	<u>130,952,557</u>

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, 2023**

15 LEASE LIABILITY	June 2023 (Rupees)	June 2022 (Rupees)
Opening balance	23,013,259	44,219,726
Add: Addition during the year	-	-
	<u>23,013,259</u>	<u>44,219,726</u>
Interest expense	1,034,741	2,841,533
Less: Lease payments	<u>(24,048,000)</u>	<u>(24,048,000)</u>
	-	23,013,259
As at June 30,		
Less: Current lease liabilities	-	<u>(23,013,259)</u>
Non-current liabilities	<u>-</u>	<u>-</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	<u>(24,048,000)</u>	-
More than five years	-	-
Total undiscounted lease	-	<u>24,048,000</u>
Future finance charges	-	<u>(1,034,741)</u>
Present value of lease payments	<u>-</u>	<u>23,013,259</u>
Amount recognized in statement of income and expenditure		
Interest expense on lease liabilities	<u>1,034,741</u>	<u>2,841,533</u>

16 TRADE AND OTHER PAYABLES	Note		
Project subsidy	16.1 & 17.1.4	783,987,096	1,059,493,635
Technical and monitoring auditor fee		2,373,016	15,262,439
Payable to suppliers		7,769,627	11,036,449
Accrued liabilities		3,391,119	5,360,783
Withholding income taxes payable		-	1,195,402
Withholding sales tax payable		-	557,962
Payable to gratuity fund	16.2	2,008,194	5,432,099
Earnest money		-	100,000
		<u>799,529,052</u>	<u>1,098,438,769</u>

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, 2023**

16.1	This includes an amount of Rs. 774.21 million (June 30, 2022: 914.26 million) payable to related parties which also includes the amount payable to PTCL amounting to Rs. 679.102 million (June 30, 2022: 675.947 million). The Company is in litigation with PTCL on receivable and payables as explained in notes 17.1.2 to the financial statements.		
16.2	Payable to gratuity fund	Note	
	The movement in net liability is as follows:		
	Balance at beginning of the year		12,662,038
	Charge for the year		17,199,985
	Remeasurement loss		4,889,349
	Contribution		(29,319,273)
	Balance at end of the year		5,432,099
16.3	The details of actuarial valuation carried out as at June 30, 2023 are as follows:		
16.3.1	Reconciliation of payable to gratuity fund		
	Present value of the defined benefit obligation		98,676,438
	Fair value of the plan assets		(93,244,339)
			5,432,099
16.3.2	Change in the present value of defined benefit obligation	Note	
	Opening balance		91,943,017
	Current service cost	16.3.3	17,404,739
	Interest cost on defined benefit obligation	16.3.3	8,337,444
	Benefits paid	16.3.5	(21,204,197)
	Actuarial loss		2,195,435
			98,676,438
16.3.3	Expense charge for the year is as follows:		
	Current service cost		17,404,739
	Interest expense		8,337,444
	Interest income on plan assets		(8,542,198)
	Interest income - net		(204,754)
	Expense chargeable to income and expenditure		17,199,985
16.3.4	Total remeasurement chargeable to other comprehensive income		
	<u>Remeasurement of plan obligations</u>		
	Actuarial losses from changes in demographic assumptions		840,312
	Actuarial losses from changes in financial assumptions		616,784
	Experience adjustments		738,339
			2,195,435
	Return on plan assets excluding the interest income		2,693,914
			4,889,349

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, 2023

	June 2023 (Rupees)	June 2022 (Rupees)
16.3.5 Change in fair value of plan assets		
Opening balance	93,244,339	79,280,979
Interest income	13,520,420	8,542,198
Contribution made directly to gratuity fund	22,894,399	29,319,273
Payments made on behalf of the gratuity fund	-	-
Benefits paid	(5,301,261)	(21,204,197)
Benefits due but not paid	-	-
Return on plan assets, except amount included in interest	1,464,254	(2,693,914)
	<u>125,822,151</u>	<u>93,244,339</u>

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

	June 2023 (Rupees)	June 2022 (Rupees)
Cash and other deposits:		
-Bank A/c	<u>125,822,151</u>	<u>93,244,339</u>
-Percentage	<u>100%</u>	<u>100%</u>

16.3.6 The principal actuarial assumptions used were as follows:

Actuarial valuation of the plan was carried out as at June 30, 2023, by an independent valuer using projected unit credit method, on following assumptions:

	June 2023	June 2022
Discount rate used for interest cost in P&L charge	13.25%	10.25%
Discount rate used for year end obligation	16.25%	13.25%
Salary increase used for year end obligation		
-FY 2023	N/A	12.75%
-FY 2024 onward	15.75%	12.75%
Next salary is increased on	01-Jul-23	01-Jul-22
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 & expenditure

	2024 (Rupees)	2023 (Rupees)
Current service cost	22,053,858	18,684,948
Interest cost on defined benefit obligation	20,061,530	12,670,842
Interest income on plan assets	(21,595,369)	(13,893,490)
	<u>20,520,019</u>	<u>17,462,300</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, 2023 would have been as follows:

	June 2023		June 2022	
	1 % Increase	1 % decrease	1 % Increase	1 % decrease
	-----Rupees-----		-----Rupees-----	
Discount rate	<u>116,934,782</u>	<u>140,273,227</u>	<u>89,848,658</u>	<u>108,814,360</u>
Salary increase rate	<u>140,427,747</u>	<u>116,610,066</u>	<u>108,936,932</u>	<u>89,584,513</u>

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, 2023

				June 2023	June 2022
				9 Years	9.6 Years
16.3.9	Historical information	2023	2022	2021	2020
		----- Rupees -----			
	The average duration of the defined benefit obligation				
	Net staff retirement benefit	2,008,194	5,432,099	12,662,038	16,787,416
	Remeasurement loss on defined benefit plan	1,582,547	4,889,349	5,934,437	10,317,726

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.

Islamabad High Court while deciding one of the departmental reference for tax year 2011 has rigorously dismissed the departmental plea vide order dated January 25, 2023, while no information is available yet about submission of departmental reference before Supreme Court of Pakistan. Accordingly, no provision in this regard has been recognized in these financial statements.

17.1.2 Notice of default had been issued to PTCL by the Company claiming the amount of late delivery (LD) charges/ 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 Court 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. On December 15, 2021, the Additional District Judge Islamabad dismissed the civil suit of permanent mandatory injunction against the encashment of performance guarantee, and on the same day, the Company has submitted the bank guarantee for encashment, however, being aggrieved, PTCL filed appeal before the Islamabad High Court, Islamabad, whereby, the Company is restrained from encashing the guarantees vide First Appeal Against Order (FAO) 139/2021, 140/2021 and 141/2021 dated December 17, 2021. No date of hearing has yet been fixed. Based upon the advice of its legal advisor, 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.

17.1.3 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.

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, 2023**

17.1.4 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 2023 (Rupees)	June 2022 (Rupees)
	Subsidy grant commitments	19	42,674,844,038	39,590,847,544
	Technical auditor's fee	20	90,802,682	91,321,912
	Monitoring auditor's fee	20.2	3,183,759	2,000,000
18	ADMINISTRATIVE & GENERAL EXPENSES			
	Salaries and benefits	18.1	364,287,649	335,605,510
	Training & human resource development		4,081,145	1,737,818
	Legal and professional charges		52,887,123	44,311,559
	Utilities and office supplies		7,520,179	5,600,673
	Communication charges		2,166,977	1,417,898
	Entertainment		1,356,498	1,122,613
	Traveling		15,280,142	14,160,903
	Printing and stationery		4,862,571	2,776,437
	Vehicle fuel expenses		25,249,956	17,753,518
	Repairs and maintenance		16,685,329	14,523,805
	Advertisement		9,846,429	13,416,639
	Depreciation	5.2	48,462,679	44,755,443
	Amortization of intangible asset	6	12,264,365	10,577,816
	Interest on finance lease	15	1,034,741	2,841,533
	Auditors' remuneration	18.2	449,650	420,500
	Insurance expense		2,382,043	2,272,221
	Bank charges		263	787
			<u>568,817,739</u>	<u>513,295,673</u>

18.1 Salaries and benefits include Rs. 17,887,947 (2022: Rs. 17,199,885) charged in respect of defined benefit scheme.

18.2	Auditors' remuneration:	June 2023 (Rupees)	June 2022 (Rupees)
	Annual audit fee	214,000	187,500
	Interim audit fee	102,000	100,000
	Review of Code of Corporate Governance	75,000	75,000
	Sales tax	58,650	58,000
		<u>449,650</u>	<u>420,500</u>

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, 2023

B SUBSIDY GRANT FOR PROJECTS

Table with columns: Sr. No., Project / Lot, Admitted to, Contract date, Total subsidy as per contract, As of 30 June, 2022, Subsidy due for the year, Total, As of 30 June, 2023, As of 30 June, 2022, For the year, As of 30 June, 2023, Liquidated damages for the year, Balance commitment, Bank guarantee, Milestones achieved.

Sub-total (A)

B) NEXT GENERATION- BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM

Table with columns: Sr. No., Project / Lot, Admitted to, Contract date, Total subsidy as per contract, As of 30 June, 2022, Subsidy due for the year, Total, As of 30 June, 2023, As of 30 June, 2022, For the year, As of 30 June, 2023, Liquidated damages for the year, Balance commitment, Bank guarantee, Milestones achieved.

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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, 2023

39 SUBSIDY GRANT FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Total subsidy as per contract	As of 30 June, 2022		Subsidy due for the year		As of 30 June, 2023	Subsidy disbursed for the year	As of 30 June, 2023	Liquidated damages for the year	Balance commitment	Bank guarantee	Milestones achieved
					Capex	Opex	Capex	Opex							
1	HTR	PTCL****	24-Nov-09	196,295,292	196,295,292	-	-	-	196,295,292	169,273,356	169,273,356	-	-	-	Completed Payable
Sub-total (D)				196,295,292	196,295,292	-	-	-	196,295,292	169,273,356	169,273,356	-	-	-	Completed Payable

E) SPECIAL PROJECTS-OTHER ICT SERVICES

Total (A+B+C+D)				57,162,702,212	36,723,018,112	17,560,203,538	204,626,524	17,764,840,052	54,487,835,174	40,586,650,686	15,537,440,324	10,615,104	42,674,844,038	56,074,852,272	
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- * Telenor Pakistan (Private) Limited (Telenor) (a related party)
- ** Pakistan Mobile Communications Limited (PMCL)
- *** World Telecom (Private) Limited (WORLD)
- **** Pakistan Telecommunication Company Limited (PTCL) (a related party)
- ***** CM Pak Limited (a related party)
- ***** Pakistan Telecommunication Limited (PTMCL) (a related party)
- ***** Doman Pakistan Private Limited

***** The Company has estimated the guarantee for Meehan, HTR and Basis' use Page 5 for encumbrance on December 15, 2021, a list is under litigation as explained in note 17.1.2.

***** This represents updated amount not of dumping, write and other amendments.

UNIVERSAL SERVICE FUND
(A Company incorporated under Section 12 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
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19.1 SUBSIDY GRANT FOR PROJECTS

Sr. No.	Project / Lot	Contract date	Total subsidy as per contract	As of 30 June, 2021		Subsidy due For the year		As of 30 June, 2022	As of 30 June, 2022	Subsidy disbursed For the year	As of 30 June, 2022	Liquidated damages for the year	Balance commitment	Rank guarantee	Milestones achieved
				Capex	Opex	Capex	Opex								
18	OFC-UC-SD-LOT-11	30-Mar-22	1,610,000,000	-	-	-	-	289,800,000	289,800,000	289,800,000	289,800,000	-	1,610,000,000	644,000,000	Mobilization Adv.
19	OFC-UC-BL-LOT-13	22-Jun-22	1,995,482,850	-	-	-	-	392,254,624	392,254,624	392,254,624	392,254,624	-	1,995,482,850	798,193,140	Mobilization Adv.
Sub-total (C)				4,513,980,729	8,113,632,112	8,113,632,112	12,627,402,841	5,996,860,839	7,705,166,458	13,701,227,297	13,701,227,297	-	13,991,176,911	9,487,491,060	

D) BROADBAND

1	HTR	24-Nov-09	196,295,292	-	-	-	-	169,273,356	169,273,356	-	-	-	-	-	84,636,679	Completed-Payable
2	STR-V	8-May-12	941,132,300	-	-	-	-	941,132,300	941,132,300	-	-	-	-	-	482,470,000	Completed-PPG
Sub-total (D)				1,137,427,592	1,137,427,592	1,137,427,592	1,137,427,592	1,110,405,656	1,110,405,656	-	-	-	-	-	567,106,679	

E) SPECIAL PROJECTS-OTHER ICT SERVICES

1	FDE-I (107 Labs)	Computer Marketing Co Pvt Ltd	5-Jun-17	168,538,757	162,920,798	5,617,959	-	-	5,617,959	168,538,757	162,920,798	5,617,959	168,538,757	-	-	Completed
2	ICTGS-HR-FDE-1 (202 Teachers)	Pak. Mult. services Pvt. Ltd	24-Oct-17	538,773,447	458,909,216	4,047,011	75,817,220	-	79,864,231	538,773,447	458,909,216	80,418,758	538,773,447	-	-	Completed
3	WEC-III (45 Labs)	Analytical Solutions Pvt Ltd	24-Oct-17	52,475,700	50,726,310	1,749,390	-	-	1,749,390	52,475,700	50,726,310	1,749,390	52,475,700	-	-	Completed
4	FDE-II (119 Labs)	Analytical Solutions Pvt Ltd	24-Oct-17	228,089,221	220,614,647	7,474,574	-	-	7,474,574	228,089,221	220,614,647	7,474,574	228,089,221	-	-	Completed
5	National Library & Sp. Infra. of CADD (6 Labs)	Analytical Solutions Pvt Ltd	8-May-18	23,913,000	23,115,900	797,100	-	-	797,100	23,913,000	23,115,900	797,100	23,913,000	-	-	Completed
6	Girls Educational Institutions (6 Labs)	Analytical Solutions Pvt Ltd	31-Dec-18	10,959,000	10,228,400	730,600	-	-	730,600	10,959,000	10,228,400	730,600	10,959,000	-	-	Completed
Sub-total (E)				1,022,749,125	926,515,471	20,416,434	75,817,220	-	96,233,654	1,022,749,125	926,516,944	96,788,181	1,022,749,125	-	-	
Total (A+B+C+D+E)				95,063,478,066	38,399,339,602	16,780,205,953	293,084,967	17,073,290,920	55,472,630,522	38,849,102,759	30,487,160,337	59,336,263,096	9,461,875	39,590,847,544	34,350,811,929	

***** This represents updated contract cost net of stoppages, outage and other amendments.

***** Pakistan (Private) Limited (Pvtener) (a related party)
***** Pakistan Mobile Communications Limited (PMCL)
***** World Telecom (Private) Limited (World)
***** Pakistan Telecommunication Company Limited (PTCL) (a related party)
***** CMF Pak Limited
***** Pakistan Telecom Mobile Limited (PTML Ufone) (a related party)

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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, 2022	For the year	As of 30 June, 2023	As of 30 June, 2022	For the year	As of 30 June, 2023		
1	North Waziristan	Ranop Solutions	17-Dec-19	6,888,050	1,528,146	-	1,528,146	1,528,146	-	1,528,146	5,359,904	Up to 2nd
2	South Waziristan	Ranop Solutions	17-Dec-19	8,209,404	-	-	-	-	-	-	8,209,404	Contract Signed
3	Mohmand	Komkonsult	20-Feb-20	6,579,069	4,435,110	-	4,435,110	4,435,110	-	4,435,110	2,143,959	Up to 3rd
4	Kohistan	Komkonsult	04-Nov-21	8,123,500	8,048,500	75,000	8,123,500	-	8,123,500	8,123,500	-	Completed
Sub-total (A)				29,800,023	14,011,756	75,000	14,086,756	5,963,256	8,123,500	14,086,756	15,713,267	

A) BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM

(Rupees)												
B) NEXT GENERATION-BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM												
1	NH&MW Lot-2(NH 25&65)	Myson Engineering	03-Feb-20	2,953,319	2,953,319	300,000	3,253,319	1,915,512	1,337,807	3,253,319	-	Completed
2	Kurrum	Exceleron	01-Dec-20	2,106,417	2,106,417	-	-	-	-	-	2,106,417	Contract Signed
3	Jaffarabad	Relacom Services	18-May-21	3,903,500	2,071,400	545,100	2,616,500	2,071,400	545,100	2,616,500	1,287,000	up to 4th
4	Mastung	LCC Pakistan	16-Aug-21	5,462,946	4,121,448	1,129,330	5,250,778	4,121,448	1,129,330	5,250,778	212,168	up to 4th
5	Chaghi	LCC Pakistan	16-Aug-21	8,677,000	2,508,000	3,663,000	6,171,000	2,508,000	3,663,000	6,171,000	2,506,000	up to 3rd
6	Chitral	Ranop Solutions	07-Sep-21	9,088,850	1,386,000	2,127,000	3,513,000	1,386,000	2,127,000	3,513,000	5,575,850	Up to 2nd
7	Kech	Exceleron	29-Oct-21	8,611,248	1,598,970	1,307,940	2,906,910	1,598,970	1,307,940	2,906,910	5,704,338	Up to 2nd
8	Jhelum	Komkonsult	29-Oct-21	4,585,114	2,649,450	-	2,649,450	2,649,450	-	2,649,450	1,935,664	Up to 2nd
9	Shikarpur	Komkonsult	01-Nov-21	4,557,442	3,946,359	611,083	4,557,442	3,057,067	1,500,375	4,557,442	-	Completed
10	Pishin	Komkonsult	01-Nov-21	7,959,465	-	2,487,899	2,487,899	-	2,487,899	2,487,899	5,471,566	Up to 1st
11	Panigur	Komkonsult	04-Nov-21	2,990,642	1,205,034	385,688	1,590,722	1,205,034	385,688	1,590,722	1,399,920	Up to 3rd
12	Swabi	Ranop Solutions	11-Nov-21	1,842,375	-	1,677,000	1,677,000	-	1,677,000	1,677,000	165,975	up to 4th
13	Swat	Ranop Solutions	11-Nov-21	3,292,000	-	501,000	501,000	-	501,000	501,000	2,791,000	Up to 1st
14	Dera Ghazi Khan	Myson Engineering	21-Feb-22	7,560,400	5,861,600	1,698,800	7,560,400	5,861,600	1,698,800	7,560,400	-	Completed
15	Kambar Shahdadkot	LCC Pakistan	21-Feb-22	3,179,000	2,981,300	-	2,981,300	2,981,300	-	2,981,300	197,700	Up to 3rd
16	Nausahvro Feroze	LCC Pakistan	21-Feb-22	3,423,000	2,173,500	940,000	3,113,500	2,173,500	940,000	3,113,500	309,500	Up to 3rd
17	Sahiwal	LCC Pakistan	09-Mar-22	3,000,050	870,650	2,087,900	2,958,550	870,650	2,087,899	2,958,549	41,500	up to 4th
18	Bannu	Komkonsult	14-Mar-22	3,379,687	1,779,420	661,345	2,440,765	1,779,420	568,330	2,347,750	938,922	up to 4th
19	Attock	Myson Engineering	17-Mar-22	4,448,029	3,096,510	-	3,096,510	2,368,201	728,309	3,096,510	1,351,519	up to 3rd
20	Jang	Myson Engineering	04-Oct-22	12,515,175	5,871,000	5,871,000	5,871,000	-	5,871,000	5,871,000	6,644,175	Up to 2nd
21	NH&MW Lot-7 (Hakla-DIKhar)	Myson Engineering	04-Oct-22	935,151	362,760	362,760	362,760	-	362,760	362,760	572,391	up to 3rd
22	Lasbella	LCC Pakistan	06-Oct-22	6,118,600	3,017,500	3,017,500	3,017,500	-	3,017,500	3,017,500	3,101,100	Up to 2nd
23	Buner	LCC Pakistan	06-Oct-22	5,250,300	-	-	-	-	-	-	5,250,300	Contract Signed
24	Killa Saifullah	LCC Pakistan	06-Oct-22	6,557,500	2,919,100	2,919,100	2,919,100	-	2,919,100	2,919,100	3,638,400	Up to 2nd
25	Mianwali	GCS Private	11-Oct-22	5,978,600	3,444,499	3,444,499	3,444,499	-	3,444,499	3,444,499	2,534,101	up to 3rd
26	Lodhran	Myson Engineering	27-Oct-22	5,707,000	1,516,000	1,516,000	1,516,000	-	1,516,000	1,516,000	4,191,000	Up to 1st
27	Loralai	Komkonsult	11-Nov-22	3,475,471	835,900	835,900	835,900	-	835,900	835,900	2,639,571	Up to 1st
28	Sialkot	Komkonsult	11-Nov-22	2,563,009	-	-	-	-	-	-	2,563,009	Contract Signed
29	Naukana Sahib	Komkonsult	11-Nov-22	3,665,026	2,136,563	2,136,563	2,136,563	-	2,136,563	2,136,563	1,528,463	Up to 2nd
30	Small Lot Sindh-6	LCC Pakistan	03-Nov-22	898,600	898,600	898,600	898,600	-	898,600	898,600	-	Completed
Sub-total (B)				144,985,516	39,202,960	41,125,007	80,327,967	36,547,552	43,687,399	80,234,951	64,657,549	

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, 2023

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, 2022	For the year	As of 30 June, 2023	As of 30 June, 2022	For the year	As of 30 June, 2023			
(Rupees)													
C) OPTICAL FIBER CABLE- OFC													
1	UC-SD-LOT-2	Global Enterprises	16-Aug-21	4,588,636	4,393,115	150,000	4,543,115	4,393,115	150,000	4,543,115	45,521	Completed	
2	UC-SD-LOT-3	LCC Pakistan	25-Oct-21	3,567,399	2,930,738	636,661	3,567,399	2,930,738	636,661	3,567,399	-	Completed	
3	KPK (FATA)-Package-2	Global Enterprises	04-Feb-22	2,940,513	807,800	1,148,918	1,956,718	807,800	1,148,918	1,956,718	983,795	Up to 3rd	
4	UC-PB-LOT-4	Global Enterprises	10-Feb-22	2,578,349	599,332	1,979,017	2,578,349	599,332	1,979,017	2,578,349	-	Completed	
5	UC-PB-LOT-5	Global Enterprises	10-Feb-22	2,633,577	1,267,750	1,365,827	2,633,577	1,267,750	1,365,827	2,633,577	-	Completed	
6	UC-PB-LOT-6	LCC Pakistan	21-Feb-22	2,617,000	1,649,711	-	1,649,711	1,649,711	-	1,649,711	967,289	Up to 2nd	
7	UC-PB-LOT-7	Komkonsult	14-Mar-22	4,648,200	1,572,064	3,076,136	4,648,200	1,572,064	3,076,136	4,648,200	-	Completed	
8	UC-SD-LOT-10	Global Enterprises	05-Oct-22	2,471,442	-	-	-	-	-	-	2,471,442	Contract Signed	
9	UC-SD-LOT-11	Global Enterprises	05-Oct-22	2,480,705	-	-	-	-	-	-	2,480,705	Contract Signed	
10	UC-SD-LOT-12	Global Enterprises	05-Oct-22	2,483,822	-	-	-	-	-	-	2,483,822	Contract Signed	
11	UC-PB-LOT-8	GCS Private	11-Oct-22	1,819,643	-	820,351	820,351	-	820,351	820,351	999,292	Up to 2nd	
				Sub-total (C)	13,220,510	9,176,910	22,397,420	13,220,510	9,176,910	22,397,420	10,431,866		
				Total (A+B+C)	207,614,825	66,435,226	50,376,917	116,812,143	55,731,318	60,987,809	116,719,127	90,802,682	

* This represents updated cost net of deductions due to amendments and descoping.

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, 2023

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, 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	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	North Waziristan	Ranop Solutions	17-Dec-19	6,888,050	1,528,146	-	1,528,146	1,528,146	-	1,528,146	5,359,904	Up to 2nd
3	South Waziristan	Ranop Solutions	17-Dec-19	8,209,404	-	-	-	-	-	-	8,209,404	Contract Signed
4	Mohmand	Komkonsult	20-Feb-20	6,579,069	2,723,870	1,711,240	4,435,110	2,723,870	1,711,240	4,435,110	2,143,959	Up to 3rd
5	Kohistan	Komkonsult	04-Nov-21	8,318,500	-	8,048,500	8,048,500	-	-	-	270,000	Contract Signed
Sub-total (A)				35,631,326	8,504,927	9,759,740	18,264,667	8,402,186	1,711,240	10,113,426	17,366,659	

B) NEXT GENERATION-BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM

1	NH&MW Lot-1	Komkonsult	23-Jul-19	4,576,082	4,476,082	100,000	4,576,082	4,476,082	100,000	4,576,082	-	Completed
2	Dadu	Myson Engineering	25-Nov-19	9,680,000	7,545,000	2,135,000	9,680,000	7,545,000	2,135,000	9,680,000	-	Completed
3	NH&MW Lot-2(NH 25&65)	Myson Engineering	03-Feb-20	3,819,450	1,460,368	1,492,951	2,953,319	1,460,368	455,144	1,915,512	866,131	Up to 3rd
4	NH&MW Lot-3(NH 50&70)	Myson Engineering	20-Feb-20	3,180,126	2,124,876	1,055,250	3,180,126	2,124,876	1,055,250	3,180,126	-	Completed
5	Bahawalpur	Komkonsult Private	20-Feb-20	4,188,400	2,298,287	1,890,113	4,188,400	2,298,287	1,890,113	4,188,400	-	Completed
6	Bahawalnagar	Komkonsult Private	06-May-20	3,726,842	2,813,951	912,891	3,726,842	2,813,951	912,891	3,726,842	-	Completed
7	Rahimyar Khan	Komkonsult Private	06-May-20	4,041,907	2,414,803	1,627,104	4,041,907	2,414,803	1,627,104	4,041,907	-	Completed
8	Dera Ghazi Khan	Komkonsult Private	06-May-20	6,997,725	2,585,179	2,593,372	5,178,551	2,585,179	2,593,372	5,178,551	1,819,174	Up to 2nd
9	Small Lot Sindh-3	Myson Engineering	06-May-20	-	-	-	-	-	-	-	-	Contract
10	Tharparker	Ranop Solutions	25-May-20	3,983,405	2,878,905	1,104,500	3,983,405	2,878,905	1,104,500	3,983,405	-	Completed
11	Sanghar	Myson Engineering	25-Nov-20	6,544,700	4,210,000	2,334,700	6,544,700	4,210,000	2,334,700	6,544,700	-	Completed
12	Kurram	Exceleron	01-Dec-20	2,106,417	-	-	-	-	-	-	2,106,417	Contract Signed
13	Small Lot Islamabad-1	Exceleron	01-Dec-20	385,705	-	-	-	-	-	-	385,705	Completed
14	Small Lot Punjab-4	Exceleron	01-Dec-20	483,361	455,016	28,345	483,361	455,016	28,345	483,361	-	Completed
15	Muzaffargarh	Myson Engineering	10-Dec-20	6,871,460	1,326,000	5,545,460	6,871,460	1,326,000	5,545,460	6,871,460	-	Completed
16	Small Lot Baluchistan-2	Myson Engineering	26-Mar-21	551,000	396,000	155,000	551,000	396,000	155,000	551,000	-	Completed
17	Small Lot Baluchistan-3	Myson Engineering	26-Mar-21	316,000	201,000	115,000	316,000	201,000	115,000	316,000	-	Completed
18	Bolan	LCC Pakistan Pvt	01-Apr-21	6,947,000	5,286,000	1,661,000	6,947,000	5,286,000	1,661,000	6,947,000	-	Completed
19	Ghotki	LCC Pakistan Pvt	01-Apr-21	8,055,400	-	8,055,400	8,055,400	-	8,055,400	8,055,400	-	Completed
20	Jaffarabad	Relacom Services	18-May-21	3,903,500	-	2,071,400	2,071,400	-	2,071,400	2,071,400	1,832,100	up to 3rd
21	Small Lot Sindh-4	LCC Pakistan	16-Aug-21	1,137,000	-	1,137,000	1,137,000	-	1,137,000	1,137,000	-	Completed
22	Mastung	LCC Pakistan	16-Aug-21	5,462,946	-	4,121,448	4,121,448	-	4,121,448	4,121,448	1,341,498	up to 3rd
23	Chaghi	LCC Pakistan	16-Aug-21	8,677,000	-	2,508,000	2,508,000	-	2,508,000	2,508,000	6,169,000	Up to 1st
24	Chitral	Ranop Solutions	07-Sep-21	9,088,850	-	1,386,000	1,386,000	-	1,386,000	1,386,000	7,702,850	Up to 1st
25	Gwadar	LCC Pakistan	28-Oct-21	2,025,999	-	2,025,999	2,025,999	-	2,025,999	2,025,999	-	Completed
26	Kech	Exceleron	29-Oct-21	8,611,248	-	1,598,970	1,598,970	-	1,598,970	1,598,970	7,012,278	Up to 1st
27	Jhelum	Komkonsult	29-Oct-21	4,585,114	-	2,649,450	2,649,450	-	2,649,450	2,649,450	1,935,664	Up to 2nd
28	Multan	Komkonsult	29-Oct-21	3,401,598	-	3,401,598	3,401,598	-	3,401,598	3,401,598	-	Completed
29	Shikarpur	Komkonsult	01-Nov-21	4,966,085	-	3,946,359	3,946,359	-	3,946,359	3,946,359	1,019,726	Up to 2nd
30	Pishin	Komkonsult	01-Nov-21	7,959,465	-	-	-	-	-	-	7,959,465	Contract Signed
31	Panjur	Komkonsult	04-Nov-21	2,990,642	-	1,205,034	1,205,034	-	1,205,034	1,205,034	1,785,608	Up to 1st

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(A Company incorporated under Section 42 of the Companies Act, 2017)
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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, 2021	For the year	As of 30 June, 2022	As of 30 June, 2021	For the year	As of 30 June, 2022		
(Rupees)												
32	Swabi	Ranop Solutions	11-Nov-21	1,842,975	-	-	-	-	-	-	1,842,975	Contract Signed
33	Swat	Ranop Solutions	11-Nov-21	3,292,000	-	-	-	-	-	-	3,292,000	Contract Signed
34	Dera Ghazi Khan	Myson Engineering	21-Feb-22	7,841,000	-	5,861,600	-	5,861,600	-	5,861,600	1,979,400	3rd
35	Kambar Shahdadkot	LCC Pakistan	21-Feb-22	3,179,000	-	2,981,300	-	2,981,300	-	2,981,300	197,700	Up to 3rd
36	Naushahro Feroze	LCC Pakistan	21-Feb-22	3,423,000	-	2,173,500	-	2,173,500	-	2,173,500	1,249,500	Up to 2nd
37	Sahiwal	LCC Pakistan	09-Mar-22	3,000,050	-	870,650	-	870,650	-	870,650	2,129,400	Up to 1st
38	Bannu	Komkonsult	14-Mar-22	3,379,687	-	1,779,420	-	1,779,420	-	1,779,420	1,600,267	Up to 2nd
39	Attock	Myson Engineering	17-Mar-22	4,448,029	-	3,096,510	-	3,096,510	-	3,096,510	1,351,519	Up to 2nd
					169,670,168	40,471,467	74,006,029	114,477,496	40,471,467	71,350,621	111,822,088	55,192,672

Sub-total (B)

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
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	Upto 1st
7	UC-PB-LOT-4	Global Enterprises	10-Feb-22	2,657,510	-	599,332	-	599,332	-	599,332	2,058,178	Upto 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	Komkonsult	14-Mar-22	4,880,340	-	1,572,064	-	1,572,064	-	1,572,064	3,308,276	Upto 1st
					45,935,050	10,733,052	17,625,519	28,358,571	10,733,052	17,625,519	28,358,571	17,576,479

Sub-total (C)

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
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
					6,561,251	5,375,149	-	5,375,149	5,410,309	-	5,410,309	1,186,102
					257,797,795	65,084,595	101,391,288	166,475,883	65,017,014	90,687,380	155,704,394	91,321,912

Total (A+B+C+D)

* This represents updated cost net of deductions due to amendments and descoping.

UNIVERSAL SERVICE FUND
(A Company incorporated under Section 42 of the Companies Act, 2017)
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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, 2022	For the year	As of 30 June, 2023	As of 30 June, 2022	For the year	As of 30 June, 2023			
(Rupees)													
A) BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM													
1	Awaran-Lesbia	Ranop Solutions Private Limited	05-Apr-21	-	-	-	-	-	-	-	-	-	Contract Closed
2	DI Khan	Griffin International Pvt Ltd.	31-Mar-22	1,281,507	1,281,507	1,281,507	1,281,507	1,281,507	1,281,507	1,281,507	-	-	Completed
3	Kalat	Griffin International Pvt Ltd.	31-Mar-22	629,529	629,529	629,529	629,529	629,529	629,529	629,529	-	-	Completed
4	Chaghi	Griffin International Pvt Ltd.	31-Mar-22	855,054	855,054	855,054	855,054	855,054	855,054	855,054	-	-	Completed
5	Khuzdar	Joyn Pvt Ltd	19-Apr-22	1,690,000	1,690,000	1,690,000	1,690,000	1,690,000	1,690,000	1,690,000	-	-	Completed
6	Shangla	LCC Pakistan Private Limited	06-Sep-22	997,600	997,600	997,600	997,600	997,600	997,600	997,600	-	-	Completed
7	Mohmand	LCC Pakistan Private Limited	06-Sep-22	1,128,000	1,128,000	1,128,000	1,128,000	1,128,000	1,128,000	1,128,000	-	-	Completed
8	Kalat	LCC Pakistan Private Limited	20-Sep-22	1,037,000	1,037,000	1,037,000	1,037,000	1,037,000	1,037,000	1,037,000	-	-	Completed
9	Sibi	LCC Pakistan Private Limited	21-Sep-22	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	-	-	Completed
10	Khuzdar	LCC Pakistan Private Limited	21-Sep-22	1,524,000	1,524,000	1,524,000	1,524,000	1,524,000	1,524,000	1,524,000	-	-	Completed
11	D.I.Khan	Komkonsult Pvt Ltd	21-Sep-22	1,090,751	1,090,751	1,090,751	1,090,751	1,090,751	1,090,751	1,090,751	-	-	Completed
12	Zhob	Komkonsult Pvt Ltd	21-Sep-22	1,442,649	1,442,649	1,442,649	1,442,649	1,442,649	1,442,649	1,442,649	-	-	Completed
13	Small Lot Balochistan-I	Komkonsult Pvt Ltd	21-Sep-22	1,103,335	1,103,335	1,103,335	1,103,335	1,103,335	1,103,335	1,103,335	-	-	Completed
14	Kharan-Washuk	Myson Engineering Systems	21-Sep-22	1,300,652	1,300,652	1,300,652	1,300,652	1,300,652	1,300,652	1,300,652	-	-	Completed
15	Khyber	Myson Engineering Systems	21-Sep-22	953,808	953,808	953,808	953,808	953,808	953,808	953,808	-	-	Completed
16	Awaran-Lesbia	SC Technologies Global Pvt Ltd.	22-Sep-22	1,118,094	1,118,094	1,118,094	1,118,094	1,118,094	1,118,094	1,118,094	-	-	Completed
17	Chaghi	SC Technologies Global Pvt Ltd.	22-Sep-22	557,135	557,135	557,135	557,135	557,135	557,135	557,135	-	-	Completed
18	Dera Bugti	SC Technologies Global Pvt Ltd.	22-Sep-22	1,658,708	1,658,708	1,658,708	1,658,708	1,658,708	1,658,708	1,658,708	-	-	Completed
19	Turbat	SC Technologies Global Pvt Ltd.	22-Sep-22	712,714	712,714	712,714	712,714	712,714	712,714	712,714	-	-	Completed
20	Chitral	Spine	27-Sep-22	1,620,000	1,620,000	1,620,000	1,620,000	1,620,000	1,620,000	1,620,000	-	-	Completed
21	Kohistan	Spine	27-Sep-22	1,732,599	1,732,599	1,732,599	1,732,599	1,732,599	1,732,599	1,732,599	-	-	Completed
22	Maastung	Global Enterprises	20-Mar-23	713,000	713,000	713,000	713,000	713,000	713,000	713,000	-	-	Completed
23	D.I.Khan	Komkonsult Pvt Ltd	20-Mar-23	1,122,200	1,122,200	1,122,200	1,122,200	1,122,200	1,122,200	1,122,200	-	-	Completed
24	Kohistan	Komkonsult Pvt Ltd	20-Mar-23	2,626,600	2,626,600	2,626,600	2,626,600	2,626,600	2,626,600	2,626,600	-	-	Completed
25	Zhob	Komkonsult Pvt Ltd	20-Mar-23	1,532,390	1,532,390	1,532,390	1,532,390	1,532,390	1,532,390	1,532,390	-	-	Completed
26	Chitral	Spine Engineering Private Limited	22-Mar-23	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	-	-	Completed
27	Mohmand	Spine Engineering Private Limited	22-Mar-23	1,118,488	1,118,488	1,118,488	1,118,488	1,118,488	1,118,488	1,118,488	-	-	Completed
28	Awaran-Lesbia	LCC Pakistan Private Limited	22-Mar-23	1,087,000	1,087,000	1,087,000	1,087,000	1,087,000	1,087,000	1,087,000	-	-	Completed
29	Kharan-Washuk	LCC Pakistan Private Limited	22-Mar-23	1,200,500	1,200,500	1,200,500	1,200,500	1,200,500	1,200,500	1,200,500	-	-	Completed
30	Sibi	LCC Pakistan Private Limited	22-Mar-23	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	-	-	Completed
31	Chaghi	LCC Pakistan Private Limited	22-Mar-23	326,000	326,000	326,000	326,000	326,000	326,000	326,000	-	-	Completed
32	Turbat	LCC Pakistan Private Limited	22-Mar-23	300,000	300,000	300,000	300,000	300,000	300,000	300,000	-	-	Completed
33	Khuzdar	LCC Pakistan Private Limited	22-Mar-23	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	-	-	Completed
34	Shangla	Myson Engineering Systems	22-Mar-23	947,700	947,700	947,700	947,700	947,700	947,700	947,700	-	-	Completed
35	Khyber	Myson Engineering Systems	22-Mar-23	819,000	819,000	819,000	819,000	819,000	819,000	819,000	-	-	Completed
36	Small Lot Punjab-I	Global Connect Synergy Pvt. Ltd.	27-Mar-23	636,206	636,206	636,206	636,206	636,206	636,206	636,206	-	-	Completed
37	Dera Bugti	SC Technologies Global Pvt Ltd.	28-Mar-23	1,969,720	1,969,720	1,969,720	1,969,720	1,969,720	1,969,720	1,969,720	-	-	Completed
38	Small Lot Balochistan-I	Myson Engineering Systems	04-Apr-23	684,450	684,450	684,450	684,450	684,450	684,450	684,450	-	-	Completed
39	Kalat	Myson Engineering Systems	04-Apr-23	696,150	696,150	696,150	696,150	696,150	696,150	696,150	-	-	Completed
Sub-total (A)					44,662,539	4,455,790	40,206,749	44,662,539	44,662,539	44,662,539	44,662,539	44,662,539	44,662,539

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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, 2022	For the year	As of 30 June, 2023	For the year		
(Rupees)										
B) NEXT GENERATION-BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM										
1	Rahimyarkhan	Netkom Technologies Private	12-Sep-22	566,800	566,800	566,800	566,800	566,800	-	Completed
2	Muzaffargarh	Netkom Technologies Private	12-Sep-22	783,550	783,550	783,550	783,550	783,550	-	Completed
3	Sanghar	Netkom Technologies Private	12-Sep-22	901,280	901,280	901,280	901,280	901,280	-	Completed
4	Tharparker	Netkom Technologies Private	12-Sep-22	983,970	983,970	983,970	983,970	983,970	-	Completed
5	Hyderabad	Netkom Technologies Private	12-Sep-22	838,880	838,880	838,880	838,880	838,880	-	Completed
6	Bahawalnagar	Netkom Technologies Private	12-Sep-22	667,250	667,250	667,250	667,250	667,250	-	Completed
7	NH&MW Lot-1(NH 10&25)	Joynt Pvt Ltd	13-Sep-22	1,090,000	1,090,000	1,090,000	1,090,000	1,090,000	-	Completed
8	Dadu	LCC Pakistan Private Limited	20-Sep-22	250,000	250,000	250,000	250,000	250,000	-	Completed
9	NH&MW Lot-2(NH 25&65)	Komkonsult Pvt Ltd	21-Sep-22	1,051,533	1,051,533	1,051,533	1,051,533	1,051,533	-	Completed
10	Ghotki	Komkonsult Pvt Ltd	21-Sep-22	1,104,783	1,104,783	1,104,783	1,104,783	1,104,783	-	Completed
11	Gwadar	Komkonsult Pvt Ltd	21-Sep-22	664,369	664,369	664,369	664,369	664,369	-	Completed
12	Bolan	Myson Engineering Systems	21-Sep-22	862,598	862,598	862,598	862,598	862,598	-	Completed
13	Bahawalpur	Myson Engineering Systems	21-Sep-22	903,340	903,340	903,340	903,340	903,340	-	Completed
14	Jaffarabad	Global Connect Synergy Pvt. Ltd.	21-Sep-22	899,163	899,163	899,163	899,163	899,163	-	Completed
15	NH&MW Lot-3(NH 50&70)	SC Technologies	22-Sep-22	707,832	707,832	707,832	707,832	707,832	-	Completed
16	Multan	Spine	27-Sep-22	1,469,000	1,469,000	1,469,000	1,469,000	1,469,000	-	Completed
17	NH&MW M-5	Joynt Pvt Ltd	20-Mar-23	895,000	895,000	895,000	895,000	895,000	-	Completed
18	NH&MW Lot-2(NH 25&65)	Joynt Pvt Ltd	20-Mar-23	985,000	985,000	985,000	985,000	985,000	-	Completed
19	Gwadar	Komkonsult Pvt Ltd	22-Mar-23	1,295,750	1,295,750	1,295,750	1,295,750	1,295,750	-	Completed
20	Bolan	Komkonsult Pvt Ltd	22-Mar-23	814,650	814,650	814,650	814,650	814,650	-	Completed
21	Dadu	Komkonsult Pvt Ltd	22-Mar-23	1,463,020	1,463,020	1,463,020	1,463,020	1,463,020	-	Completed
22	Bahawalnagar	Netkom Technologies Private	22-Mar-23	664,167	664,167	664,167	664,167	664,167	-	Completed
23	Rahimyarkhan	Netkom Technologies Private	22-Mar-23	631,488	631,488	631,488	631,488	631,488	-	Completed
24	Multan	Netkom Technologies Private	22-Mar-23	624,976	624,976	624,976	624,976	624,976	-	Completed
25	Hyderabad	Netkom Technologies Private	22-Mar-23	998,358	998,358	998,358	998,358	998,358	-	Completed
26	Sanghar	Netkom Technologies Private	22-Mar-23	894,930	894,930	894,930	894,930	894,930	-	Completed
27	Bahawalpur	Netkom Technologies Private	22-Mar-23	751,216	751,216	751,216	751,216	751,216	-	Completed
28	Tharparker	Myson Engineering Systems	22-Mar-23	936,000	936,000	936,000	936,000	936,000	-	Completed
29	Muzaffargarh	Global Connect Synergy Pvt. Ltd.	27-Mar-23	1,054,976	1,054,976	1,054,976	1,054,976	1,054,976	-	Completed
30	NH&MW Lot-3(NH 50&70)	SC Technologies Global Pvt.Ltd.	28-Mar-23	901,015	901,015	901,015	901,015	901,015	-	Completed
31	NH&MW M-3	SC Technologies Global Pvt.Ltd.	28-Mar-23	635,511	635,511	635,511	635,511	635,511	-	Completed
32	Dera Ghazi Khan	Joynt Pvt Ltd	28-Mar-23	1,286,000	1,286,000	1,286,000	1,286,000	1,286,000	-	Completed
33	NH&MW Lot-1(NH 10&25)	Myson Engineering Systems	04-Apr-23	870,187	870,187	870,187	870,187	870,187	-	Completed
34	Shikarpur	Joynt Pvt Ltd	22-May-23	1,550,000	-	-	-	-	1,550,000	Contract Signed
35	Ghotki	Global Connect Synergy Pvt. Ltd.	25-May-23	803,566	-	-	-	-	803,566	Contract Signed
36	Jaffarabad	Global Connect Synergy Pvt. Ltd.	25-May-23	830,193	-	-	-	-	830,193	Contract Signed
				Sub-total (A)	32,630,351	29,446,592	29,446,592	29,446,592	3,183,759	

C) OPTICAL FIBER CABLE- OFC

1	BP-Package-4	Global Enterprises	27-Oct-22	4,410,000	4,410,000	4,410,000	4,410,000	4,410,000	-	Completed
2	UC-SD-ILOT-1	Bidcom Solutions (SMC-Pvt) Ltd	27-Oct-22	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	-	Completed
3	BP-Package-2	Joynt Pvt Ltd	31-Oct-22	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	-	Completed
4	BP-Package-3	Joynt Pvt Ltd	31-Oct-22	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	-	Completed
5	BP-Package-5	Joynt Pvt Ltd	04-Nov-22	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	-	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 (Rupees)			Monitoring audit fee disbursed		Balance commitment	Milestones achieved
					As of 30 June, 2022	For the year, 2022	As of 30 June, 2023	For the year, 2022	As of 30 June, 2023		
6	UC-SD-LOT-2	TEACH	07-Nov-22	3,980,000		3,980,000	3,980,000	3,980,000	-	-	Completed
7	FATA Package-1	TEACH	07-Nov-22	3,340,000		3,340,000	3,340,000	3,340,000	-	-	Completed
8	OF-C- KPK	TEACH	07-Nov-22	1,935,000		1,935,000	1,935,000	1,935,000	-	-	Completed
9	UC-SD-LOT-1	Bidcon Solutions (SMC-Pvt) Ltd	24-Mar-23	3,950,000		3,950,000	3,950,000	3,950,000	-	-	Completed
10	BP-Package-4	Bidcon Solutions (SMC-Pvt) Ltd	24-Mar-23	4,150,000		4,150,000	4,150,000	4,150,000	-	-	Completed
11	FATA Package-1	Bidcon Solutions (SMC-Pvt) Ltd	04-Apr-23	3,950,000		3,950,000	3,950,000	3,950,000	-	-	Completed
12	BP-Package-2	Global Enterprises	05-Apr-23	2,490,000		2,490,000	2,490,000	2,490,000	-	-	Completed
13	BP-Package-3	Global Enterprises	05-Apr-23	2,490,000		2,490,000	2,490,000	2,490,000	-	-	Completed
14	BP-Package-5	Global Enterprises	05-Apr-23	2,280,000		2,280,000	2,280,000	2,280,000	-	-	Completed
15	UC-PB-LOT-4	Joynt Pvt Ltd	05-Apr-23	5,700,000		5,700,000	5,700,000	5,700,000	-	-	Completed
16	UC-PB-LOT-5	Joynt Pvt Ltd	05-Apr-23	5,600,000		5,600,000	5,600,000	5,600,000	-	-	Completed
17	OF-C- KPK	TEACH	10-Apr-23	2,700,000		2,700,000	2,700,000	2,700,000	-	-	Completed
18	UC-SD-LOT-2	TEACH	10-Apr-23	4,440,000		4,440,000	4,440,000	4,440,000	-	-	Completed
19	UC-SD-LOT-3	TEACH	10-Apr-23	4,955,000		4,955,000	4,955,000	4,955,000	-	-	Completed
Sub-total (C)				71,470,000	-	71,470,000	71,470,000	69,190,000	-	-	
Total (A+B+C)				148,762,890	4,455,790	141,123,341	145,579,131	143,299,131	143,299,131	3,183,759	

* This represents updated cost net of deductions due to amendments and descoping.

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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, 2021	For the year	As of 30 June, 2022	For the year		
(Rupees)										
A) BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM										
1	Awaran-Lesbia	Ranop Solutions Private Limited	05-Apr-21	2,000,000	-	-	-	-	2,000,000	Contract Signed
2	Kharan-Washuk	Ranop Solutions Private Limited	05-Apr-21	2,092,708	2,092,708	2,092,708	2,092,708	2,092,708	-	Completed
3	Sibi	Exceleron Communications Pvt	05-May-21	4,453,437	-	4,453,437	4,453,437	4,453,437	-	Completed
4	Small Lot Balochistan-1	Myson Engineering Systems	06-May-21	700,000	700,000	700,000	700,000	700,000	-	Completed
5	Khyber	Netkom Technologies Private	19-May-21	3,347,731	3,347,731	3,347,731	3,347,731	3,347,731	-	Completed
6	Zhob	Komkonsult Private Limited	24-May-21	2,658,340	2,658,340	2,658,340	2,658,340	2,658,340	-	Completed
7	Mastung	Myson Engineering Systems	06-Oct-21	900,002	900,002	900,002	900,002	900,002	-	Completed
8	Nasirabad	Myson Engineering Systems	06-Oct-21	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	-	Completed
9	Dera Bugti	Myson Engineering Systems	06-Oct-21	4,319,706	4,319,706	4,319,706	4,319,706	4,319,706	-	Completed
10	Chaghi	LCC Pakistan Private Limited	08-Oct-21	900,060	900,060	900,060	900,060	900,060	-	Completed
11	Awaran-Lesbia	LCC Pakistan Private Limited	08-Oct-21	1,261,000	1,261,000	1,261,000	1,261,000	1,261,000	-	Completed
12	Zhob	LCC Pakistan Private Limited	08-Oct-21	1,651,000	1,651,000	1,651,000	1,651,000	1,651,000	-	Completed
13	Khyber	LCC Pakistan Private Limited	08-Oct-21	1,426,000	1,426,000	1,426,000	1,426,000	1,426,000	-	Completed
14	Chitral	LCC Pakistan Private Limited	08-Oct-21	1,957,000	1,957,000	1,957,000	1,957,000	1,957,000	-	Completed
15	DI Khan	Griffin International Pvt Ltd.	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 Systems	08-Mar-22	909,000	909,000	909,000	909,000	909,000	-	Completed
24	Kharan-Washuk	LCC Pakistan Private Limited	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 Private Limited	11-Mar-22	600,000	600,000	600,000	600,000	600,000	-	Completed
26	Awaran-Lesbia	LCC Pakistan Private Limited	11-Mar-22	790,000	790,000	790,000	790,000	790,000	-	Completed
27	Zhob	Netkom Technologies Private	14-Mar-22	1,490,525	1,490,525	1,490,525	1,490,525	1,490,525	-	Completed
28	Khyber	Netkom Technologies Private	14-Mar-22	1,279,695	1,279,695	1,279,695	1,279,695	1,279,695	-	Completed
29	Shangla	Global Connect Synergy Pvt. Ltd.	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 International Pvt Ltd.	31-Mar-22	1,281,507	1,281,507	1,281,507	1,281,507	1,281,507	-	Contract Signed
33	Kalat	Griffin International Pvt Ltd.	31-Mar-22	629,229	629,229	629,229	629,229	629,229	-	Contract Signed
34	Chaghi	Griffin International Pvt Ltd.	31-Mar-22	855,054	855,054	855,054	855,054	855,054	-	Contract Signed
35	Turbat	Myson Engineering Systems	12-Apr-22	1,482,000	1,482,000	1,482,000	1,482,000	1,482,000	-	Completed
36	Sibi	LCC Pakistan Private Limited	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	-	Completed
Sub-total (A)					61,051,907	4,453,437	54,598,470	59,051,907	54,596,117	2,000,000

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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		Milestones achieved
					As of 30 June, 2021	As of 30 June, 2022	For the year	As of 30 June, 2022	
(Rupees)									
B) NEXT GENERATION-BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM									
1	NH&MW Lot-1(NH 10&25)	Joyn Pvt Ltd	12-Oct-21	874,000	-	874,000	-	874,000	Completed
2	Hyderabad	Netkom Technologies	13-Oct-21	1,455,228	-	1,455,228	-	1,455,228	Completed
3	NH&MW Lot-3(NH 50&70)	LCC Pakistan Private Limited	11-Mar-22	800,000	-	800,000	-	800,000	Completed
4	Hyderabad	Netkom Technologies Private	14-Mar-22	943,741	-	943,741	-	943,741	Completed
5	Rahimyar Khan	Netkom Technologies Private	14-Mar-22	712,770	-	712,770	-	712,770	Completed
6	Sanghar	Netkom Technologies Private	14-Mar-22	1,178,804	-	1,178,804	-	1,178,804	Completed
7	Bahawalnagar	Global Connect Synergy Pvt. Ltd	18-Mar-22	789,320	-	789,320	-	789,320	Completed
8	Tharparker	Global Connect Synergy Pvt. Ltd.	18-Mar-22	1,087,475	-	1,087,475	-	1,087,475	Completed
9	NH&MW Lot-1(NH 10&25)	Joyn Pvt Ltd	18-Mar-22	790,000	-	790,000	-	790,000	Completed
				8,631,338	-	8,631,338	-	8,631,338	Completed
				Sub-total (B)	-	8,631,338	-	8,631,338	-

C) OPTICAL FIBER CABLE- OFC

1	Sindh-Package	TEACH	23-Apr-21	-	-	-	-	-	Terminated
2	Balochistan Package-1	Joyn	30-Apr-21	-	-	-	-	-	Terminated
3	Balochistan-Punjab Pckg-4	Joyn	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	Joyn	30-Nov-21	780,000	-	780,000	-	780,000	Completed
9	Balochistan-Punjab Pckg-4	Joyn	30-Nov-21	794,975	-	794,975	-	794,975	Completed
10	Balochistan-Punjab Pckg-2	Bidcon Solutions (SMC-Pvt) Ltd	28-Mar-22	4,000,000	-	4,000,000	-	4,000,000	Completed
11	Balochistan-Punjab Pckg-5	Bidcon Solutions (SMC-Pvt) Ltd	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	Joyn Pvt Ltd	19-Apr-22	2,500,000	-	2,500,000	-	2,500,000	Completed
15	OFC- KPK	Joyn Pvt Ltd	19-Apr-22	1,700,000	-	1,700,000	-	1,700,000	Completed
				36,045,770	-	36,045,770	-	36,045,770	-
				Sub-total (C)	-	36,045,770	-	36,045,770	-
				105,729,015	4,453,437	99,275,578	103,729,015	99,273,225	2,000,000
				Total (A+B+C)	-	-	-	-	-

* This represents updated cost net of deductions due to amendments and descoping.

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, 2023

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

- Interest rate risk
- 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.

21.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in market interest rates. The Company exposure to interest rate risk is immaterial.

21.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. 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 2023 (Rupees)	June 2022 (Rupees)
Long term advances	3,506,050	2,567,212
Interest accrued	-	13,248
Other receivables	1,722,184,148	1,722,238,808
Bank balance	1,916,661,589	923,655,071
	<u>3,642,351,787</u>	<u>2,648,474,339</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:

			June 2023 (Rupees)	June 2022 (Rupees)
Bank name:	Rating	Rating Agency		
National Bank of Pakistan:	AAA/A-1+	JCR-VIS/PACRA		
Bank balance			1,916,661,589	923,676,254
Interest accrued			-	13,248
			<u>1,916,661,589</u>	<u>923,689,502</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.

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, 2023****21.3 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, 2023				
Project subsidy payable	783,987,096	783,987,096	783,987,096	-
Technical auditor fee payable	2,373,016	2,373,016	2,373,016	-
Payable to suppliers	7,769,627	7,769,627	7,769,627	-
Accrued liabilities	3,391,119	3,391,119	3,391,119	-
Withholding income taxes payable	-	-	-	-
Withholding sales tax payable	-	-	-	-
Earnest money	-	-	-	-
	797,520,858	797,520,858	797,520,858	-
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	-
Withholding income taxes payable	-	-	-	-
Withholding sales tax payable	-	-	-	-
Earnest money	100,000	100,000	100,000	-
	1,091,253,306	1,091,253,306	1,091,253,306	-

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

21.4 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.

21.4.1 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.

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, 2023****21.4.2 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. Nil (June 30, 2022: Rs. 244,904) 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.

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.

21.4.3 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.

21.5 Off-setting of financial assets and liabilities

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

21.6 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.

21.7 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.

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, 2023****22 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 23 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 2023 (Rupees)	June 2022 (Rupees)
State-controlled entities			
- MoIT&T- grant received during the year		18,340,000,000	18,750,000,000
Associate due to common directorship			
Subsidy grant disbursement	19		
- Pakistan Telecommunication Company Limited		2,456,757,812	6,699,166,458
- Pak Telecom Mobile Limited (Ufone)		5,271,963,733	3,969,791,357
- Telenor Pakistan Private Limited-Telenor		3,714,764,232	4,816,549,852
- CM Pak Private Limited-Zong		8,096,662	-
		11,451,582,439	15,485,507,667
USF Employees' Gratuity Fund			
Contributions paid by the Company	16.2	22,894,399	29,319,273

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, 2023

23 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 2023			June 2022		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
Meeting fee	-	1,725,000	-	-	3,310,000	-
Managerial remuneration	12,974,016	-	98,599,267	11,583,948	-	80,851,135
Allowances	9,825,035	-	81,607,069	8,929,206	-	67,297,986
Bonus	3,861,315	-	20,996,480	3,010,959	-	18,141,588
	26,660,366	1,725,000	201,202,816	23,524,113	3,310,000	166,290,709
Number of persons	1	9	36	1	9	27

23.1 This includes monetization allowance, amounting to Rs. 13,532,784 (2022:Rs. 12,633,387) 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.

23.2 The Directors of the Company were not paid any remuneration during the period except for the meeting fee. *jt*

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, 2023****24 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.

25 NUMBER OF EMPLOYEES**June 2023****June 2022**

Employees at the period end (Number)

9895

Average employees during the period (Number)

9895**26 DATE OF AUTHORIZATION FOR ISSUE**

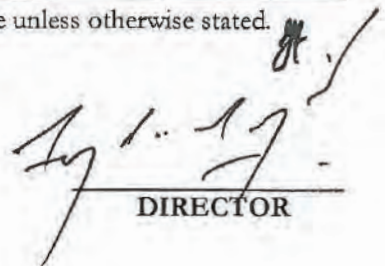
These financial statements were authorized for issue by the Board of Directors of the Company on October 05, 2023.

27 GENERAL

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



 CHIEF EXECUTIVE OFFICER



 DIRECTOR

STATEMENT OF COMPLIANCE

UNIVERSAL SERVICE FUND (A COMPANY INCORPORATED
UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF COMPLIANCE WITH THE PUBLIC
SECTOR COMPANIES (CORPORATE) RULES, 2013
FOR THE YEAR ENDED JUNE 30, 2023



**Grant Thornton Anjum
Rahman**

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Islamabad, Pakistan.

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REVIEW REPORT TO THE MEMBERS

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

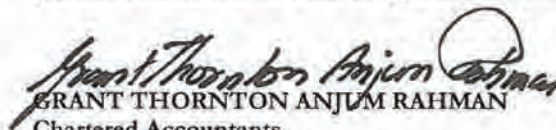
We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of Universal Service Fund ("the Company") for the year ended June 30, 2023.

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, 2023.


GRANT THORNTON ANJUM RAHMAN
Chartered Accountants
Engagement Partner: Waqas Waris
Islamabad
Date: October 05, 2023
UDIN: CR20231020991v1EJmZw

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

For the year ended: June 30, 2023

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)	√																						
2.	The Board has at least one-third of its total members as independent directors. At present the Board includes:	3(2)	√																						
	<table border="1"> <thead> <tr> <th>Category</th> <th>Names</th> <th>Date of appointment</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Independent Directors</td> <td>1. Ms. Ayla Majid</td> <td>06th June, 2023</td> </tr> <tr> <td>2. Ms. Sofia Saeed</td> <td>06th June, 2023</td> </tr> <tr> <td>3. Mr. Muhammad Yousuf</td> <td>06th June, 2023</td> </tr> <tr> <td>Executive Directors</td> <td>1. Haaris M. Chaudhary</td> <td>11th August, 2020</td> </tr> <tr> <td rowspan="4">Non-Executive Directors</td> <td>4. Mr. Navid Ahmed Shaikh</td> <td>14th March, 2023</td> </tr> <tr> <td>5. Mr. Muhammad Omar Malik</td> <td>27th August, 2020</td> </tr> <tr> <td>6. Major General (r) Hafeez UR Rehman</td> <td>06th June, 2023</td> </tr> <tr> <td>7. Mr. Wang Hua (CEO CM Pak)</td> <td>06th June, 2023</td> </tr> </tbody> </table>	Category	Names	Date of appointment	Independent Directors	1. Ms. Ayla Majid	06 th June, 2023	2. Ms. Sofia Saeed	06 th June, 2023	3. Mr. Muhammad Yousuf	06 th June, 2023	Executive Directors	1. Haaris M. Chaudhary	11 th August, 2020	Non-Executive Directors	4. Mr. Navid Ahmed Shaikh	14 th March, 2023	5. Mr. Muhammad Omar Malik	27 th August, 2020	6. Major General (r) Hafeez UR Rehman	06 th June, 2023	7. Mr. Wang Hua (CEO CM Pak)	06 th June, 2023		
Category	Names	Date of appointment																							
Independent Directors	1. Ms. Ayla Majid	06 th June, 2023																							
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	6. Major General (r) Hafeez UR Rehman	06 th June, 2023																							
	7. Mr. Wang Hua (CEO CM Pak)	06 th June, 2023																							

	8. Mr. Hatem Bamatraf (President and CEO PTCL)	06th June, 2023			
3.	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.	3(5)	√	Comment: The USF does not have the authority to appoint its ex officio members, however the nominees and independent directors have confirmed that they comply with this provision by providing affidavits.	
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)	√	Comment: The Board members are appointed by Federal Government and it has assessed the fit and proper criteria.	
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)	√		
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)	N/A	As no appointment has been made in the current year	

8.	<p>(a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.</p> <p>(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. https://www.usf.org.pk/publications</p> <p>(c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.</p>	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)	N/A	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 does not draw on Government resources to meet its financial obligations. 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)		√ *The Board met three (3) times and was unable to have the fourth or quarterly meetings because the Board was in the process of being reconstituted; ex-officio members and other nominees were appointed by the Federal Government on 6 th June, 2023.
	(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.	(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. (b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors. (c) The Board has placed the annual financial statements on the company's website.	10		√ Comment Quarterly accounts of first, second and third quarter not approved by the board 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		√ Comment It is a newly appointed Board where in the 85 th BOD introduction and orientations were given.
23.	(a) The Board has formed the requisite committees, as specified in the Rules. (b) The committees were provided with written term of reference defining their duties, authority and composition. (c) The minutes of the meetings of the committees were circulated to all the Board members. (d) The committees were chaired by the following non-executive directors:	12	√ √ √	
	Committee	Number of members	Name of Chair	
	Audit Committee	4	Ms. Ayla Majid	

	Risk Management Committee	3	Ms. Sofia Saeed		
	Human Resources Committee	3	Major General (R) Hafeez Ur Rehman		
	Procurement Committee	3	Mr. Muhammad Omar Malik		
	Nomination Committee	N/A	N/A		<p>Comment Nomination Committee: The USF Board appointed by the nomination committee within the line ministry followed by the approval from the cabinet in light of the state-owned enterprises Act, 2023. Now under the SOE Act, 2023 all board nominations are decided by the federal government. This is a requirement that is fulfilled by the Government not the company for appointing directors. However, for FY 2022-2023 there was a nomination committee. Now the power vests with the federal government.</p>
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	N/A	Not applicable as these positions were not recruited- no new appointments were made.	
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	17	√		

32.	<p>(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.</p> <p>(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.</p> <p>(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.</p>	21(3)	<p>√</p> <p>√</p> <p>√</p>	<p>Comment: for FY 2023-2024 New AFC has been constituted which will resolve new TOR's in line with State Owned Enterprise Act, 2023.</p>
33.	<p>(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.</p> <p>(b) The chief internal auditor has requisite qualification and experience prescribed in the Rules.</p> <p>(c) The internal audit reports have been provided to the external auditors for their review.</p>	22	<p>√</p> <p>√</p> <p>√</p>	
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: Bilal Ahmed

Acting CEO

Signature: _____

Name: Ayca Masid

Independent 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.	6(1)	The Board met three (3) times and was unable to have the third quarter meeting as the Board was in the process of being reconstituted; ex-officio members and other nominees were appointed by the Federal Government on 06 th June, 2023.	The Board's reconstitution process is completed in June 2023, the compliance will be made accordingly.
2.	10 (a)	Quarterly accounts of the year were prepared within given time frame, however, could not approved due to Board's reconstitution process.	The Board's reconstitution process is completed in June 2023, the compliance will be made accordingly.
3.	11	Compliance could not be made due to Board's reconstitution process.	Noted for compliance.

Signature: _____

Name: _____

Acting CEO

Signature: _____

Name: _____

Independent Director

Our Proud Partners





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