

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

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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 ANJUM RAHMAN
Chartered Accountants

Islamabad

Dated: October 05, 2023

UDIN: AR202310209WDPCP9adyk

UNIVERSAL SERVICE FUND

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

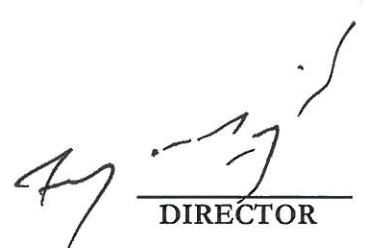
STATEMENT OF FINANCIAL POSITION

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

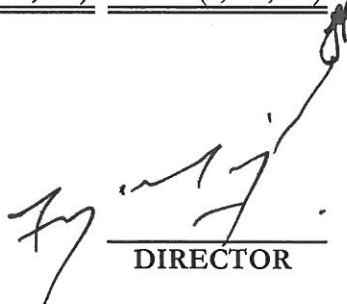
(A Company incorporated under Section 42 of the Companies Act, 2017)

**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
		<u>(18,464,431,015)</u>	<u>(17,731,920,200)</u>
FUNDS (RESTRICTED) RECOGNIZED AS GRANT AGAINST EXPENDITURE	13	<u>18,464,431,015</u>	<u>17,731,920,200</u>
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		<u>(1,582,547)</u>	<u>(4,889,349)</u>

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



CHIEF EXECUTIVE OFFICER

DIRECTOR

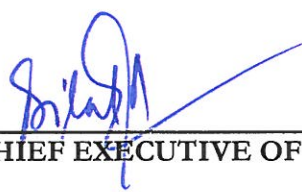
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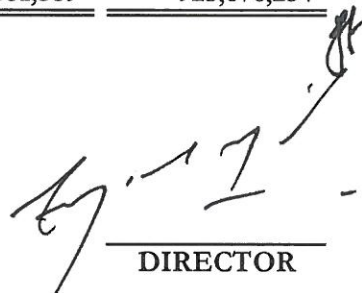
STATEMENT OF CASH FLOWS**FOR THE YEAR ENDED JUNE 30, 2023**

	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	<u>18,340,000,000</u>	18,750,000,000
Net cash generated from financing activities	<u>18,340,000,000</u>	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.

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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

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

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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

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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% ^{6-33%}	20%	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	Digital maps	Software	Capital work in progress (CWIP)-softwares	Total
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 Amortization 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.

	June 2023 (Rupees)	June 2022 (Rupees)
Advances to related parties:		
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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(A Company incorporated under Section 42 of the Companies Act, 2017)

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	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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FOR THE YEAR ENDED JUNE 30, 2023

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
		18,352,362,118	18,763,968,603
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)
		(18,509,247,743)	(17,767,272,175)
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>

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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	-	(23,013,259)	
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	(24,048,000)	-	
More than five years	-	-	
Total undiscounted lease	-	24,048,000	
Future finance charges	-	(1,034,741)	
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>

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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	June 2023 (Rupees)	June 2022 (Rupees)
The movement in net liability is as follows:			
Balance at beginning of the year		5,432,099	12,662,038
Charge for the year		17,887,947	17,199,985
Remeasurement loss		1,582,547	4,889,349
Contribution		(22,894,399)	(29,319,273)
Balance at end of the year		<u>2,008,194</u>	<u>5,432,099</u>

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	June 2023 (Rupees)	June 2022 (Rupees)
Present value of the defined benefit obligation	127,830,345	98,676,438
Fair value of the plan assets	(125,822,151)	(93,244,339)
	<u>2,008,194</u>	<u>5,432,099</u>

16.3.2 Change in the present value of defined benefit obligation	Note	June 2023 (Rupees)	June 2022 (Rupees)
Opening balance		98,676,438	91,943,017
Current service cost	16.3.3	18,684,948	17,404,739
Interest cost on defined benefit obligation	16.3.3	12,723,419	8,337,444
Benefits paid	16.3.5	(5,301,261)	(21,204,197)
Actuarial loss		3,046,801	2,195,435
		<u>127,830,345</u>	<u>98,676,438</u>

16.3.3 Expense charge for the year is as follows:	June 2023 (Rupees)	June 2022 (Rupees)
Current service cost	18,684,948	17,404,739
Interest expense	12,723,419	8,337,444
Interest income on plan assets	(13,520,420)	(8,542,198)
Interest income - net	(797,001)	(204,754)
Expense chargeable to income and expenditure	<u>17,887,947</u>	<u>17,199,985</u>

16.3.4 Total remeasurement chargeable to other comprehensive income	June 2023 (Rupees)	June 2022 (Rupees)
<u>Remeasurement of plan obligations</u>		
Actuarial losses from changes in demographic assumptions	-	840,312
Actuarial losses from changes in financial assumptions	761,337	616,784
Experience adjustments	2,285,464	738,339
	<u>3,046,801</u>	<u>2,195,435</u>
Return on plan assets excluding the interest income	(1,464,254)	2,693,914
	<u>1,582,547</u>	<u>4,889,349</u>

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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

	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	125,822,151	93,244,339
-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	SLIC 2001-2005
Withdrawal rates	Setback 1 year Age-Based (per appendix)	Setback 1 year 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	
	Present value of obligation		Present value of obligation	
	1 % Increase	1 % decrease	1 % Increase	1 % decrease
	-----Rupees-----		-----Rupees-----	
Discount rate	116,934,782	140,273,227	89,848,658	108,814,360
Salary increase rate	140,427,747	116,610,066	108,936,932	89,584,513

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FOR THE YEAR ENDED JUNE 30, 2023

				June 2023	June 2022
The average duration of the defined benefit obligation				9 Years	9.6 Years
16.3.9	Historical information	2023	2022	2021	2020
		----- Rupees -----			
	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.

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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>

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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		Subsidy disbursed		Liquidedated damages for the year	Balance commitment	Bank guarantee	Milestones achieved
					Capex	Opex	Total	As of 30 June, 2023	For the year	As of 30 June, 2023				
(Rupees)														
D) BROADBAND														
1	HTR	PTCL****	24-Nov-09	196,295,292	-	-	-	-	196,295,292	169,273,356	-	-	-	Completed-Payable
				196,295,292	-	-	-	-	196,295,292	169,273,356	-	-	-	-
				196,295,292	-	-	-	-	196,295,292	169,273,356	-	-	-	-
Sub-total (D)														
E) SPECIAL PROJECTS-OTHER ICT SERVICES														
				97,162,702,212	36,723,018,112	17,560,203,538	204,636,524	17,764,840,062	54,487,858,174	40,586,650,686	16,557,440,324	10,635,104	42,674,844,038	36,074,852,272
Total (A+B+C+D)														

* 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 Telecomm Mobile Limited (PTML-Ufone) (a related party)

***** Dunoon Pakistan Private Limited

***** The Company has submitted the guarantee for Matangs, HTR, and Balochistan-Punjab Package-5 for encashment on December 15, 2021, which is under litigation as explained in note 17.1.2.

***** This represents updated contract cost net of discounts, outlet and other amendments.

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FOR THE YEAR ENDED JUNE 30, 2023

19.1 SUBSIDY GRANT FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Total subsidy as per contract	As of 30 June, 2021		Subsidy due For the year		As of 30 June, 2021	As of 30 June, 2022	Subsidy disbursed For the year	As of 30 June, 2022	Liquidated damages for the year	Balance commitment	Bank guarantee	Milestones achieved
					Capex	Opex	Capex	Opex								
18	OFC-UC-SD-LOT-11	PTCL****	30-Mar-22	1,610,000,000	-	-	-	-	-	-	289,800,000	289,800,000	-	1,610,000,000	644,000,000	Mobilization Adv.
19	OFC-UC-BL-LOT-13	PTCL****	22-Jun-22	1,995,482,850	-	-	-	-	-	-	392,254,624	392,254,624	-	1,995,482,850	798,193,140	Mobilization Adv.
Sub-total (C)				26,117,779,752	4,513,980,729	8,113,622,112	-	-	8,113,622,112	12,627,602,841	5,996,560,839	13,701,727,297	-	13,490,176,911	9,487,491,060	

D) BROADBAND

1	HTR	PTCL****	24-Nov-09	196,295,292	-	-	-	-	-	196,295,292	169,273,356	169,273,356	-	-	84,636,679	Completed-Payable
2	STR-V	PTCL****	8-May-12	941,132,300	-	-	-	-	941,132,300	941,132,300	-	941,132,300	-	-	482,470,000	Completed-BG
Sub-total (D)				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	-	-	162,920,798	168,538,757	5,617,959	168,538,757	-	-	-	Completed
2	ICTGS-HR-FDE-1 (202 Teachers)	Pak Multi services Pvt Ltd	24-Oct-17	538,773,447	458,909,216	79,864,231	4,047,011	75,817,220	458,354,689	538,773,447	80,418,758	538,773,447	-	-	-	Completed
3	WEC-III (45 Labs)	Analytical Solutions Pvt Ltd	24-Oct-17	52,475,700	50,726,510	1,749,190	-	-	50,726,510	52,475,700	1,749,190	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	-	-	220,614,647	228,089,221	7,474,574	228,089,221	-	-	-	Completed
5	National Library & Sp. edu line of CADD (6 Labs)	Analytical Solutions Pvt Ltd	8-May-18	23,913,000	23,115,900	797,100	-	-	23,115,900	23,913,000	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	-	-	10,228,400	10,959,000	730,600	10,959,000	-	-	-	Completed
Sub-total (E)				1,022,749,125	926,515,471	20,416,434	75,817,220	-	926,515,471	1,022,749,125	96,233,654	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	20,487,160,337	59,336,263,096	9,461,875	39,590,847,544	34,350,828,929
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* Telenor Pakistan (Private) Limited (Telenor) (a related party)
** Pakistan Mobile Communications Limited (PMCL)
*** Warid Telecom (Private) Limited (Warid)
**** Pakistan Telecommunication Company Limited (PTCL) (a related party)
***** CM Pak Limited

***** Pakistan Telecomm Mobile Limited (PTML Ufone) (a related party)

***** This represents updated contact cost net of descopeing, outage and other amendments.

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	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	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	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	8,123,500	14,086,756	15,713,267	

(Rupees)

A) BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM

1	North Waziristan	Ranop Solutions	17-Dec-19	6,888,050	1,528,146	-	1,528,146	-	1,528,146	5,359,904	Up to 2nd
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	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	8,123,500	14,086,756	15,713,267	

B) NEXT GENERATION-BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM

1	NH&MW Lot-2(NH 25&65)	Myson Engineering	03-Feb-20	3,253,319	2,953,319	300,000	3,253,319	1,337,807	3,253,319	-	Completed
2	Kurrum	Exceleron	01-Dec-20	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	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	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	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	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	1,307,940	2,906,910	5,704,338	Up to 2nd
8	Jhelum	Komkonsult	09-Oct-21	4,585,114	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	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	Panjgur	Komkonsult	04-Nov-21	2,990,642	1,205,034	385,688	1,590,722	385,688	1,590,722	1,399,920	Up to 3rd
12	Swabi	Ranop Solutions	11-Nov-21	1,842,975	-	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	1,698,800	7,560,400	-	Completed
15	Kambar Shahdaktot	LCC Pakistan	21-Feb-22	3,179,000	2,981,300	-	2,981,300	-	2,981,300	197,700	Up to 3rd
16	Naushahro Feroze	LCC Pakistan	21-Feb-22	3,423,000	2,173,500	940,000	3,113,500	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	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	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	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	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	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	-	-	-	-	-	3,101,100	Up to 2nd
24	Killa Saifullah	LCC Pakistan	06-Oct-22	6,557,500	-	-	-	-	-	5,250,300	Contract Signed
25	Mianwali	GCS Private	11-Oct-22	5,978,600	2,919,100	2,919,100	2,919,100	2,919,100	2,919,100	3,638,400	Up to 2nd
26	Lodhran	Myson Engineering	27-Oct-22	5,707,000	3,444,499	3,444,499	3,444,499	3,444,499	3,444,499	2,534,101	up to 3rd
27	Loralai	Komkonsult	11-Nov-22	3,475,471	1,516,000	1,516,000	1,516,000	1,516,000	1,516,000	4,191,000	Up to 1st
28	Sialkot	Komkonsult	11-Nov-22	2,563,009	835,900	835,900	835,900	835,900	835,900	2,639,571	Up to 1st
29	Nankana Sahib	Komkonsult	11-Nov-22	3,665,026	-	2,136,563	2,136,563	2,136,563	2,136,563	2,563,009	Contract Signed
30	Small Lot Sindh-6	LCC Pakistan	03-Nov-22	898,600	898,600	898,600	898,600	898,600	898,600	1,528,463	Up to 2nd
Sub-total (B)				144,985,516	39,202,960	41,125,007	80,327,967	43,687,399	80,234,951	64,657,549	

Sub-total (B)

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 2023	As of 30 June, 2022	For the year 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	4,543,115	45,521	Completed	
2	UC-SD-LOT-3	LCC Pakistan	25-Oct-21	3,567,399	2,930,738	636,661	2,930,738	3,567,399	-	Completed	
3	KPK (FATA) -Package-2	Global Enterprises	04-Feb-22	2,940,513	807,800	1,148,918	807,800	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	599,332	1,956,718	-	Completed	
5	UC-PB-LOT-5	Global Enterprises	10-Feb-22	2,633,577	1,267,750	1,365,827	1,267,750	2,578,349	-	Completed	
6	UC-PB-LOT-6	LCC Pakistan	21-Feb-22	2,617,000	1,649,711	-	1,649,711	2,633,577	967,289	Up to 2nd	
7	UC-PB-LOT-7	Komkonsult	14-Mar-22	4,648,200	1,572,064	3,076,136	1,572,064	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	999,292	Up to 2nd	
Sub-total (C)					13,220,510	9,176,910	22,397,420	22,397,420	10,431,866		
Total (A+B+C)					207,614,825	66,435,226	50,376,917	116,812,143	60,987,809	116,719,127	90,802,682

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

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
1	Turbat	Technology at	21-May-14	5,636,303	4,252,911	-	4,252,911	4,150,170	-	4,150,170	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	Up to 2nd	
3	South Waziristan	Ranop Solutions	17-Dec-19	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	Up to 3rd	
5	Kohistan	Komkonsult	04-Nov-21	8,318,500	-	8,048,500	8,048,500	-	-	-	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	

(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	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	Up to 2nd	
3	South Waziristan	Ranop Solutions	17-Dec-19	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	Up to 3rd	
5	Kohistan	Komkonsult	04-Nov-21	8,318,500	-	8,048,500	8,048,500	-	-	-	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	Up to 3rd
4	NH&MW Lot-3(NH 50&70)	Myson Engineering	03-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	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	Kurrat	Exceleron	01-Dec-20	2,106,417	-	-	-	-	-	-	Contract Signed
13	Small Lot Islamabad-1	Exceleron	01-Dec-20	385,705	-	-	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	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	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	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	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	Up to 1st
27	Jhelum	Komkonsult	29-Oct-21	4,585,114	-	2,649,450	2,649,450	-	2,649,450	2,649,450	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	Up to 2nd
30	Pishin	Komkonsult	01-Nov-21	7,959,465	-	-	-	-	-	-	Contract Signed
31	Panjour	Komkonsult	04-Nov-21	2,990,642	-	1,205,034	1,205,034	-	1,205,034	1,205,034	Up to 1st

UNIVERSAL SERVICE FUND

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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, 2021	For the year			
(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	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	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	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	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	1,779,420	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	3,096,510	1,351,519	Up to 2nd	
Sub-total (B)					40,471,467	74,006,029	114,477,496	40,471,467	71,350,621	111,822,088	55,192,672

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	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	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	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	807,800	2,132,713	Up to 1st	
7	UC-PB-LOT-4	Global Enterprises	10-Feb-22	2,657,510	599,332	599,332	599,332	599,332	2,058,178	Up to 1st	
8	UC-PB-LOT-5	Global Enterprises	10-Feb-22	2,677,175	1,267,750	1,267,750	1,267,750	1,267,750	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	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	1,572,064	3,308,276	Up to 1st	
Sub-total (C)					10,733,052	17,625,519	28,358,571	10,733,052	17,625,519	28,358,571	17,576,479

D) BROADBAND

1	HTR-PTCL	People Logic	27-Jul-10	4,217,788	3,387,516	3,387,516	3,387,516	3,387,516	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	
Sub-total (D)					5,375,149	5,375,149	5,375,149	5,375,149	1,186,102		
Total (A+B+C+D)					65,084,595	101,391,288	166,475,883	65,017,014	90,687,380	155,704,394	91,321,912

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

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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-Lesbla	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	-	-	Completed
3	Kalat	Griffin International Pvt Ltd.	31-Mar-22	629,529	629,529	300	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	-	-	Completed
5	Khuzdar	Joynt Pvt Ltd	19-Apr-22	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	-	-	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	-	-	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	-	-	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	-	-	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	-	-	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	-	-	Completed
12	Zhob	Komkonsult Pvt Ltd	21-Sep-22	1,442,649	1,442,649	-	1,442,649	-	1,442,649	1,442,649	-	-	Completed
13	Small Lot Balochistan-1	Komkonsult Pvt Ltd	21-Sep-22	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	-	-	Completed
15	Khyber	Myson Engineering Systems	21-Sep-22	953,808	953,808	-	953,808	-	953,808	953,808	-	-	Completed
16	Awaran-Lesbla	SC Technologies Global Pvt Ltd.	22-Sep-22	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	-	-	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	-	-	Completed
19	Turbat	SC Technologies Global Pvt Ltd.	22-Sep-22	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	-	-	Completed
21	Kohistan	Spine	27-Sep-22	1,732,599	1,732,599	-	1,732,599	-	1,732,599	1,732,599	-	-	Completed
22	Mastung	Global Enterprises	20-Mar-23	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	-	-	Completed
24	Kohistan	Komkonsult Pvt Ltd	20-Mar-23	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	-	-	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	-	-	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	-	-	Completed
28	Awaran-Lesbla	LCC Pakistan Private Limited	22-Mar-23	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	-	-	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	-	-	Completed
31	Chaghi	LCC Pakistan Private Limited	22-Mar-23	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	-	-	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	-	-	Completed
34	Shangla	Myson Engineering Systems	22-Mar-23	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	-	-	Completed
36	Small Lot Punjab-1	Global Connect Synergy Pvt. Ltd.	27-Mar-23	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	-	-	Completed
38	Small Lot Balochistan-1	Myson Engineering Systems	04-Apr-23	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	-	-	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		
B) NEXT GENERATION-BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM										
1	Rahimyar Khan	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)	Joyn 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)	Komikonsult Pvt Ltd	21-Sep-22	1,051,533	1,051,533	1,051,533	1,051,533	1,051,533	-	Completed
10	Ghotki	Komikonsult Pvt Ltd	21-Sep-22	1,104,783	1,104,783	1,104,783	1,104,783	1,104,783	-	Completed
11	Gwadar	Komikonsult 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	Joyn Pvt Ltd	20-Mar-23	895,000	895,000	895,000	895,000	895,000	-	Completed
18	NH&MW Lot-2(NH 25&65)	Joyn Pvt Ltd	20-Mar-23	985,000	985,000	985,000	985,000	985,000	-	Completed
19	Gwadar	Komikonsult Pvt Ltd	22-Mar-23	1,295,750	1,295,750	1,295,750	1,295,750	1,295,750	-	Completed
20	Bolan	Komikonsult Pvt Ltd	22-Mar-23	814,650	814,650	814,650	814,650	814,650	-	Completed
21	Dadu	Komikonsult 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	Rahimyar Khan	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	Joyn 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	Joyn 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 (B)	29,446,592	29,446,592	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-JOT-1	Bidcon 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	Joyn 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	Joyn 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	Joyn 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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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

20.2 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		
6	UC-SD-LOT-2	TEACH	07-Nov-22	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	-	Completed
8	OFC- KPK	TEACH	07-Nov-22	1,935,000		1,935,000		1,935,000	-	Completed
9	UC-SD-LOT-1	Bidecon Solutions (SMC-Pvt) Ltd	24-Mar-23	3,950,000		3,950,000		3,950,000	-	Completed
10	BP-Package-4	Bidecon Solutions (SMC-Pvt) Ltd	24-Mar-23	4,150,000		4,150,000		4,150,000	-	Completed
11	FATA Package-1	Bidecon Solutions (SMC-Pvt) Ltd	04-Apr-23	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	-	Completed
13	BP-Package-3	Global Enterprises	05-Apr-23	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		2,490,000	-	Completed
15	UC-PB-LOT-4	Joynt Pvt Ltd	05-Apr-23	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	-	Completed
17	OFC- KPK	TEACH	10-Apr-23	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	-	Completed
19	UC-SD-LOT-3	TEACH	10-Apr-23	4,955,000		4,955,000		4,955,000	-	Completed
					71,470,000	71,470,000		69,190,000	-	
					148,762,890	141,123,341	145,579,131	143,299,131	3,183,759	

Sub-total (C)

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

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, 2021	For the year			
A) BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM											
1	Awaran-Lesbla	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	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-Lesbla	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	Joyn Pvt Ltd	12-Oct-21	1,957,000	-	1,957,000	1,957,000	1,957,000	1,957,000	-	Completed
15	DI Khan	Griffin 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-Lesbla	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	Joyn Pvt Ltd	18-Mar-22	2,293,000	-	2,293,000	2,293,000	2,293,000	2,293,000	-	Completed
31	Chitral	Joyn 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	-	Completed
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	-	Contract Signed
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	Joyn 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	

61,051,907 4,453,437 54,598,470 59,051,907 54,596,117 2,000,000

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

20.2.2 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, 2021	For the year		
B) NEXT GENERATION-BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM										
(Rupees)										
1	NH&MW Lot-1(NH 10&25)	Joyn Pvt Ltd	12-Oct-21	874,000	-	874,000	-	874,000	874,000	Completed
2	Hyderabad	Netkom Technologies	13-Oct-21	1,455,228	-	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	800,000	Completed
4	Hyderabad	Netkom Technologies Private	14-Mar-22	943,741	-	943,741	-	943,741	943,741	Completed
5	Rahimyar Khan	Netkom Technologies Private	14-Mar-22	712,770	-	712,770	-	712,770	712,770	Completed
6	Sanghar	Netkom Technologies Private	14-Mar-22	1,178,804	-	1,178,804	-	1,178,804	1,178,804	Completed
7	Bahawalnagar	Netkom Connect Synergy Pvt. Ltd.	18-Mar-22	789,320	-	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	1,087,475	Completed
9	NH&MW Lot-1(NH 10&25)	Joyn Pvt Ltd	18-Mar-22	790,000	-	790,000	-	790,000	790,000	Completed
				8,631,338	-	8,631,338	-	8,631,338	8,631,338	Completed

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	873,795	Completed
4	Balochistan-Punjab Pckg-2	Global Enterprises	18-Nov-21	2,614,000	-	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	2,868,000	Completed
6	FATA Package-1/KPK	TEACH	26-Nov-21	4,855,000	-	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	2,590,000	Completed
8	Balochistan-Punjab Pckg-3	Joyn	30-Nov-21	780,000	-	780,000	-	780,000	780,000	Completed
9	Balochistan-Punjab Pckg-4	Joyn	30-Nov-21	794,975	-	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	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	3,615,000	Completed
12	Balochistan-Punjab Pckg-3	Global Enterprises	06-Apr-22	4,455,000	-	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	4,400,000	Completed
14	FATA Package-1/KPK	Joyn Pvt Ltd	19-Apr-22	2,500,000	-	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	1,700,000	Completed
				36,045,770	-	36,045,770	-	36,045,770	36,045,770	Completed

Sub-total (C)

36,045,770 - - 36,045,770 36,045,770 36,045,770 -

Total (A+B+C)

105,729,015 4,453,437 99,275,578 103,729,015 99,273,225 2,000,000

* 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:

Bank name:	Rating	Rating Agency	June 2023 (Rupees)	June 2022 (Rupees)
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		<u>18,340,000,000</u>	<u>18,750,000,000</u>
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	-
		<u>11,451,582,439</u>	<u>15,485,507,667</u>
USF Employees' Gratuity Fund			
Contributions paid by the Company	16.2	<u>22,894,399</u>	<u>29,319,273</u>

JK

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. *JK*

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)

98

95

Average employees during the period (Number)

98

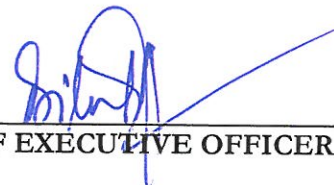
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26 DATE OF AUTHORIZATION FOR ISSUE

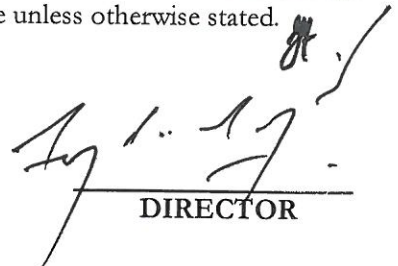
These financial statements were authorized for issue by the Board of Directors of the Company on October 05, 2023.

27 GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR