



SUSTAINABLE FUTURE  
FOR ALL

# UNIVERSAL SERVICE FUND

EMPOWERING COMMUNITIES



ANNUAL REPORT  
2023-2024

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# ACRONYMS

3G/4G/5G	3rd/4th/5th Generation
AFC	Audit and Finance Committee
BoD	Board of Directors
BSD	Broadband For Sustainable Development
BI	Business Intelligence
CMO	Cellular Mobile Operator
CEO	Chief Executive Officer
DWDM	Dense Wavelength Division Multiplexing
DHQ	District Headquarter
E1	European 1 Interface
FE	Fast Ethernet
FCF	Federal Consolidated Fund
FY	Fiscal Year
FDI	Foreign Direct Investment
FOC	Free Of Cost
FAB	Frequency Allocation Board
GE	Gigabit Ethernet
Gbps	Gigabits Per Second
GSMA	Global System for Mobile Communications Association
GoP	Government Of Pakistan
HRGC	Human Resource Governance Committee
ICT	Information And Communication Technology
IT	Information Technology
ITU	International Telecommunication Union
Kbps	Kilobits Per Second
KM	Kilometer
LC	Letter of Credit
LDI	Long Distance and International
LTE	Long-Term Evolution
Mbps	Megabits Per Second
MoITT	Ministry of Information Technology & Telecommunication

# ACRONYMS

NH&MW	National Highways & Motorways
NG-OFNS	Next Generation Optical Fiber Network & Services
NG-BSD	Next-Generation Broadband For Sustainable Development
OFC	Optical Fiber Cable
PEMRA	Pakistan Electronic Media Regulatory Authority
PICG	Pakistan Institute of Corporate Governance
PTA	Pakistan Telecommunication Authority
POC	Project Oversight Committee
STEM	Science, Technology, Engineering and Mathematics
STEAM	Science, Technology, Engineering, Arts and Mathematics
SECP	Securities and Exchange Commission of Pakistan
SLA	Service Level Agreement
SP	Service Provider
SSA	Services and Subsidy Agreement
SBP	State Bank of Pakistan
SOE	State Owned Enterprise Act 2023
SDGs	Sustainable Development Goals
THQ	Tehsil Headquarter
TD	Tourist Destination
UC	Union Council
UN	United Nations
USF	Universal Service Fund
WIP	Work In Progress

# DEFINITIONS

<b>Act (PTRA act)</b>	Act means Pakistan Telecommunication (Re-Organization) Act 1996 (XVII of 1996), as amended.
<b>Broadband</b>	<i>Broadband</i> refers to high-speed internet access. Broadband services must meet specific quality and coverage requirements as outlined in the USF Services and Subsidy Agreement to ensure that rural and underserved areas receive adequate internet connectivity.
<b>Connectivity</b>	<i>Connectivity</i> refers to the establishment of a telecommunications network that provides access to voice telephony and broadband internet services. It involves ensuring that the necessary infrastructure, such as transmission backbones, local access networks, and interconnection points, is in place to facilitate communication within the designated areas.
<b>Fund</b>	<i>Fund</i> means Universal Service Fund established under section 33-A of the Act.
<b>Lot</b>	As per USF Rules, <i>lot</i> means a geographical area identified for the grant of funding from the Fund as designed and approved by USF Board which shall not be smaller than a village.
<b>Mandated Area</b>	As per section 33-B of the Act, the USF has been <i>mandated</i> for providing access to telecommunication services to people in the un-served, under-served, rural, and remote areas.
<b>Mauzas</b>	<i>Mauzas</i> means the smallest part of the revenue system recognized by the Population Census Organization.
<b>Node</b>	<i>Node</i> in telecommunication refers to a connection point, redistribution point, or communication endpoint in a network.
<b>Project</b>	<i>Project</i> means a plan prepared for a lot before the auction mentioning adequate detail of the telecommunication system and telecommunication service required to be provided in the lot with a reserve price for auction calculated on the basis of net capital cost.
<b>Rules</b>	USF <i>Rules</i> 2006 (as amended) are established under the authority given by specific sections of the Act.
<b>Under-Served Area</b>	An <i>under-served area</i> means an area not having adequate coverage nor provision of voice and data telecommunication services as determined by the Federal Government from time to time, except in some parts of it.
<b>Universal Service</b>	<i>Universal service</i> means provision or coverage of telecommunication service including at least voice and data to the whole population of Pakistan.
<b>Un-Served Area</b>	An <i>un-served area</i> means an area having no coverage nor provision of any telecommunication service.

# FOREWORDS



# Message from the Minister of State

## Shaza Fatima Khawaja

*Minister of State,  
Ministry of IT and Telecommunication*



As we advance towards a digitally inclusive and empowered Pakistan, the Universal Service Fund (USF) continues to play a pivotal role in bridging the digital divide across the country. USF's initiatives have been instrumental in expanding high-speed internet and mobile broadband services to some of the most underserved regions, ensuring that every citizen, regardless of their geographical location, has access to the tools necessary for participating in the digital economy.

In recent years, our focus has expanded beyond just connecting the unconnected; we are actively advancing digital inclusion, particularly for women and marginalized communities. Empowering women with digital skills and ensuring their connectivity has been central to our mission, as we recognize the immense impact it has on driving economic growth and driving a more equitable society. Through targeted efforts, we are enabling women to not only contribute to the digital economy but to also lead in areas that were previously inaccessible, thereby creating a ripple effect of empowerment and progress.

The Universal Service Fund (USF) continues to play a crucial role in the provision of high-speed voice and internet services across Pakistan, particularly through mobile broadband and deep fiberization. These efforts are instrumental in establishing a strong digital foundation that supports essential services such as e-health, e-education, and e-commerce. By driving these initiatives, USF ensures that Pakistan not only keeps up with global digital advancements but also leads in setting new standards for digital governance and economic growth. Through its work, USF is laying the foundation for a more inclusive, resilient, and digitally connected society.

As we look ahead, the Ministry of IT and Telecommunication remains steadfast in its commitment to advancing innovation and driving economic prosperity through digital means. Our Digital Pakistan Policy is geared towards increasing IT exports, fostering entrepreneurial growth, and creating a conducive environment for innovation and technological advancement. To enhance IT exports by 2025 and to support the emergence of startups and tech-driven enterprises, we are positioning Pakistan as a key player in the global digital economy. Together with USF, we are building a future where every Pakistani is empowered to participate in and contribute to a thriving digital economy.



# Message from the Chairman

## Capt (R) Muhammad Mahmood

*Additional Secretary (Incharge),  
Ministry of IT and Telecommunication*



Dear Stakeholders,

As we conclude fiscal year 2023-24, I am honored to present the USF Annual Report in an environment characterized by significant global economic challenges.

Despite the hurdles posed by high inflation, supply chain disruptions, and stringent import restrictions, our commitment to enhancing digital inclusivity across Pakistan remains steadfast. This year, we completed 15 transformative projects that significantly improved the socio-economic conditions of about 1.5 million people in over 1327 mauzas, directly contributing to the Sustainable Development Goals aimed at reducing inequalities and ensuring no one is left behind.

We made considerable strides in enhancing digital connectivity, notably with the completion of the NH&MW Lot 7 (M-14 Hakla-DI Khan), which extended 305 kilometers of connectivity along vital national highways. We also expanded our infrastructure by deploying 2,624 kilometers of optic fiber, connecting 244 Union Councils across Balochistan, Khyber Pakhtunkhwa, Sindh, and Punjab. This expansion not only supports current digital demands but also lays a robust foundation for forthcoming technologies like 5G.

The Ministry of IT and Telecommunication is fully committed to developing a digitally

inclusive environment that promotes sustainable economic growth and enhances productivity. We are dedicated to providing equitable telecom services across the nation, with a particular focus on gender inclusivity to ensure equitable benefits from our digital advancements.

With unwavering dedication from the USF team and robust support from our stakeholders, we remain resolute in our mission. Together, we will continue to address the existing challenges and expand our digital infrastructure throughout Pakistan. Our efforts are instrumental in advancing national goals aligned with key SDGs, ensuring universal access to ICTs and striving for gender equality through inclusive access to our services. These efforts support our broader vision of contributing to a sustainable and prosperous future, firmly grounded in equity and broad-based economic growth.

## Message from the CEO

In the Fiscal Year 23-24, USF Pakistan has once again demonstrated resilience and innovation in the face of unprecedented challenges. The ongoing flooding and torrential rains, exacerbated by the global climate crisis, have severely impacted operations at several USF sites. Yet, amid these adversities, our dedicated teams have worked tirelessly to restore and maintain connectivity, ensuring that even in the most difficult circumstances, the digital lifelines remain open for those who need them most.

USF has played a pivotal role in the growth and transformation of Pakistan's telecommunication industry, particularly in the expansion of mobile and broadband services in rural and remote areas. Our work continues to empower communities, contributing not just to the socio-economic development of the nation but also to a broader global vision of inclusivity and digital equity. We are steadfast in our mission to ensure that everyone, regardless of location or gender, can connect, learn, and benefit in a rapidly advancing digital world.

Sustainability remains at the core of our operations, as we make substantial progress in our commitment to green energy solutions. Through ongoing efforts to solarize our network infrastructure, **93%** of USF's telecom sites are now solar-powered, producing **33 million kilowatt-hours of energy** and saving **170,000 tons of carbon emissions**—equivalent to the planting of 6 million trees. Additionally, by adopting e-procurement and e-office practices, we are enhancing our operational efficiency while ensuring that our processes are both environmentally responsible and economically sound. Despite the challenges, particularly for a developing nation like Pakistan, USF is dedicated to driving the transition towards sustainable development, contributing to a greener and more equitable future for all.



*"At USF, our unwavering dedication to connectivity, inclusivity, and sustainability continues to drive Pakistan towards a more connected and prosperous future. Every step we take is a stride towards ensuring equitable access to telecom services, advancing a robust digital economy, empowering a digital society, and strengthening digital governance. Our mission is to create a digitally inclusive Pakistan, where no one is left behind."*

**Chaudhry Mudassar Naveed**

Chief Executive Officer

### Performance:

In FY 23-24, USF Pakistan completed **15 projects** worth **PKR 15.52 billion**. These projects included several cellular connectivity ventures and the deployment of **2,624 kilometers** of Optical Fiber Cable (OFC). The projects served a population of **1.5 million** across **1,327 Mauzas** and **244 Union Councils (UCs)**. Additionally, we successfully achieved all **50 key milestones**, ensuring that our efforts continue to bridge the country's digital divide.

# ABOUT USF



## OVERVIEW

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

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

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

## OBJECTIVES



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



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



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

## GOVERNING FRAMEWORK

The **Universal Service Fund (USF)** in Pakistan was established under the **Pakistan Telecommunication (Re-organization) Act of 1996 (as amended)**, specifically outlined in Sections 33A and 33B. The legal framework for the USF was further solidified when the Federal Government notified the USF Rules in 2006. This notification led to the creation of the **Universal Service Fund Company (USFCo)**, a not-for-profit entity, limited by guarantee, registered under Section 42 of the Companies Ordinance 1984, now the Companies Act 2017.

The **Universal Service Fund Policy** was formulated in 2006 to guide the operations of the fund. This policy was partially amended by the Telecommunication Policy issued in 2015, which provided a more detailed outline of the objectives and targets set by the Federal Government to improve telecommunication services, particularly in un-served, under-served, rural and remote areas of Pakistan.

# MISSION AND VISION STATEMENT

## Mission



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

## Vision

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



## OUR CORE VALUES

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



### **Diversity**

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



### **Integrity**

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



### **Growth**

We seize opportunities for continuous learning and improvement.



### **Innovation**

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



### **Teamwork**

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

## OUR PILLARS – WAY OF WORK

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

01



**MERIT**

We strive for conduct that merits approval.

02



**Excellence**

We aim for exceptional performance that exceeds ordinary standards.

03



**Discipline**

We promote orderliness, efficiency, punctuality, and a strong focus on our tasks.

# COMPANY INFORMATION

## ***Registered office***

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

**Phone:** +92-51-9212308-09

**Fax:** +92-51-9214261

**Registration Number:** 0058825

**NTN:** 2931776-2

## ***Legal Advisor***

Mr. Rashid Hanif, Advocate Supreme Court, House # 64, Nazim-ud-  
din Road, F-8/4, Islamabad.

## ***Tax Advisor***

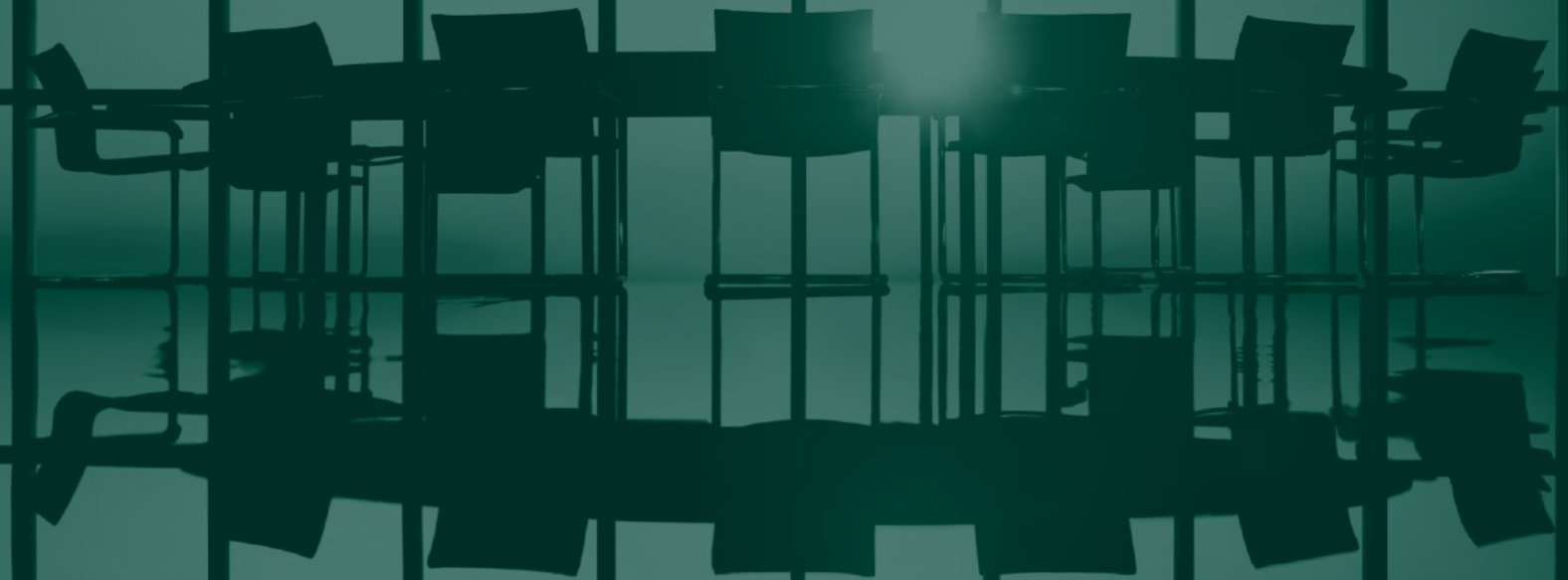
Khilji Rahat Waheed Chartered Accountants 3rd Floor, Rafi Centre,  
Plot # 13, Street # 28, G-7/1, Islamabad

## ***Auditors***

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



# Board of Directors



## Board of Directors for FY 2023-24



### Mr. Navid Ahmed Shaikh

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

Mr. Navid Ahmed Shaikh, a seasoned Pakistan Administrative Service officer with 30+ years of diverse experience across various regions in Pakistan. His expertise covers public financial management, social development, urban and rural administration, and human resources. Before becoming Secretary MoITT in March 2023, he held significant positions including Special Secretary (Military Finance) in the Finance Division. He chaired the Chief Minister's Inspection Team and served as Commissioner in several divisions.

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

### Mr. Hassan Nasir Jamy

*Ex-Federal Secretary IT & Telecommunication and  
Ex-Chairperson USF Board (August 2023-March 2024)*

With over 34 years of experience in the Pakistan Administrative Service (PAS), Mr. Hassan Nasir Jamy has held key positions at both the Federal and provincial levels, including Federal Secretary roles in the Water Resources, Privatization, Aviation, and Climate Change Divisions. He has also served as Additional Secretary in the Petroleum and Water & Power Divisions and contributed as a Directing Staff member at the National School of Public Policy for two years.



Mr. Jamy holds an MBA from Quaid-i-Azam University and a Master's in Rural Development from the University of Sussex, UK. He is also a Hubert H. Humphrey Fellow in Public Policy from the University of North Carolina, USA.



### **Capt. (R) Muhammad Mahmood**

*Ex-Additional Secretary (In-charge) IT & Telecommunication  
and Ex-Chairperson USF Board (March 2024-July 2024)*

With over 27 years of experience in Pakistan's development landscape, Mr. Muhammad Mahmood Rai has led strategy and policy roles across diverse sectors including education, natural resource management, energy, and infrastructure. His career highlights include successful collaborations with global organizations such as UNDP, UNICEF, FAO, ADB, and the World Bank. His academic journey underscores his commitment to excellence, having earned the Australian Award (Scholarship) and British Chevening Scholarship. This

support facilitated his attainment of a Master's in Public Policy Analysis and Economics from Australian National University and another Master's in Development and Governance from the University of Sussex.

Renowned for his strategic thinking and eloquence, Mr. Mahmood has represented Pakistan at global workshops, conferences, and seminars hosted by prestigious institutions such as the University of Cambridge, the University of Oxford, and the World Bank Institute. His innovative work in driving Pakistan's digital future through initiatives in IT exports and e-governance has earned him accolades, including the Tamgha-e-Imtiaz and recognition from the Gates Foundation.

### **Major General (R) Hafeez Ur Rehman**

*Chairman  
PTA*

Major General (R) Hafeez Ur Rehman has 37+ years of experience in national security, ICT development, spectrum management, digital transformation, cyber security, and policy making. With a BE in Telecom and an MS in War Studies from NDU Islamabad, he held pivotal roles in ICT strategy and transformation deploying cutting-edge telecom infrastructure, optimizing network efficiency, managing fiberization, RoW, and data centers. He served with the UN in member countries and currently chairs the Pakistan Telecommunication



Authority (PTA) since May 2023. Gen. Hafeez is a board member of PEMRA, FAB, USF Co, and IGNITE. Recognized for his exceptional contributions, he received the 'Hilal-e-Imtiaz Military'.



### Mr. Hatem Bamatraf

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

Mr. Hatem Bamatraf is a highly experienced telecommunications executive with 28+ years of leadership in the Middle East and Asia. Currently, he is serving as President and Group CEO of Pakistan Telecommunication Company Limited (PTCL) and Ufone. Mr. Bamatraf began his career with Etisalat Group in 1995, progressing from an engineer to various leadership roles. He later joined Telecom Company, Du, and also contributed to Mobily, Saudi Arabia's launch. As Chief Technology Officer at Etisalat Group, he held a pivotal position for over

8 years before assuming his current role leading PTCL Group in Pakistan. He is a graduate of the Etisalat College of Engineering, holding a Bachelor's degree in Communication Engineering, and is an INSEAD Executive Business School alumnus.

### Mr. Wang Hua

*CEO CM Pak (Zong) (Nominee of Mobile Cellular Licensees)  
(Jun 2023-Nov 2023)*

Mr. Wang Hua is the CEO of China Mobile Pakistan Limited since 2018. He holds a Bachelor's in Communication Engineering from Shanghai University, China. Followed by Master's in Senior Management Staff Business Administration from Peking University, China. He has experience working in the telecom sector for over 30 years.



### Ms. Ayla Majid

*Financial Expert/  
Independent Director*

Ayla Majid, CEO of Planetive Middle East and Planetive Pakistan, is a leading expert in energy transition, de-carbonization, and M&A in emerging markets, with a focus on the Middle East and Asia. She's a board member in various sectors, an international speaker on energy, hydrogen, and climate finance, and holds degrees from prestigious institutions, including Harvard and Oxford. Ayla is a member of the World Economic Forum's Global Future Council on Energy Transition and holds the title of Young Global Leader and Eisenhower Global Fellow.



### **Ms. Sofia Saeed**

*Legal Expert /Independent  
Director (Jun 2023- Apr 2024)*

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

### **Mr. Muhammad Yousuf**

*ICT & Telecom Expert/  
Independent Director*

Mr. Muhammad Yousuf, with over 35 years of experience in Information and Communications Technology across both public and private sectors, has a proven track record in managing large projects and providing innovative IT solutions. His educational background includes an MSc in Computer Sciences from the University of Karachi, and he received a scholarship from Japan for postgraduate studies in Computer Science. In the private sector, Mr. Yousuf worked with Japanese companies and organized seminars to promote the IT

industry in Pakistan. In the public sector, he served in various roles, including Director General and Secretary to the Government, successfully leading numerous ICT-based projects. Mr. Yousuf has been recognized for his contributions and was promoted to Grade BS-21 by the Sindh government. He has also been recommended for the Presidential Medal of Technology and Civil Award twice.



### **Mr. Muhammad Omar Malik**

*Member Telecom- Ministry of IT and  
Telecommunication (till August 2023)*



Mr. Omar Malik is a dynamic technologist with a Master's degree from King's College London and executive qualifications from Oxford, MIT, and Harvard Business School in Finance and Entrepreneurship. With 20 years of diverse experience in leading technology companies like STC Group, Abu Dhabi Group, Du Dubai, and more, he's launched multiple 5G networks globally. Mr. Malik served the Government of Pakistan, focusing on policies to enhance the telecom industry and also remained Secretary to the Federal Cabinet Advisory Committee.



## Mr. Muhammad Jahanzeb Rahim

*Member Telecom- Ministry of IT and  
Telecommunication (from Feb 2024)*

With over 22 years of experience in Network Operations, ICT Policy, and Corporate Governance, Mr. Jahanzeb has spearheaded key initiatives like Local Smartphone Manufacturing, Spectrum Strategy, Right of Way Policy and 5G Policy Guidelines since joining the Ministry in 2019. His work with international enterprises such as IUCN, Millicom International Cellular and China Mobile has provided valuable insights that have contributed to the success of these initiatives.

Mr. Jahanzeb holds a Bachelor's in Computer Systems Engineering and a Master's in Engineering Management. His research focuses on Mobile Broadband Adoption in Pakistan, and he is also an American Board-certified NLP coach, volunteering in personal development training. Jahanzeb believes in ideology-based character and competence development for individual and organizational success.

## Chaudhry Mudassar Naveed

*Chief Executive Officer, USF*

Chaudhry Mudassar Naveed, a seasoned telecom professional, currently serves as the CEO of USF Pakistan. With over 24 years of industry experience, his expertise spans government policy, regulation, technology business growth, and digital transformation. Mudassar's career includes pivotal roles in spectrum management, cellular design, project execution, and corporate strategy. He has collaborated with industry leaders like Ericsson, Nortel Networks, and operators such as Telenor and PTCL Group.



At the Pakistan Telecommunication Authority, Mudassar served as DG (Strategy & Development), where he introduced key initiatives including the IoT & SRD Regulatory Framework, infrastructure sharing framework, and the adoption of the next generation of Wi-Fi 6E & 7 in Pakistan. Mudassar holds a BS and MS in Electrical Engineering, an MBA, and is an alumnus of Carnegie Mellon University's Center for Executive Education in Technology Policy. He is dedicated to significantly contributing to Pakistan's journey toward digital transformation and enhanced connectivity through his robust expertise. He held the Chair of APT South Asian Telecom Regulators' Council (SATRC) Working Group - Policy, Regulation & Services (WG-PRS) during 2021-23 in which Action Plan VIII was executed. Mudassar represented Pakistan at the ITU World Radio Conference (WRC-23). He is also a regular speaker at both international and national events, where he shares his insights on the latest trends and advancements in the telecom industry.

# DIRECTORS' REPORT

## FINANCIAL YEAR 2023-24



# The Board of Directors of Universal Service Fund (USF) is pleased to present the Directors' Report for the financial year ended June 30, 2024.



## Macroeconomic Environment and Industry Overview

The financial year 2023-24 presented formidable obstacles to the telecommunications sector, with persistent economic hardships that directly impaired operational capabilities and extended project timelines. Apart from the challenge of damages caused to existing sites by flash floods and torrential rains due to climate change, the sector grappled with high operating costs driven by rising fuel prices, increased electricity tariffs, higher interest rates, and restrictive import policies. Difficulties in obtaining Letters of Credit further compounded these issues. The order backlogs caused by import curbs and LC issues in preceding years further exacerbated the prevailing situation. Due to the non-availability of requisite funds in FY 2023-24, no new projects could be initiated.



## Operational Performance Review

The Universal Service Fund (USF) is actively managing two key nationwide programs—Access and Backhaul. The Access program is committed to enhancing connectivity, as well as broadband data services in un-served and under-served mauzas and extending coverage along previously un-served road segments including National Highways & Motorways (NH&MW) and major tourist destinations. This initiative also emphasizes broadening connectivity across the NH&MW network, ensuring comprehensive digital access to vital transportation routes and key points of interest and mandates the enablement of National Roaming on all NHs&MWs.

In FY 2023-24, USF successfully achieved an impressive **97% of its set targets**. The strategic efforts led to the completion of 15 significant projects, achieving all 50 implementation milestones that collectively served approximately 1.5 million people across 1,327 mauzas. Under the Access program, USF has targeted enhancements on several key routes to improve connectivity. This includes the significant project on Motorway-14 (M-14 Hakla-DI Khan), which covers a substantial stretch through DI Khan, Lakki Marwat, Mianwali, Attock, and Rawalpindi, with an impressive length of 305 kilometers specifically under USF Lot 7. These projects aim to provide seamless 3G/4G connectivity along these critical transport arteries, enhancing access and communication for commuters, as well as provision of emergency services to the local population.

Under the Backhaul program, the Universal Service Fund (USF) has advanced its mission to bridge the digital divide by providing optic fiber connectivity to un-served Tehsil Headquarters and Union Councils across Pakistan. In FY 2023-24, USF completed four significant projects deploying 2,624 kilometers of optic fiber



cable across Balochistan, Khyber Pakhtunkhwa, Sindh, and Punjab, connecting 244 Union Councils. This expansion not only facilitates access to digital applications and readies Pakistan for future technologies like 5G, but also ensures optimal utilization of these services. A highlight of this year's efforts was the completion of the OFC Small Lot BL-1 project in Quetta, where 9.3 kilometers of optic fiber were laid, achieving 100% completion and significantly boosting connectivity. This underscores USF's commitment to enhancing comprehensive digital access and infrastructure across the country.



## Future Outlook

As we look ahead to FY 2024-25, USF is strategically positioned to continue its mission of expanding digital infrastructure throughout Pakistan. With a focus on the Next Generation Broadband for Sustainable Development (NG-BSD) and Next Generation Optic Fiber Network Services (NG-OFNS) programs, we have laid the groundwork for significant advancements. Preliminary identifications of under-served and un-served areas have been completed, targeting 57 districts under the NG-BSD program and 60 districts under the NG-OFNS program. These efforts are set to boost connectivity in remote communities and foster economic growth by bridging digital divides.

The release of PKR 11.13 billion at the close of FY 2023-24 from the Federal Consolidated Fund (FCF) to USF will be utilized to address existing liabilities and for the contracts of new projects, enabling USF to initiate further developments in the upcoming year. In addition, for FY 2024-25, a release of PKR 5.7 billion has been budgeted by the Federal Government to settle USF's already signed commitments. This funding will ensure that USF can continue its vital work without interruption, allowing us to meet our contractual obligations and push forward with our strategic goals.

We have also made strategic efforts to enhance our Access and Backhaul capabilities. Block budgetary approvals have been secured, and potential areas for connectivity have been pinpointed across the country. This includes expanding our optic fiber network across national highways and other critical infrastructure, ensuring that every sector—be it government institutions, educational sectors, or health services—benefits from enhanced digital access.

The Board of Directors extends its gratitude to all stakeholders, including the Federal Government, Ministry of IT&T, Ministry of Finance, partners, telecom operators, Pakistan Telecommunication Authority, the USF management, and the employees for their continued support, which is vital for the success of our initiatives. USF remains committed to overcoming these challenges with proactive strategies and the continued support of its partners and stakeholders, ensuring that the benefits of digital connectivity reach every corner of the country.

### FOR AND ON BEHALF OF THE BOARD

Chaudhry Mudassar Naveed  
CEO

Major General (R) Hafeez Ur Rehman  
Member/Director

Islamabad  
25<sup>th</sup> October 2024

# Corporate Governance

## Composition Of The Board

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

USF has a diverse board structure comprising highly qualified professionals from both the public and private sectors. The USF Rules 2006 were amended in February 2023 and the composition of the Board was changed as per Rule 11 (1) of the Rules. Board of Directors' tenure initiated on June 6th 2023, vide Notification F. No. 18-18-2006-DT dated 6th June 2023, for a period of three years, pursuant to Article 30 of the Article of Association of Universal Service Fund which states that the Board shall remain for a term of three years. Mr. Navid Ahmed Shaikh presided as Chairman of the Board from March 2023 till August 2023. After his tenure, Mr. Hassan Nasir Jamy took over the responsibility from August 2023 till March 2024. Captain (R) Muhammad Mahmood took over the responsibility of the Chairman of the Board from March 2024 till July 2024.

The composition of the Board for FY 2023-24 is as below:

Sr. No	Name	Executive/ Non-Executive/ Independent	Representative Ministry/Designation	Position in Board/ Management
1.	Mr. Navid Ahmed Shaikh (Mar 2023-Aug 2023)	Ex-Officio	Secretary IT- MoITT	Chairperson
	Mr. Hassan Nasir Jamy (Aug 2023-Mar 2024)	Ex-Officio	Secretary IT- MoITT	Chairperson
	Captain (R) Muhammad Mahmood (Mar 2024-Jul 2024)	Ex-Officio	Additional Secretary IT (Incharge) - MoITT	Chairperson
2.	Mr. Muhammad Omar Malik (till Aug 2023)	Ex-Officio	Member Telecom- MoITT	Member/Director
	Mr. Muhammad Jahanzeb Rahim (from Feb 2024)	Ex-Officio	Member Telecom- MoITT	Member/Director
3.	Major General (R) Hafeez Ur Rehman	Ex-Officio	Chairman PTA	Member/Director
4.	Mr. Hatem Bamatraf	Nominee of Fixed-Line Licensees	President and CEO PTCL Group	Member/Director
5.	Mr. Wang Hua (Jun 2023-Nov 2023)	Nominee of Mobile Cellular Licensees	CEO CMPak (Zong)	Member/Director
6.	Ms. Ayla Majid	Independent	Financial Expert	Member/Director
7.	Ms. Sofia Saeed (Jun 2023-Apr 2024)	Independent	Legal Expert	Member/Director
8.	Mr. Muhammad Yousuf	Independent	ICT/ Telecom Expert	Member/Director
9.	Mr. Chaudhry Mudassar Naveed	Executive	CEO USF Co.	Member/Director

## Meetings of the Board

During FY 2023-24, the Board held to review performance and address key issues and challenges. Notices/agendas of each were circulated in advance, in a prompt manner. Resolutions made during the meetings were documented in the minutes of the meetings by the Company Secretary, duly approved by the Chairman of the Board, and circulated to all directors for approval after confirmation/approval in the subsequent Board meetings. The minimum legal requirements of attendance were maintained as recommended by the applicable rules. In accordance with Corporate Governance Rules, the meetings were also attended by the Chief Financial Officer and the Company Secretary along with the Senior Management.

Furthermore, the 86th Board meeting was chaired by Mr. Navid Ahmed Shaikh, Federal Secretary MoITT. The 87th and 88th Board meetings were chaired by Mr. Hassan Nasir Jamy, Federal Secretary MoITT. Whereas, the 89th and 90th Board of Directors' meetings were chaired by Captain (R) Muhammad Mahmood, Additional Secretary (Incharge) MoITT.

The meetings were held on the following dates:

Board Meeting	Date
86 <sup>th</sup> BOD	16 <sup>th</sup> August 2023
87 <sup>th</sup> BOD	5 <sup>th</sup> October 2023
88 <sup>th</sup> BOD	16 <sup>th</sup> January 2024
89 <sup>th</sup> BOD	9 <sup>th</sup> May 2024
90 <sup>th</sup> BOD	11 <sup>th</sup> June 2024

### Attendance of Board Meetings FY 2023-24:

Board Member	Total Board Meetings	Board Meetings Attended
Chairperson	5	5
Member Telecom	5	3
Independent Director (Legal Expert)	5	3
Chairman PTA	5	3
Nominee Fixed Line Licensees	5	4
Nominee Mobile Cellular Licensees	5	1
Independent Director (Financial Expert)	5	5
Independent Director ICT/ Telecom Expert	5	5
CEO USF Co.	5	5

## Roles and Responsibilities of the Board

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

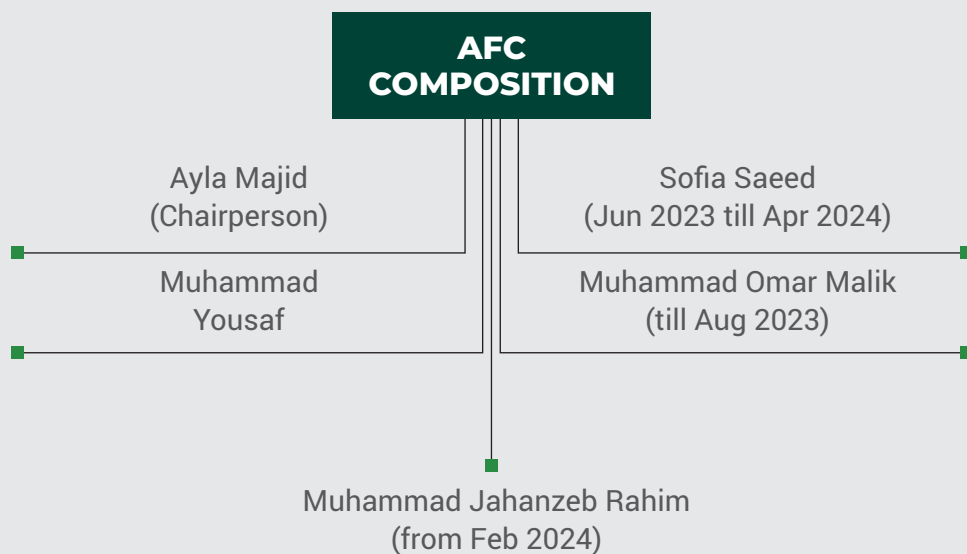
1. Authorize CEO and one or more signatory to open one or more bank account of the USF company;
2. Draw or authorize to draw amounts from the bank accounts of the USF company;
3. Verify accounts of the USF company;
4. Approve investment policy and schemes for investment of the sums available with the USF Company in the Government risk free financial securities and schemes only; and
5. Evolve policies for operation and working of the USF company and incorporate these in the procedure manual;
6. Prepare and approve procedural manual for effective working of the USF company;
7. Allocate and approve annual budget of the USF Company for onward submission to USF Policy Committee along-with the schedule of quarterly release of grants and provides guidelines for financial controls;
8. Create committees of the Board and approve their charters;
9. Create an advisory council for seeking guidance and approve its membership and term of reference;
10. Propose changes in the USF policy of the Federal Government;
11. Delegate such of its powers and functions to the Chairman, committee of the Board or CEO, as it may consider necessary for the efficient working of the USF company;
12. Identify and lay-down criteria for selection and creation of lots and special projects and determine suitability of projects for allocation of funds;
13. Set goals for provision of universal service;
14. Oversee, examine, evaluate, approve, or review projects;
15. Request the division concerned to lend support staff or officers, as the case may be, on deputation;
16. Appoint employees of the USF company and set their salaries and terms and conditions of employment;
17. Engage and remove consultants and advisors as may be determined;
18. Fix extra remuneration & benefit for the deputationist.
19. Ensure transparency and accountability in the processes;
20. Assist Federal Government in preparing annual statutory reports;
21. Commission independent audits and publish such audit reports;
22. Request the Authority to furnish details about amounts received from licensees for Fund for any specific period;
23. Perform such other functions as the Federal Government may, from time to time, assign to it not inconsistent with the provisions of the Act and these rules.

## Board Committees

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

### Audit and Finance Committee

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



#### The committee shall:

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

## Risk Management Committee

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



### The Committee carries out the following functions:

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

## Procurement Committee

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



## Whistle Blowing Committee

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

## Whistle Blowing Policy

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

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

## Formal Orientation at Induction

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

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

## Directors' Training Program

Frequent trainings are held to educate directors with leading trends and practices in corporate governance, equipping them with essential insights to increase their effectiveness as a board member. These trainings help develop an understanding of contemporary governance mechanisms and related best practices. In compliance with the regulatory requirements, SECP approved Director Training Programs are not only attended by the Directors but also various Heads of Departments. This year, Pakistan Institute of Corporate Governance (PICG) conducted a three days comprehensive training on the SOE Act 2023. The training was attended by the CXOs, the Company Secretary, and the senior management.

## Roles and Responsibilities of the Chairman and CEO

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

## CEO's Performance Review by the Board

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

The exceptional performance of the CEO, during the year, is evident by the successful achievement of the targets. (there was no review this year)

## Policy of Retention of Board Fee by the Executive Director on Other Companies' Boards

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

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

The then CEO Mr. Haaris Mahmood Chaudhary (CEO till August 2023) being an executive director by virtue of being the Chief Executive Officer, held a non-executive directorship on the Board of Zarai Taraqati Bank Limited.

## Statement of Compliance with the Code of Corporate Governance

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

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

## Directors' Remuneration

The USF Co. Board in its 86th Board of Directors' Meeting held on August 16th, 2023 resolved and approved to revise the remuneration of the Directors' for attending Board and Committee Meetings as follows:

- Rs. 100,000 for attending Board Meetings
- Rs. 100,000 for attending Committee Meetings

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



Remuneration to CEO (Rs.)						
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Managerial Remuneration	11,017,500	1,599,315	9,060,484	11,583,948	12,974,016	3,008,000
Allowance	9,412,433	5,536,426	7,119,580	11,940,165	13,686,350	5,550,648
<b>Total</b>	<b>20,429,933</b>	<b>7,135,741</b>	<b>6,180,064</b>	<b>23,524,113</b>	<b>26,660,366</b>	<b>8,558,648</b>

Directors Remuneration Total (Rs.)	
Muhammad Omar Malik	100,000
Navid Ahmed Shaikh	100,000
Major General (R) Hafeez Ur Rehman	1,050,000
Hatem Mohamed Ali Ahmed Bamatraf	550,000
Ayla Majid	1,650,000
Muhammad Yousuf	900,000
Sofia Saeed Shah	900,000
Hassan Nasir Jamy	200,000
Captain (R) Muhammad Mahmood	200,000
Muhammad Jahanzeb Rahim	300,000

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

# FINANCIAL HIGHLIGHTS

Details regarding clause no. 4 of Rule no. 17 of the Public Sector Companies (Corporate Governance) Rules are given below:

## Disbursement under each program for FY 23-24

Program

**BSD**

Subsidy

**177,505,449**.Rs

Program

**NGBSD**

Subsidy

**9,690,776,318**.Rs

Program

**OFC**

Subsidy

**5,506,468,076**.Rs

**Total Subsidy**

**15,374,749,843**.Rs

### Subsidy or other financial support from Government

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Government Grants (Rs.)	6,949,000,000	4,890,000,000	6,300,000,000	18,750,000,000	18,340,000,000	16,119,650,000

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

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Government Grants	6,949,000,000	4,890,000,000	6,300,000,000	18,750,000,000	18,340,000,000	16,119,650,000
Operational Expenses	338,523,611	392,333,759	437,602,565	513,295,673	568,817,739	578,309,764
Capital Expenditure	40,160,764	18,085,490	140,882,947	35,351,975	44,816,728	104,545,282
Subsidy Grant for projects Disbursed	6,205,120,282	5,472,282,626	5,365,658,506	20,487,160,337	16,557,440,324	15,374,749,843
Fee disbursed to Technical & Monitoring Auditors for projects	34,451,262	24,268,108	88,510,760	189,960,605	204,286,940	145,614,823

**Balance Sheet - Assets**

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Non- Current	50,300,160	50,565,430	156,334,761	140,140,269	126,178,691	157,940,858
Current	5,402,246,041	6,631,710,035	8,222,181,902	7,496,601,941	7,013,813,342	4,498,528,230
	<b>5,452,546,201</b>	<b>6,682,275,465</b>	<b>8,378,516,663</b>	<b>7,636,742,210</b>	<b>7,139,992,033</b>	<b>4,656,469,088</b>

**Balance Sheet - Liabilities**

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Non- Current	5,066,738,786	5,802,323,620	5,563,636,113	6,515,290,182	6,340,462,981	3,780,124,734
Current	385,807,415	879,951,845	2,814,880,550	1,121,452,028	799,529,052	876,344,354
	<b>5,452,546,201</b>	<b>6,682,275,465</b>	<b>8,378,516,663</b>	<b>7,636,742,210</b>	<b>7,139,992,033</b>	<b>4,656,469,088</b>
<b>Commitments</b>	10,353,011,981	10,277,296,359	26,763,868,323	39,684,169,456	42,768,830,479	22,200,754,088

**Related Party Transactions (Rs.)**

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
MoIT - GOP	6,949,000,000	4,890,000,000	6,300,000,000	18,750,000,000	18,340,000,000	16,119,650,000
Subsidy Payment PTCL	377,427,300	599,894,680	1,825,266,159	6,699,166,458	2,456,757,812	2,925,208,905
Subsidy Payment PMCL-Jazz	45,101,418	-	-	-	-	-
Subsidy Payment CM Pak	-	-	-	-	8,096,662	14,242,548
Subsidy Payment Ufone	3,176,159,452	1,322,100,387	1,240,241,108	3,969,791,357	5,271,963,733	5,046,654,529
Subsidy Payment Telenor	-	3,063,415,965	1,213,274,753	4,816,549,852	3,714,764,232	-
Employees Gratuity Fund Account	17,677,638	12,512,106	24,218,549	29,319,273	22,894,399	22,528,213

- No Statutory payment on account of taxes, duties, levies and charges is overdue or outstanding.
- The value of investments of provident, gratuity, and pension funds based on their respective audit accounts is as follow:
  - USF Company is not maintaining any pension and provident fund. Employees' Gratuity is maintained separately by Trustees.

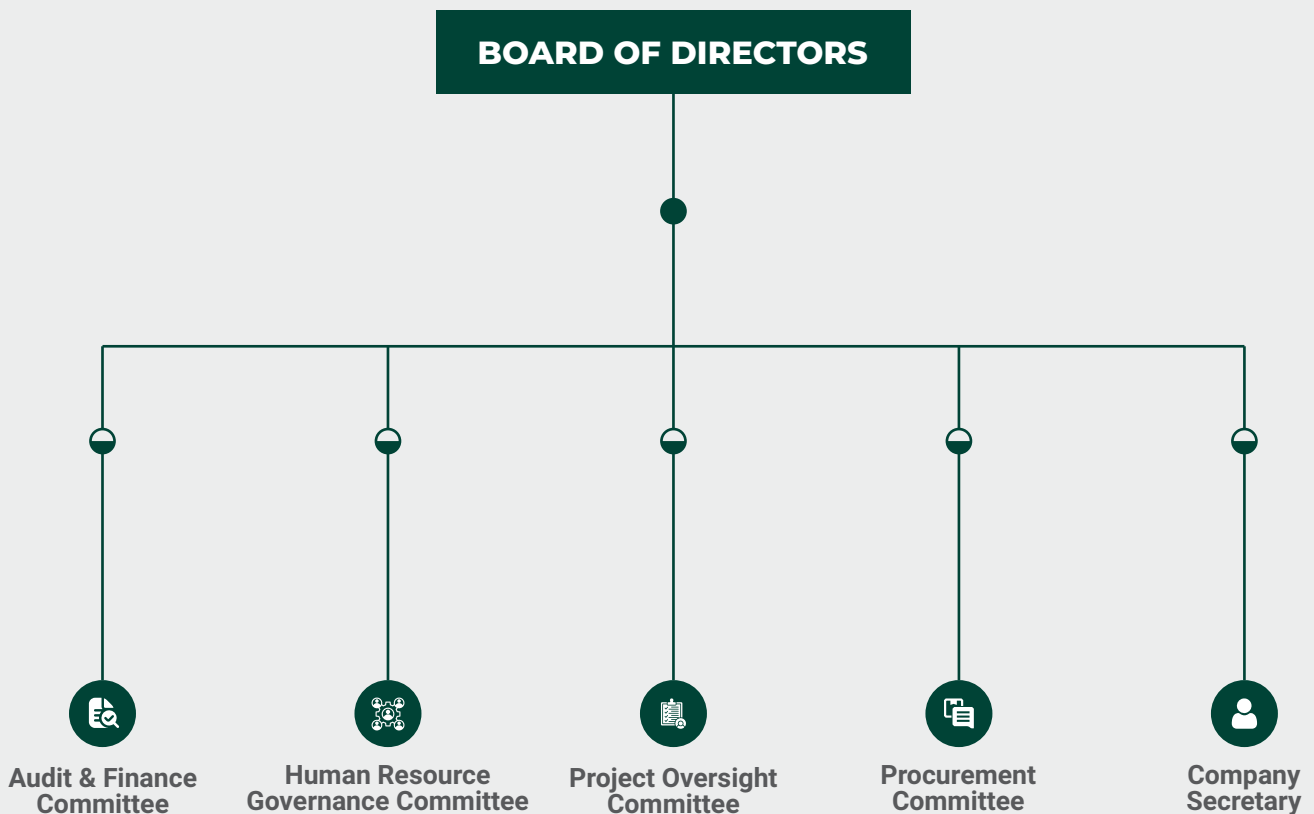
# OUR LEADERSHIP



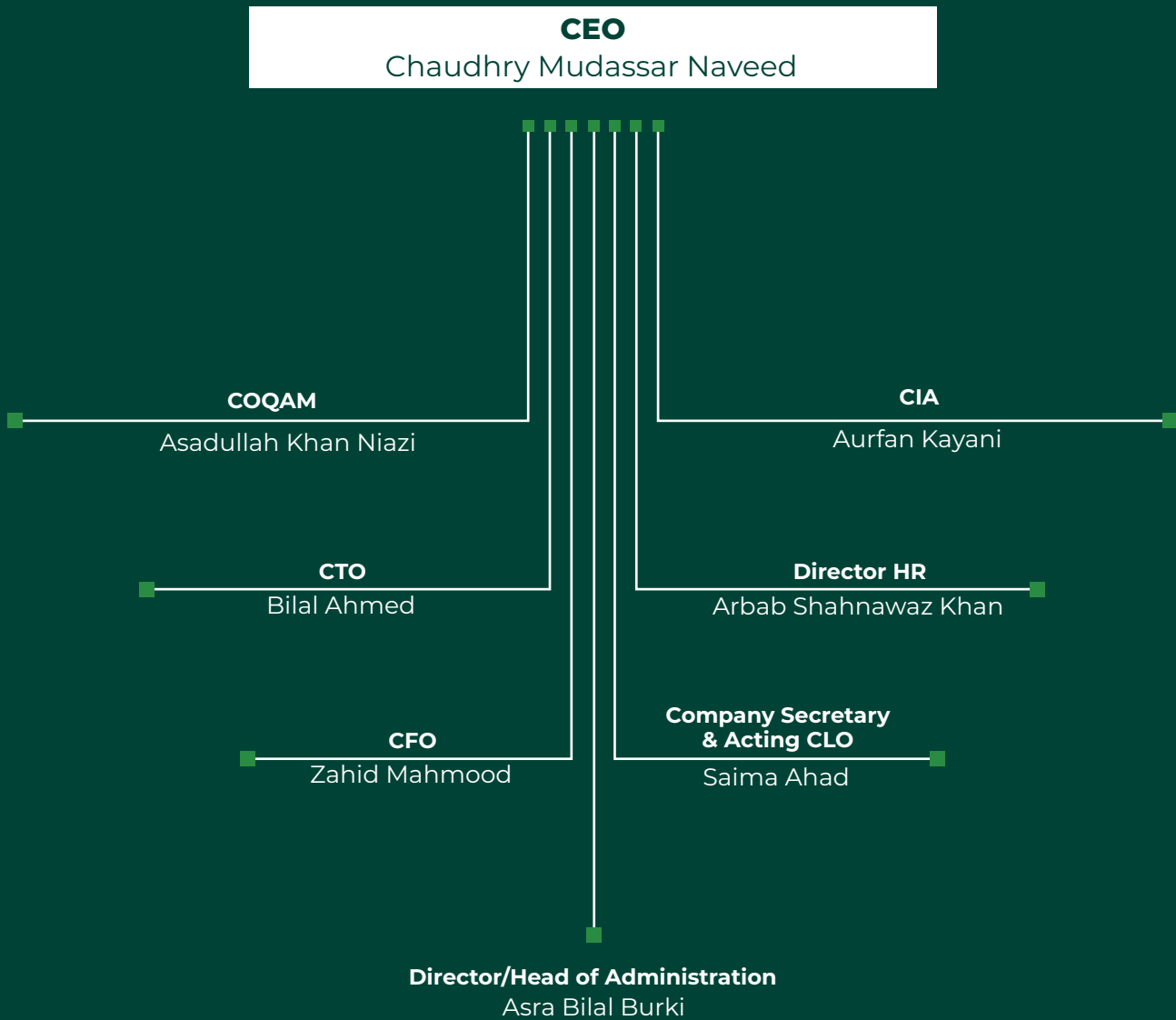
# ORGANIZATION STRUCTURE

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

## USF COMPANY BOARD & SUB-COMMITTEES



## CEO SECRETARIAT

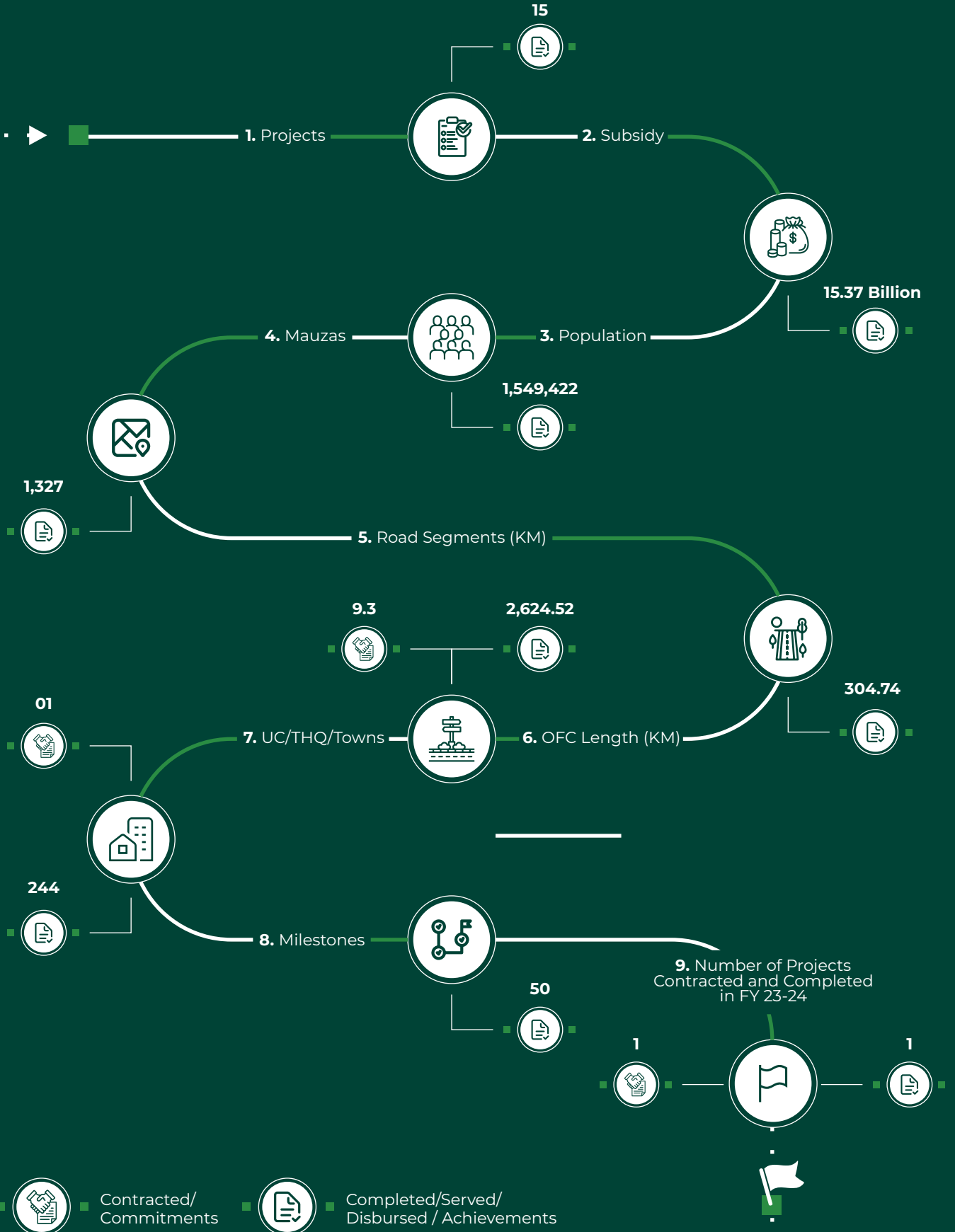


The senior management report to the CEO and are responsible for assisting the CEO with the day-to-day management of USF, as well as for the organization and day-to-day operation of their own departments. Their job specifications define their specific responsibilities and the authority delegated to their position. The general responsibilities include executing USF's strategies and plans in accordance with the law and official regulations and USF's guidelines, as well as carrying out internal control. The senior management can set procedures within their area of responsibility.

# PROGRESS & DEVELOPMENT

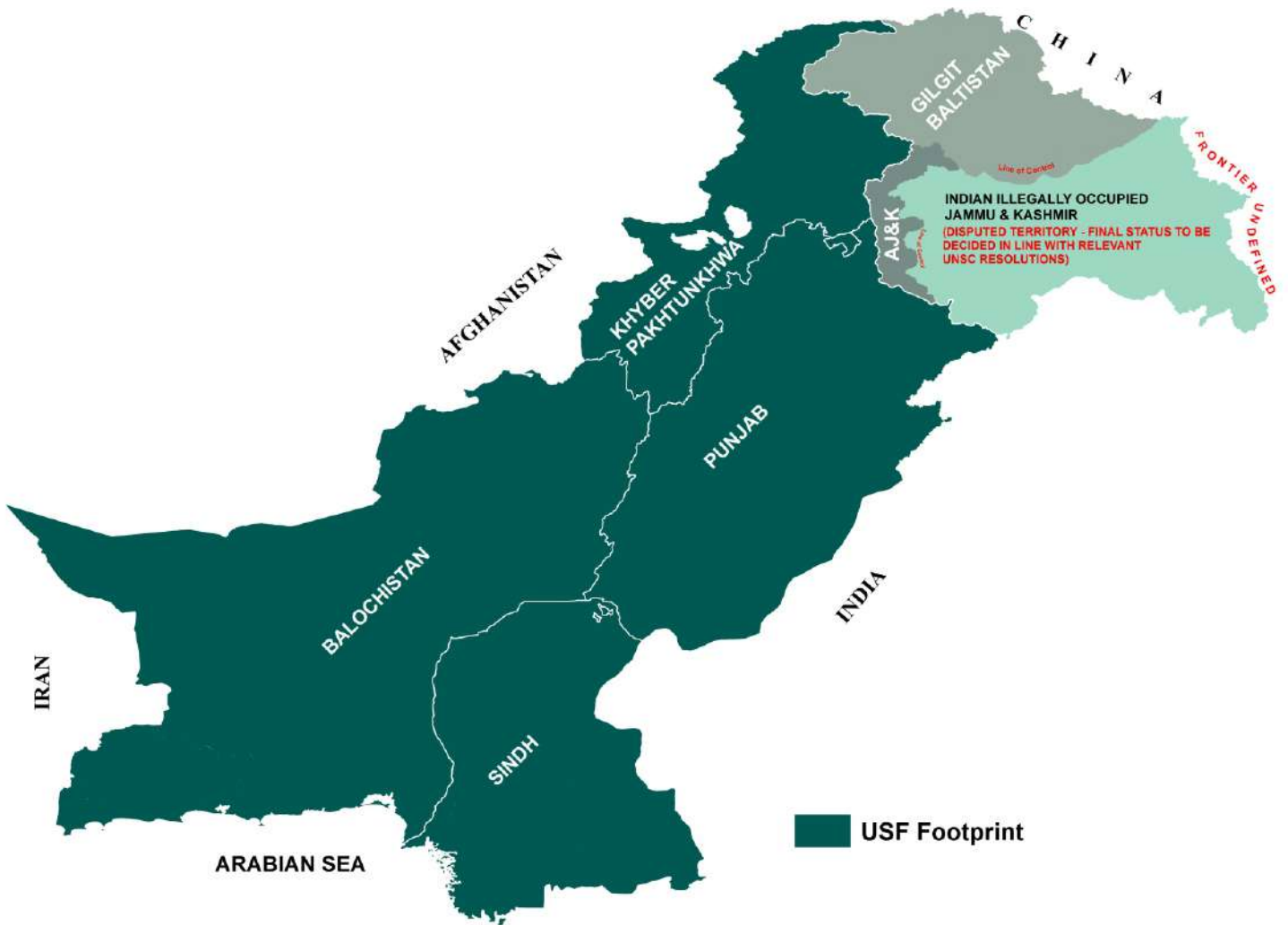


# YEAR AT A GLANCE



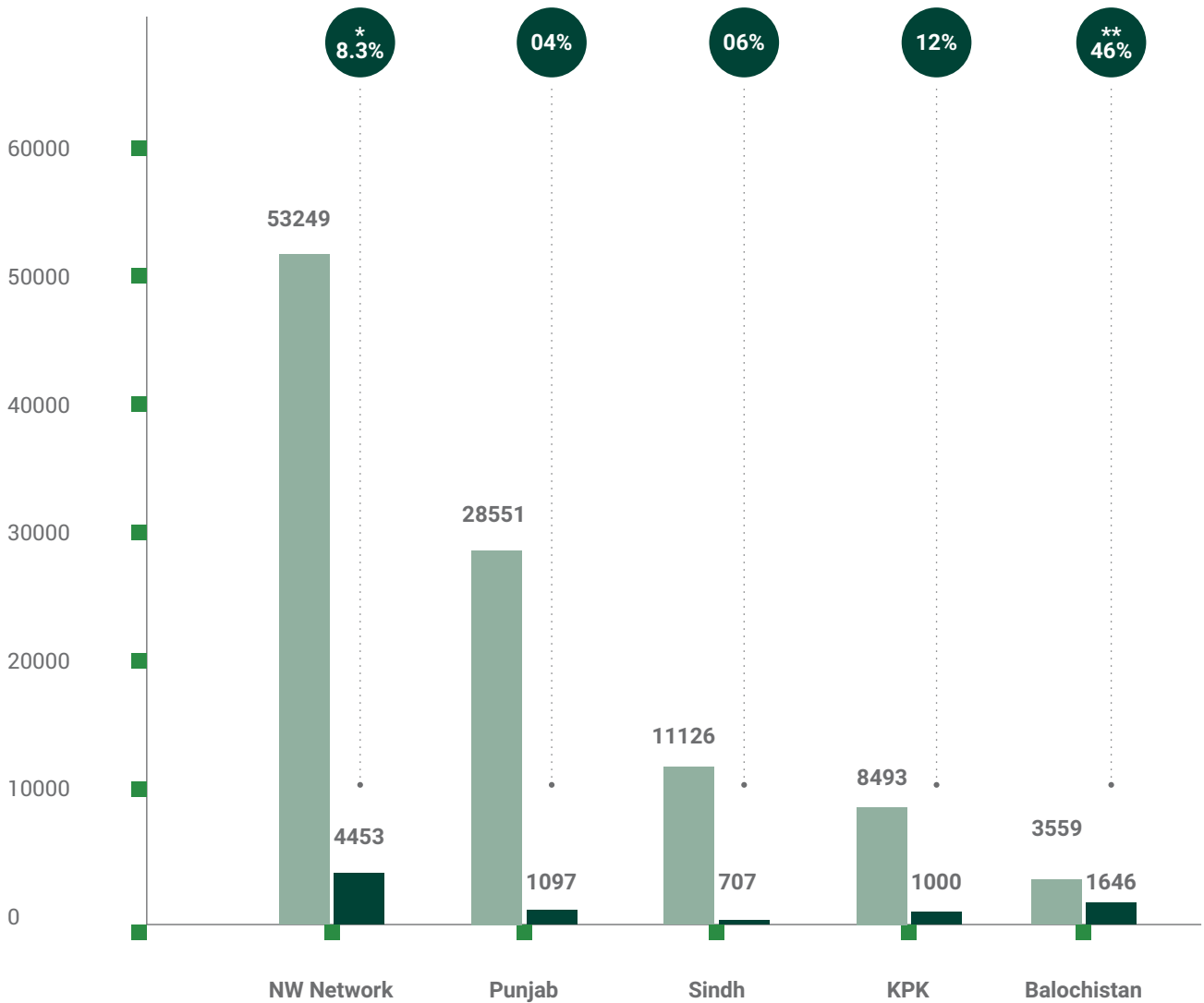


# USF FOOTPRINT



# NATION WIDE STATS

## Total PTA Cellular Sites vs USF (Contracted)

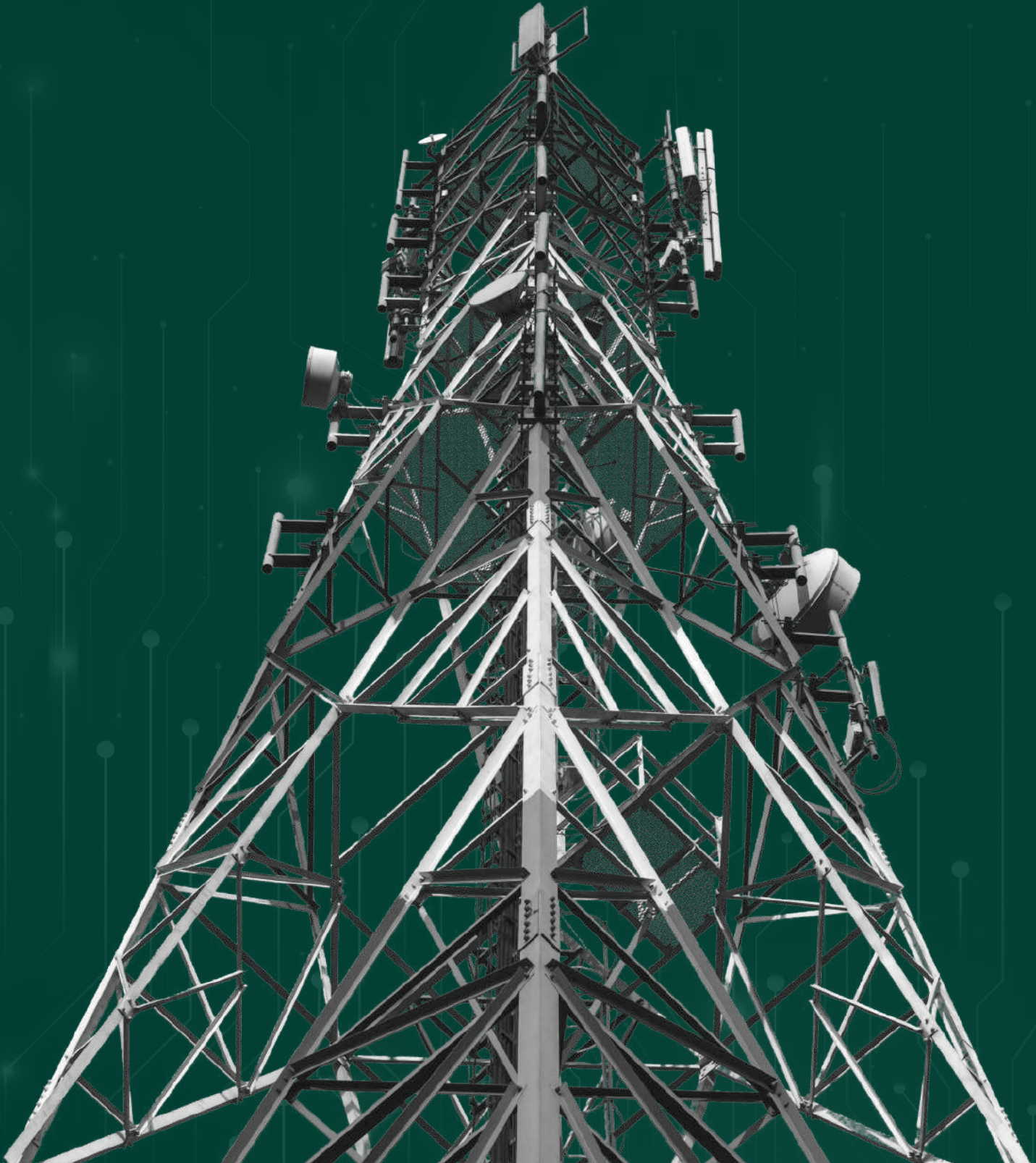


Nationwide Network  
 USF

\* 8.3% of the total Telecom Cellular Network is USF Subsidized

\*\* 46% of Balochistan is connected and empowered through USF projects

# STRATEGIC FOCUS



# PROGRAMS

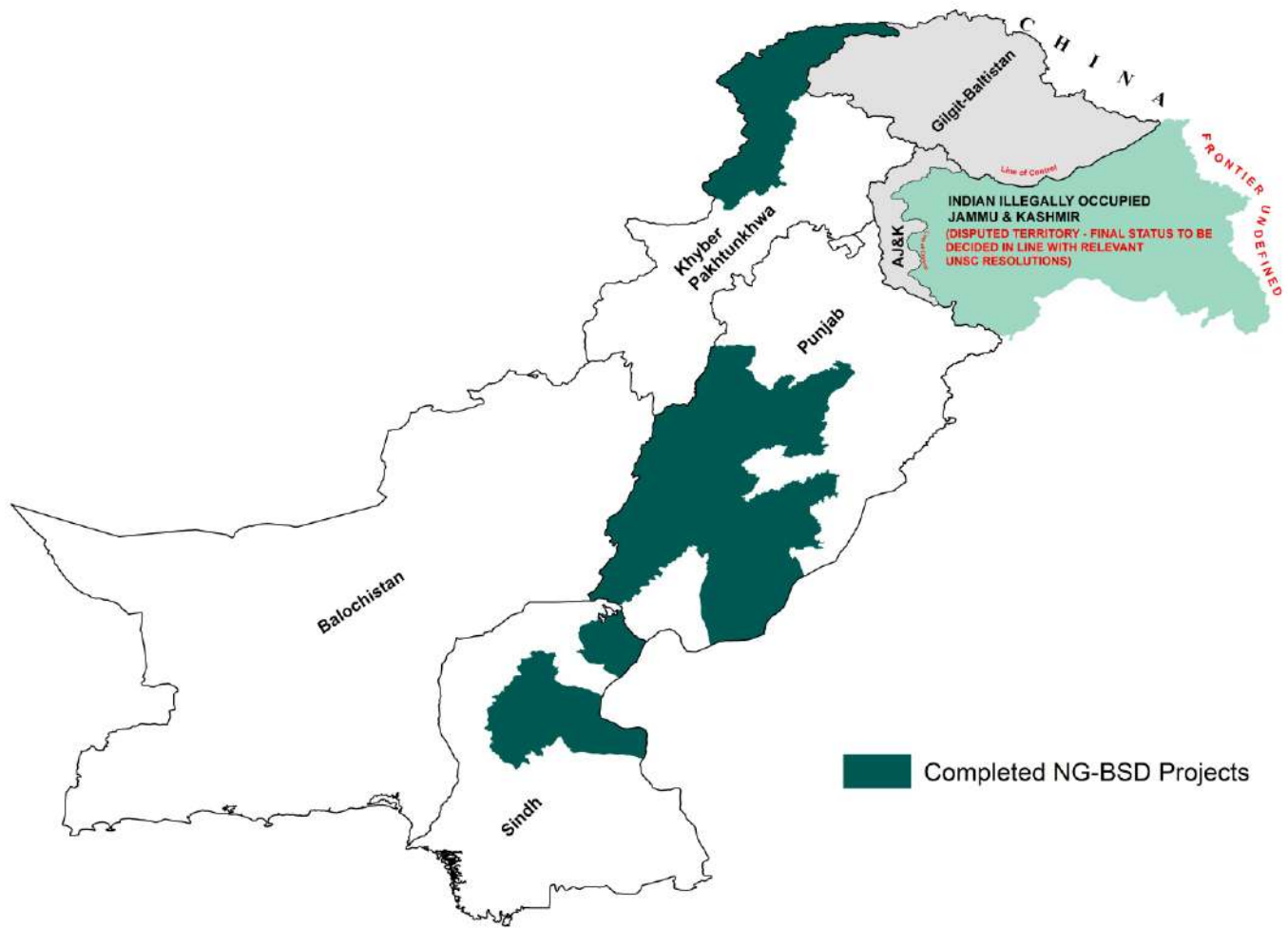
## NG-BSD Program

Through the Next Generation Broadband for Sustainable Development Program, USF is providing voice and high-speed Mobile Broadband to the un-served and under-served mauzas across Pakistan. These projects have a notable role in the socio-economic progress of the people at grassroots level and opening the doors of opportunities for the marginalized communities.

In FY 2023-24, USF successfully completed 10 projects, and provided access and connectivity to approximately 1.5 million un/underserved population residing in over 1,300 mauzas across the country.

## NG-BSD Completed Projects

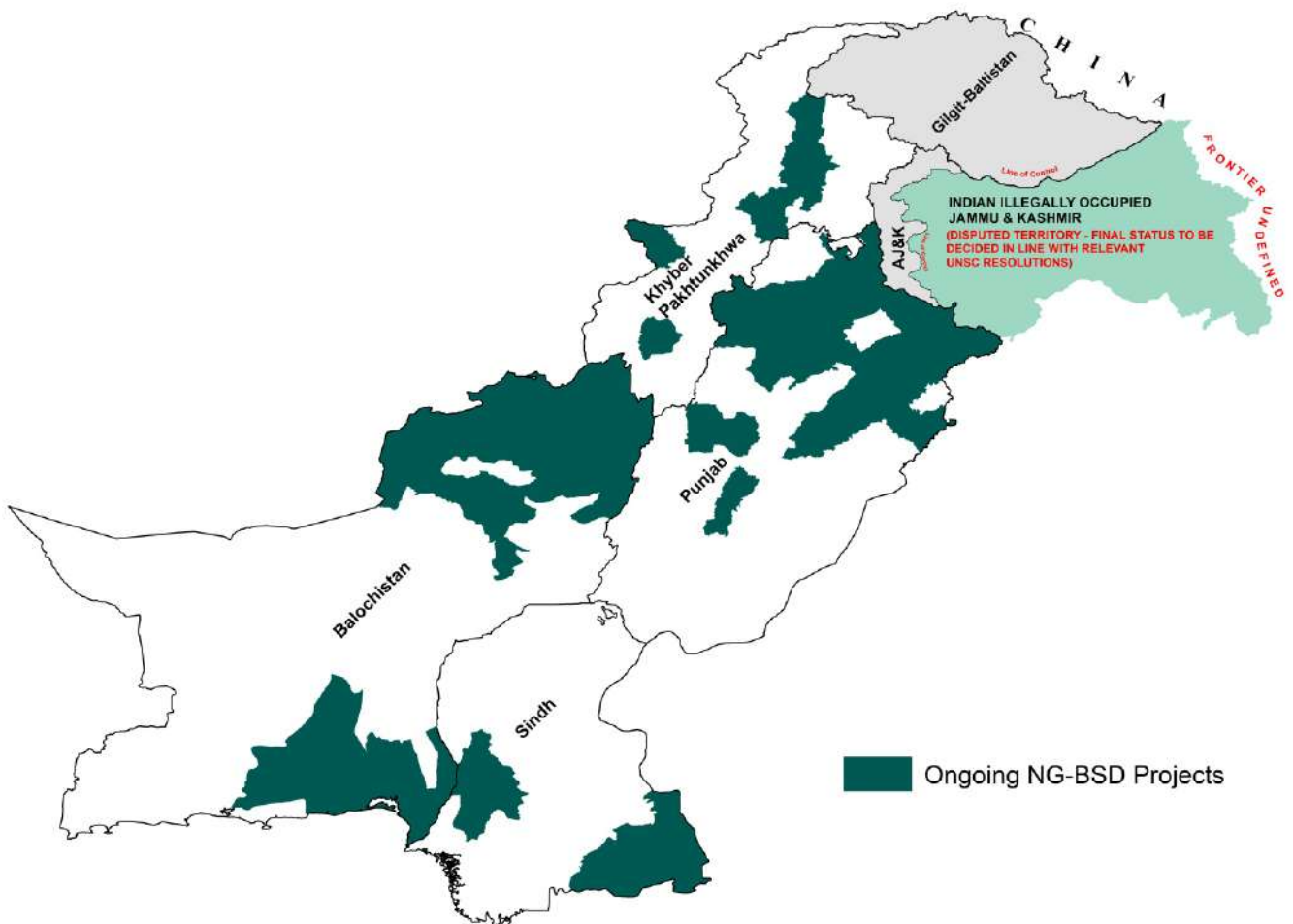
Serial	Project (Lot)	Target Districts	Target Mauzas	Target Population	SP	Contracted Subsidy (PKR)
1	Chitral	Chitral, Upper Dir, Lower Dir	486	592,546	Telenor	1,372,085,052
2	Chagai	Chagai, Nushki	156	171,438	Telenor	1,369,655,940
3	Panjgur	Panjgur	70	122,362	PTML	590,000,000
4	Attock	Attock, Rawalpindi	257	337,670	Jazz	308,924,164
5	Kambar Shahdadkot	Kambar Shahdadkot, Larkana	319	507,978	Jazz	246,405,845
6	Naushahro Feroze	Naushehro Feroze, Shaheed Benazirabad	377	163,167	Jazz	451,645,455
7	Jhang	Jhang, Bhakkar, Toba Tek Singh	688	1,047,590	Telenor	2,256,599,207
8	Lodhran	Lodhran, Vehari	298	385,499	Jazz	1,189,934,567
9	Small Lot P-11	DG Khan, Layyah, Multan, Muzaffargarh, Rajanpur	14	18,395	Jazz	318,672,918
10	Small Lot B-8	Gwadar	18	14,480	PTML	188,131,368



## NG-BSD On-going Projects

Serial	Project (Lot)	Target Districts	Target Mauzas	Target Population	SP	Contracted Subsidy (PKR)	Contracted Subsidy (PKR)
1	BSD North Waziristan	North Waziristan Agency, FR Bannu, FR Lakki Marwat	401	564,393	Jazz	192,083,284	50% Completed
2	BSD South Waziristan	South Waziristan Agency, FR Tank	411	638,286	Jazz	90,096,348	Work-in-Progress
3	Kurram	Kurram	224	442,675	Jazz	92,245,746	Work-in-Progress
4	Jhelum	Jhelum, Chakwal	263	343,595	Jazz	254,720,966	75% Completed
5	Pishin	Pishin, Killa Abdullah, Quetta	378	646,620	Jazz	1,319,809,195	25% Completed
6	Swat	Swat	34	65,695	Telenor	781,469,991	50% Completed
7	Lasbela	Lasbela, Awaran	223	154,083	PTML	1,773,747,000	75% Completed
8	Mianwali	Mianwali, Khushab	186	376,518	Jazz	1,599,130,467	75% Completed
9	Buner	Buner, Shangla	102	95,840	Telenor	2,037,810,752	75% Completed
10	Killa Saifullah	Killa Saifullah, Zhob	111	115,287	PTML	3,572,973,000	75% Completed

Serial	Project (Lot)	Target Districts	Target Mauzas	Target Population	SP	Contracted Subsidy (PKR)	Contracted Subsidy (PKR)
11	Nankana Sahib	Kasur, Nankana Sahib, Sheikhupura	305	498,333	Jazz	468,897,727	50% Completed
12	Sialkot	Narowal, Gujrat, Sialkot	232	255,276	Jazz	624,802,198	50% Completed
13	Loralai	Loralai	143	82,953	PTML	2,600,000,000	75% Completed
14	Sibi	Sibi	47	33,743	PTML	1,964,762,420	50% Completed
15	Musakhel (Rev-1)	Musakhel, Barkhan, Sherani	114	71,792	PTML	3,397,000,000	25% Completed
16	Small Lot S-7	Jamshoro (Northern Part)	41	40,500	Telenor	658,000,000	Work-in-Progress
17	Small Lot S-8	Jamshoro (Southern Part)	45	33,723	Telenor	851,078,833	Work-in-Progress
18	Small Lot S-10	Tharparkar	60	72,006	Telenor	874,315,253	Work-in-Progress



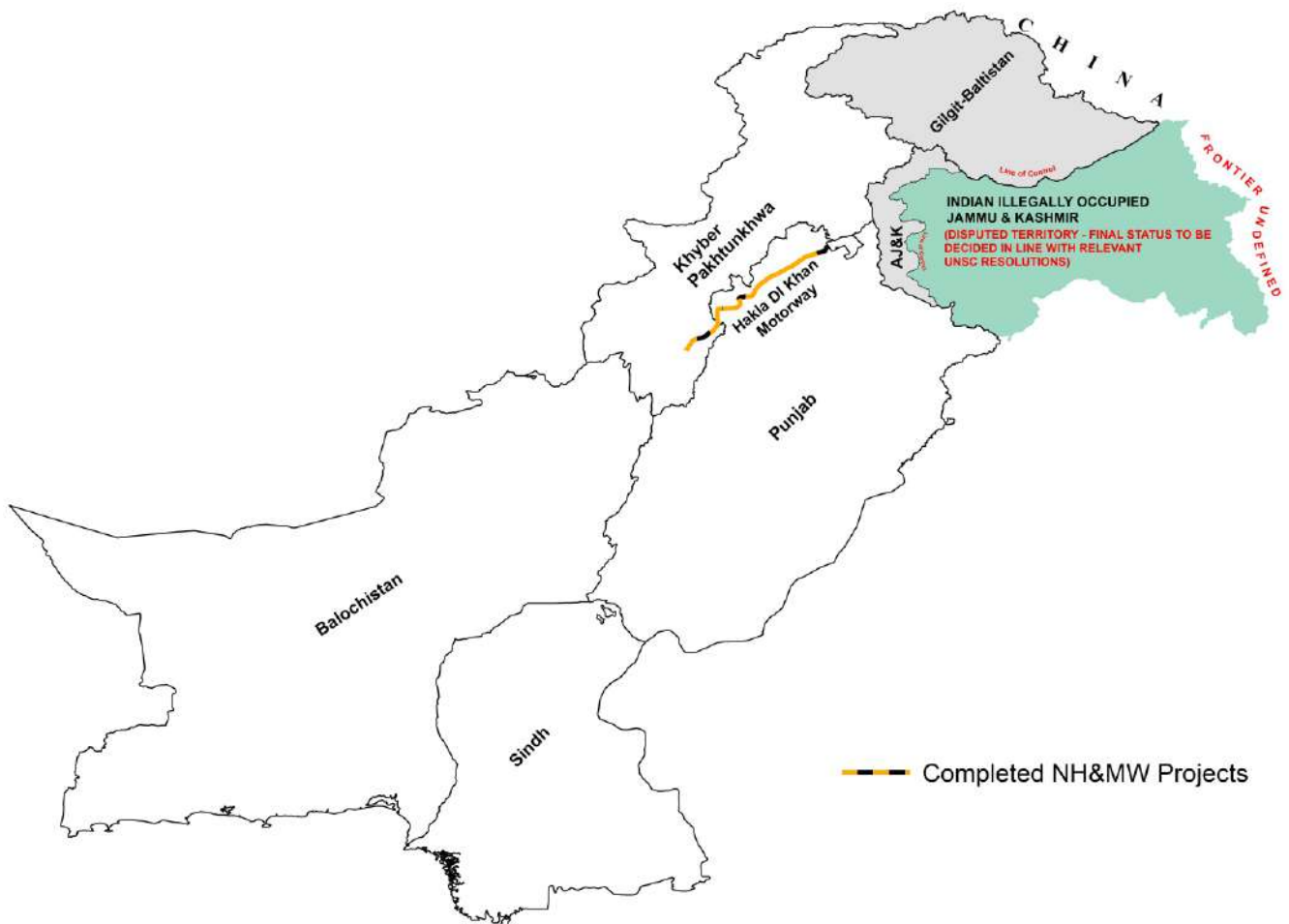
## NG-BSD for National Highways & Motorways Program

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

In FY 2023-24, USF completed its project NH&MW Lot 7 (M-14 Hakla-DI Khan) and provided seamless access and connectivity to 305 Kms of unserved road segment for commuters on National Highways & Motorways.

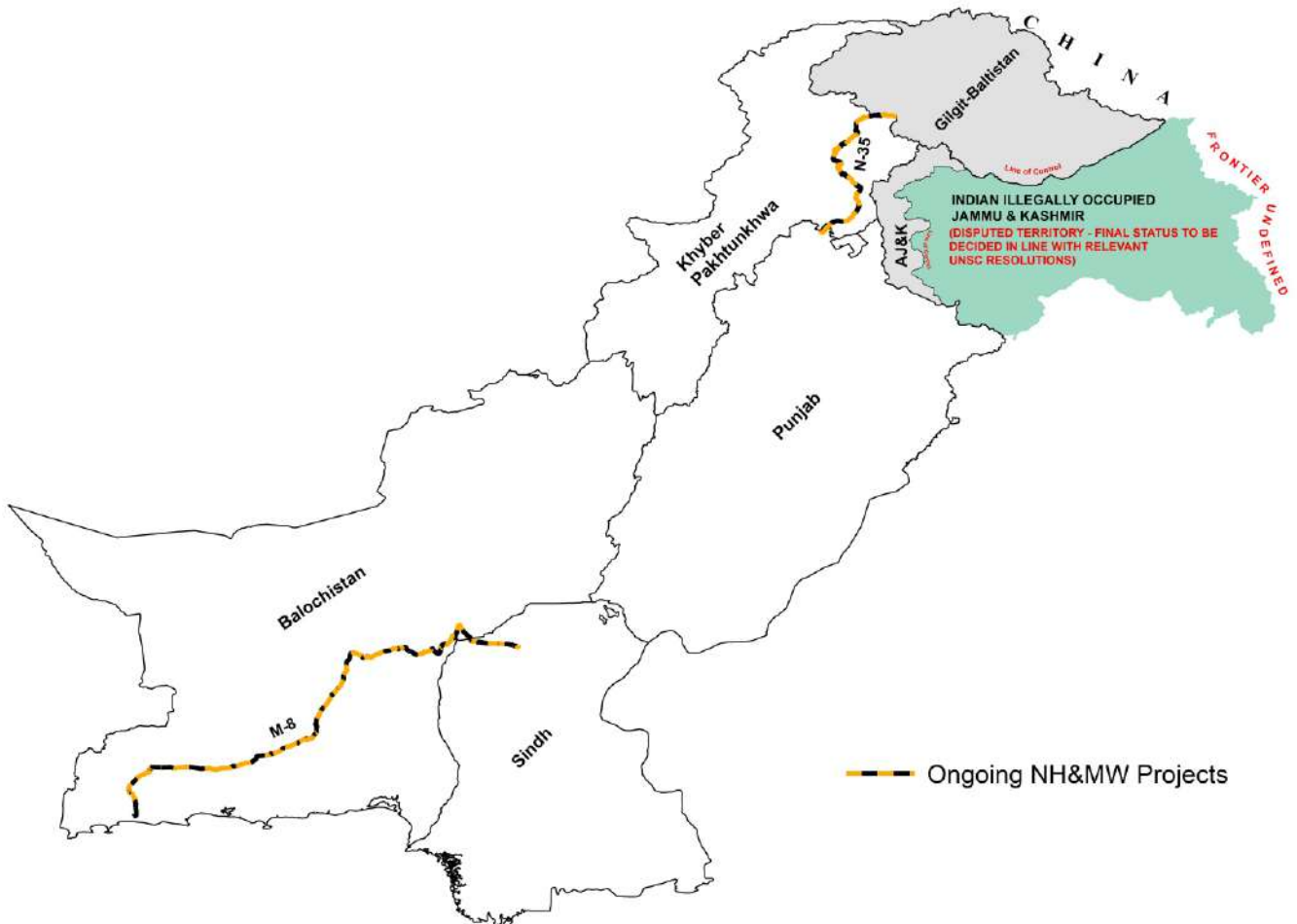
### NH&MW Completed Projects

Serial	Project (Lot)	Target Districts	Target Road Segment (Kms)	SP	Contracted Subsidy (PKR)
1	Lot 7 (M-14 Hakla-DI Khan)	DI Khan, Lakki Marwat, Mianwali, Attock, Rawalpindi	95.11	Jazz	375,356,871



## NH&MW On-going Projects

Serial	Project (Lot)	Target Districts	Target Road Segment (Kms)	SP	Contracted Subsidy (PKR)	Current Completion Status
1	Lot 10 (M-8 Rato Dero - Gwadar)	Gwadar, Kech, Awaran, Khuzdar, Jhal Magsi, Kambar Shahdad Kot, Larkana	478.35	PTML	4,822,797,972	50% Completed
2	Lot 9 (N-35 KKH)	Attock, Haripur, Abbottabad, Mansehra, Batagram, Kohistan	144.33	Jazz	1,229,012,007	Work-in Progress



— Ongoing NH&MW Projects

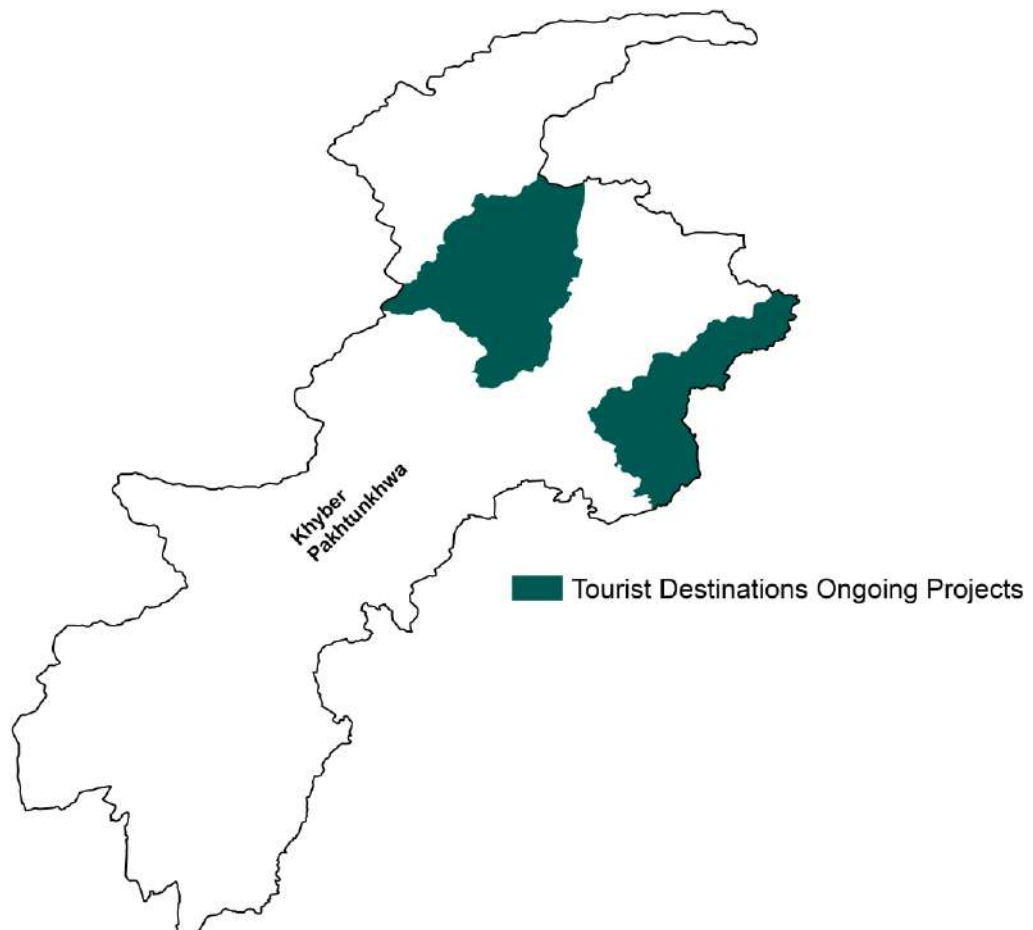


## NG-BSD for Tourist Destination Program

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

## NG-BSD Tourist Destinations On-going Projects

Serial	Project (Lot)	Target Districts	Tourist Locations	Access Route Length (Kms)	Contracted Subsidy (PKR)	Current Completion Status
1	Tourist Destination K-1	Mansehra, Abbottabad	23	97.95	1,172,958,500	Work-in Progress
2	Tourist Destination K-2	Swat, Upper Dir	4	55.88	883,360,268	Work-in Progress



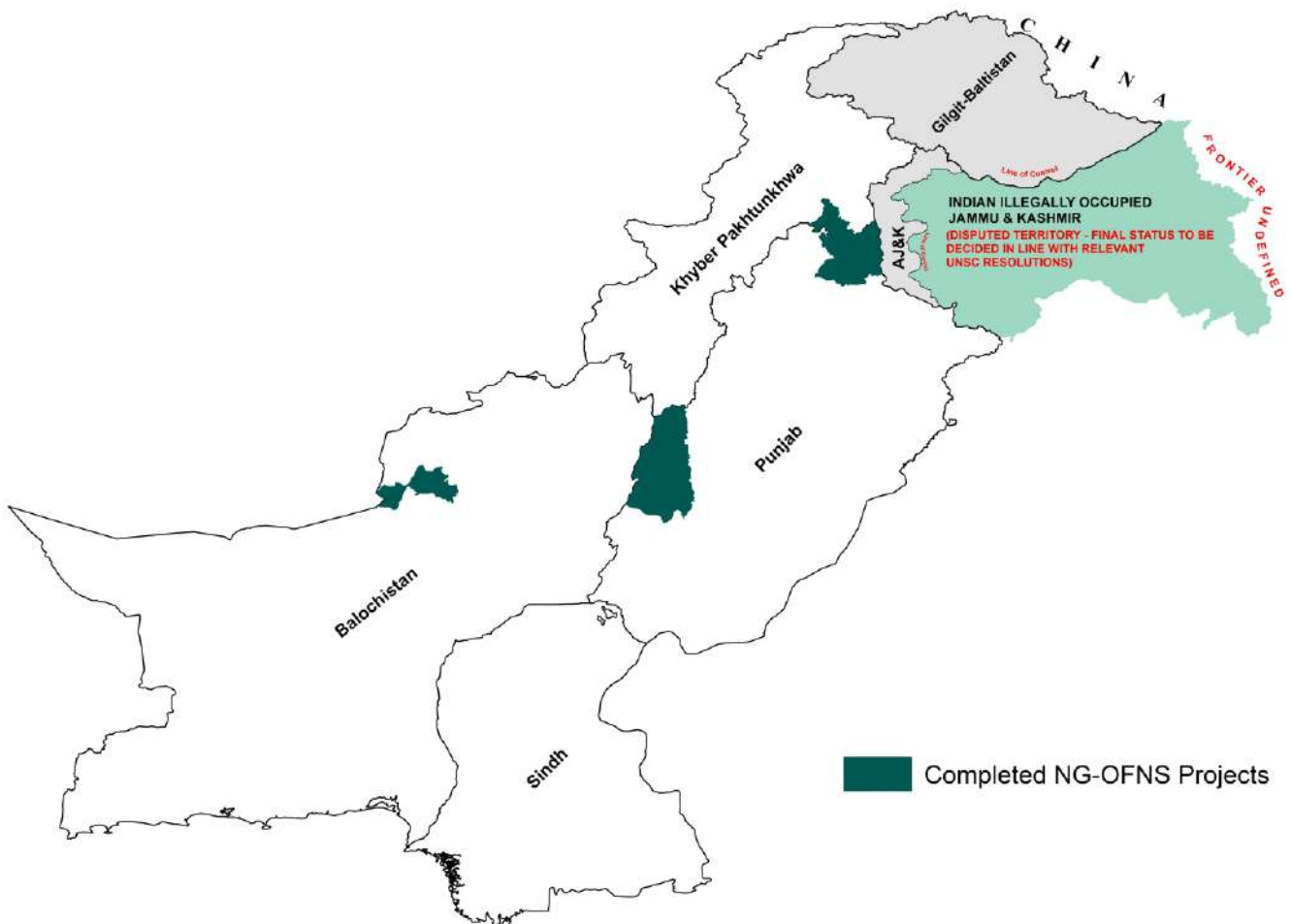
## NG-OF Network and Services Program

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

In FY 2023-24, USF completed 4 projects, and successfully deployed 2,624 kms of optic fiber cable connecting 244 unserved UCs in the provinces of Balochistan, Khyber Pakhtunkhwa, Sindh and Punjab.

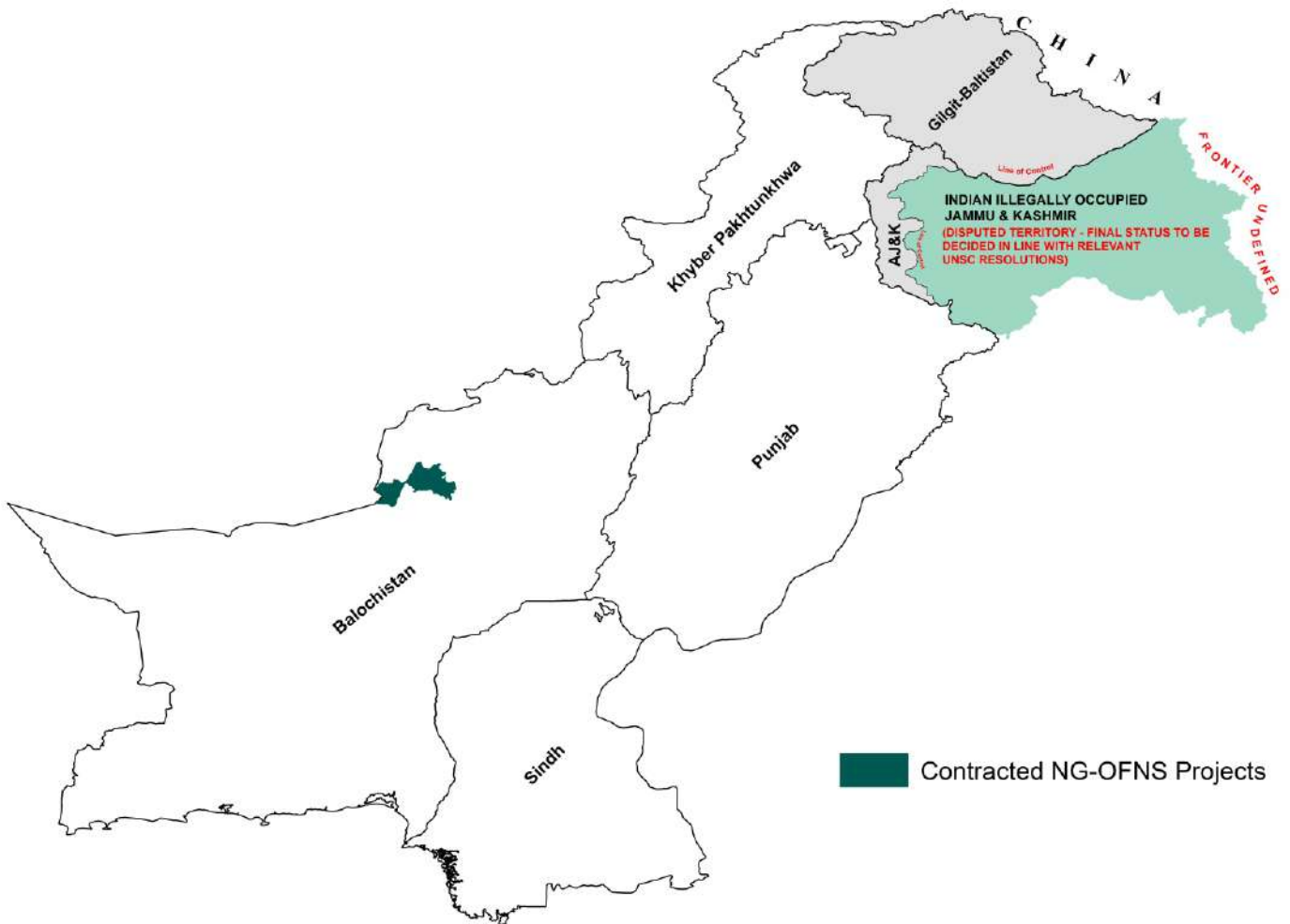
### OFC Completed Projects

Serial	Project (Lot)	Target Districts	Target UC/THQ/Towns	Target OFC Length (KM)	SP	Contracted Subsidy (PKR)
1	OFC-UC-PB-Lot 6	DG Khan	76	600.6	PTCL	1,165,000,000
2	OFC Small Lot 3	Islamabad, Haripur	6	63.473	PTCL	235,000,000
3	OFC Small Lot BL-1	Quetta	1	9.3	PTCL	42,103,608
4	OFC-UC-PB-Lot 14	Attock	47	570	Nayatel	2,693,000,000



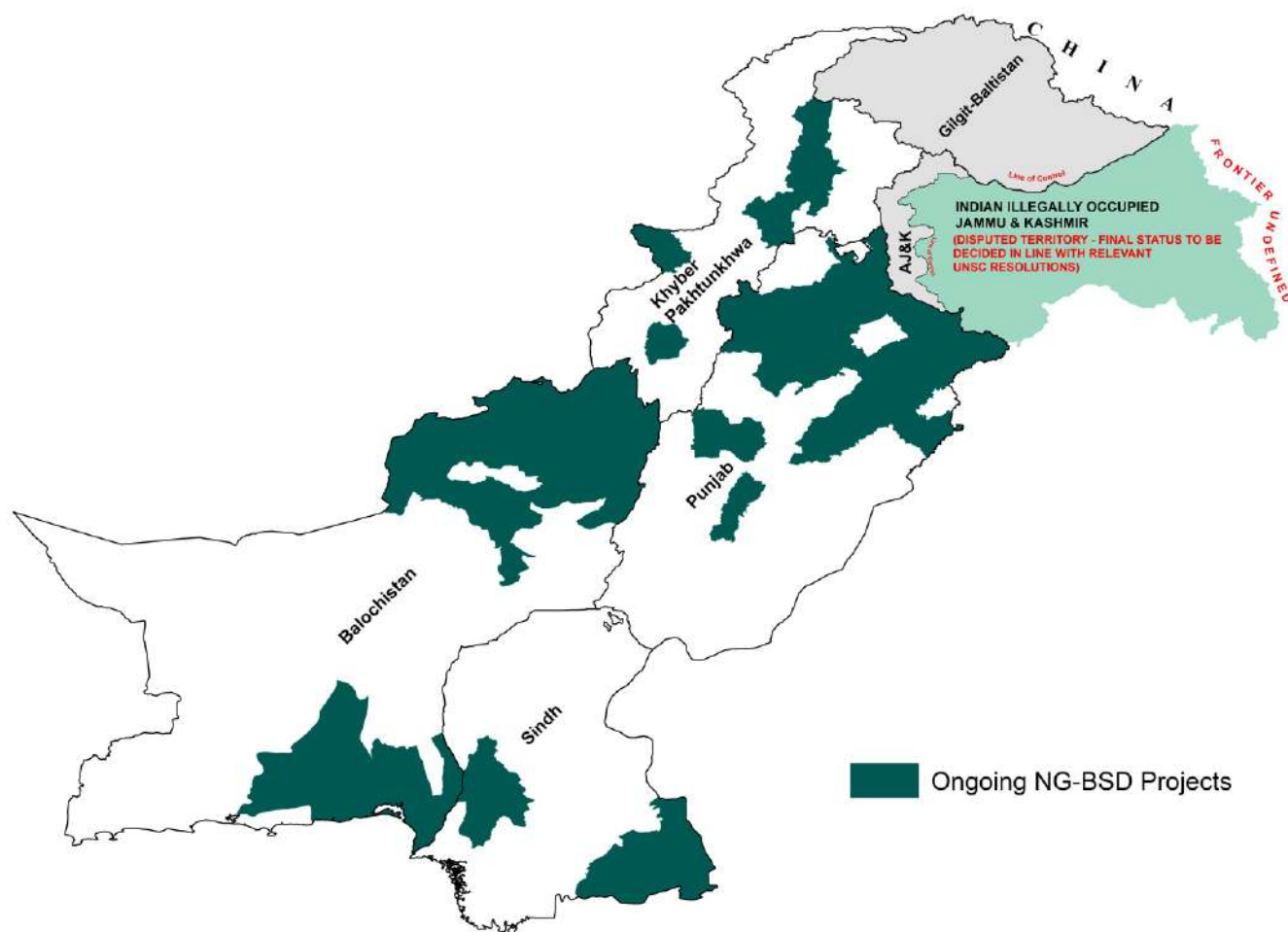
## OFC Contracted Projects

Serial	Project (Lot)	Target Districts	Target UC/THQ/Towns	Target OFC Length (KM)	SP	Contracted Subsidy (PKR)	Current Completion Status
1	OFC Small Lot BL-1	Quetta	1	9.3	PTCL	42,103,608	100% Completed



## OFC On-going Projects

Serial	Project (Lot)	Target Districts	Target UC/THQ /Towns	Target OFC Length (KM)	SP	Contracted Subsidy (PKR)	Current Completion Status
1	OFC-KPK/Package-2	Bajaur, Mohmand, Khyber, Orakzai, Kurram, FR Peshawar, FR Kohat	40	910	PTCL	2,559,864,984	75% Completed
2	OFC-UC-PB-Lot 8	Mianwali	31	390.24	PTCL	614,000,000	75% Completed
3	OFC-UC-SD-Lot 10	Dadu, Jamshoro	54	743.295	PTCL	1,429,000,000	50% Completed
4	OFC-UC-SD-Lot 12	Hyderabad, Badin	50	787.46	PTCL	1,988,914,000	50% Completed
5	OFC-UC-SD-Lot 11	Larkana, Kambar Shahdadkot	62	660.65	PTCL	1,610,000,000	50% Completed
6	OFC-UC-BL-Lot 13	Gwadar	13	396.99	PTCL	1,995,482,850	50% Completed
7	OFC-UC-KP-Lot 17	Peshawar, Nowshera, Charsadda, Mardan	78	769.053	PTCL	2,800,000,000	Work-in-Progress
8	OFC-UC-KP-Lot 18	Attock	37	387	Dancom	1,239,537,831	50% Completed



■ Ongoing NG-BSD Projects

# CHALLENGES IN FY 2023-2024

FY 2023-2024  
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FY 2023-2024

The fiscal year 2023-24 was marked by continual economic difficulties that had a substantial adverse impact on the timelines of USF initiatives. The telecom industry faced and continues to face economic hardships in terms of operating costs, mainly fuel, electricity, interest rate, local currency devaluation, etc. Similarly, import curbs and LC issues further exacerbated the prevailing situation. It led to equipment unavailability for completing ongoing projects and initiating the planned ones.

In addition, another substantial challenge faced by USF has been the availability of requisite funds in FY 2023-24 for payment of existing liabilities, due to which no new project could be initiated. USF has engaged with concerned quarters throughout the year for release of its funds stuck in Federal Consolidated Fund (FCF). In FY 23-24, these efforts resulted in the release of PKR 11.13 billion to USF at the close of the year to address its existing liabilities. Before release of these funds, USF tactically engaged with the Service Providers to balance the project delivery with available fiscal space, while maintaining industry relationships and their continued interest in USF projects.

During FY 2023-24, these strategic interventions led to the successful completion of 15 projects and 50 project implementation milestones serving approximately 1.5 million population residing in over 1,300 Mauzas across the country. Moreover, 305 Kms of unserved road segments were provided with voice and high-speed broadband services for commuters on NH&MWs. Under the Backhaul program, USF deployed 2,624 Km of Optic Fiber Cable connecting 244 un-served UCs/Towns across the country.

It is worth mentioning that USF, despite the persistent challenges of fiscal space, was still able to achieve more than 97% of its budgeted targets in FY 2023-24, with the support of the Board of Directors. In addition, USF proactively continued its efforts to identify un/underserved areas, and respective targets, under its existing program portfolio.



# FUTURE OUTLOOK

In FY2024-25, a release of PKR 5.7 billion has been committed by the Federal Government for USF to settle USF's already signed commitments. It is pertinent to mention that any lag in the timely release of committed funds will pose a risk to USF – leading to non-compliance to the signed commitments. USF foresees the continued support from the USF Board of Directors and MoIT&T to facilitate timely release of USF funds from FCF, and their guidance in initiating new projects accordingly.

During FY 2023-24, USF has focused its efforts on the identification of un/underserved targets for its future projects. In this regard, analysis of 60 districts under NG-OFNS program, and 57 districts under NG-BSD program has been completed as listed below;

## LIST OF UN/UNDERSERVED AREAS IN ANALYZED DISTRICTS FOR USF ACCESS (4G) PROJECTS

S No.	Project	Districts	Estimated Un/Underserved Mauzas	Estimated Un/Under Served Population
<b>KHYBER PAKHTUNKHWA</b>				
1	Abbotabad	Abbotabad	164	256,682
2	Haripur	Haripur	164	256,682
3	Mansehra	Mansehra	190	300,048
4	Orakzai	Orakzai	149	230,207
5	Bajaur	Bajaur	51	179,775
6	Hangu	Hangu	22	179,156
7	Malakand	Malakand	43	114,274
8	DI Khan	DI Khan	66	93,610
9	Upper Kohistan	Upper Kohistan	71	90,011
10	Battagram	Battagram	58	87,340
11	Kolai Palas	Kolai Palas	174	50,810
12	Lower Kohistan	Lower Kohistan	151	46,865
13	Tank	Tank	32	26,740
14	Torgher	Torgher	36	23,234
15	Khyber	Khyber	32	106,985
16	Karak	Karak	22	23,670
17	Kohat	Kohat	20	54,245
18	Lakki Marwat	Lakki Marwat, Bannu	95	406,990
<b>Total</b>		<b>19</b>	<b>1,540</b>	<b>2,527,323</b>
<b>PUNJAB</b>				
19	Muzaffargarh	Muzaffargarh	138	498,927
20	Rajanpur	Rajanpur	177	492,916
21	Bahawalnagar +Border Area	Bahawalnagar	200	447,914
22	Jhang	Jhang	360	183,462
23	Dera Ghazi Khan	Dera Ghazi Khan	75	180,616
24	Bahawalpur +Border Area	Bahawalpur	169	162,886
25	Layyah	Layyah	50	129,972
26	Khanewal	Khanewal	37	92,778
27	Rahim Yar Khan+ Border Area	Rahim Yar Khan	123	82,629
28	Multan	Multan	18	69,795
29	Sargodha	Sargodha	80	250,000
30	Chiniot	Chiniot	60	160,000



31	Gujranwala	Gujranwala	30	55,000
32	Hafizabad	Hafizabad	63	82,000
33	Mandi Bahauddin	Mandi Bahauddin	47	96,000
34	Faisalabad	Faisalabad	13	64,907
<b>Total</b>		<b>16</b>	<b>1,640</b>	<b>3,049,802</b>
<b>SINDH</b>				
35	Tharparkar	Tharparkar	206	435,121
36	Mirpur Khas	Mirpur Khas	191	139,880
37	Thatta	Thatta	136	133,650
38	Khairpur	Khairpur	83	111,239
39	Badin	Badin	213	110,120
40	Sujawal	Sujawal	160	84,320
41	Umer Kot	Umer Kot	100	80,555
42	Sanghar	Sanghar	104	70,300
43	Ghotki	Ghotki	58	26,920
44	Sukkur	Sukkur	38	20,230
45	Hyderabad	Hyderabad	24	18,000
46	Matiari	Matiari	20	20,000
47	Tando Allahyar	Tando Allahyar	22	128,833
48	Tando Mohammad Khan	Tando Mohammad Khan	43	159,081
<b>Total</b>		<b>14</b>	<b>1,398</b>	<b>1,538,249</b>
<b>BALUCHISTAN</b>				
49	Kharan	Kharan	26	29,423
50	Kachi (Bolan)	Kachi (Bolan)	35	30,000
51	Gwadar	Gwadar	20	20,000
52	Jhal Magsi	Jhal Magsi	30	25,000
53	Washuk	Washuk	138	37,344
54	Dera Bugti	Dera Bugti	72	98,000
55	Kohlu	Kohlu	71	57,000
56	Khuzdar	Khuzdar	26	23,028
57	Kalat	Kalat	42	20,356
<b>Total</b>		<b>9</b>	<b>460</b>	<b>340,151</b>
<b>Grand Total</b>		<b>58</b>	<b>5,038</b>	<b>7,455,525</b>

## LIST OF ANALYZED DISTRICTS FOR USF OFC NETWORK AND SERVICES PROJECTS

S No.	District	Estimated Unserved Population	Unserved UC	Estimated OFC Kms	BTS With in 5 Kms	Target BTS (25%)	Education	Health	Govt. Offices
<b>PUNJAB</b>									
1	Chakwal	779,884	54	482	330	83	520	227	263
2	Jhelum	458,873	24	200	204	51	329	124	173
3	Kasur	810,560	81	610	614	154	146	78	34
4	Okara	598,645	104	688	462	116	168	151	35
5	Bahawalpur	2,541,612	116	1,096	487	122	191	16	136
6	Rahim Yar Khan	3,704,756	105	950	583	146	139	42	60
7	Bahawalnagar	2,539,118	110	969	367	92	154	125	19
8	Multan	1,286,027	73	554	968	242	250	40	54
9	Khanewal	1,914,619	95	699	508	127	158	38	44
10	Vehari	1,923,528	88	626	499	125	147	59	19
11	Lodhran	1,102,946	53	413	223	56	112	6	32
12	Jhang	1,730,618	74	598	434	109	174	54	95
13	Toba Tek Singh	1,379,247	67	526	441	110	193	57	46
14	Bhakkar	1,145,912	53	573	165	41	130	43	31
15	Narowal	1,143,000	66	440	300	75	180	96	105
16	Sialkot	2,146,972	73	455	957	239	223	134	148
17	Haifzabad	898,881	33	223	166	42	92	42	66
18	Gujrat	1,612,176	65	390	777	194	201	75	115
19	Gujranwala	1,734,746	65	402	1182	296	251	180	174
20	Mandi Bahauddin	1,044,731	53	337	389	97	104	28	90
21	Pakpattan	281,958	42	359	281	70	59	53	29
22	Sheikhupura	857,468	62	459	689	172	103	62	70
23	Nankana Sahib	509,572	41	303	231	58	86	65	20
24	Sahiwal	316,906	60	470	485	121	126	80	43
<b>Total</b>	<b>24</b>	<b>32,462,755</b>	<b>1,657</b>	<b>12,822</b>	<b>11,742</b>	<b>2,938</b>	<b>4,236</b>	<b>1,875</b>	<b>1,901</b>
<b>KHYBER PAKHTUNKHWA</b>									
25	Swabi	666,918	24	163	279	70	175	59	61
26	Swat	824,162	33	229	379	95	188	68	67
27	Shangla	416,133	16	175	66	17	70	16	21
28	Buner	404,584	16	145	94	24	90	17	46
29	Kohat	480,593	20	212	222	56	104	27	30
30	Hangu	288,406	13	88	65	16	36	13	9
31	Karak	354,854	10	116	41	10	88	20	18

32	Mansehra	800,283	36	271	338	85	168	40	33
33	Abbotabad	811,148	33	379	328	82	154	36	35
34	Haripur	510,334	22	204	206	52	144	32	51
35	Batagram	344,692	15	127	62	16	49	22	32
36	Torghar	128,636	4	50	7	2	10	6	11
37	Malakan	317,055	12	121	105	26	92	36	45
38	D.I. Khan	764,320	24	297	211	53	154	34	61
39	Tank	298,000	13	102	52	13	34	13	8
40	Lower Chitral	185,368	11	198	33	8	52	14	25
41	Upper Chitral	84,616	5	83	5	1	42	12	11
42	Lower Dir	773,106	21	173	185	46	249	46	78
43	Upper Dir	661,664	20	267	87	22	99	28	47
<b>Total</b>	<b>19</b>	<b>9,114,872</b>	<b>348</b>	<b>3,400</b>	<b>2,765</b>	<b>694</b>	<b>1,998</b>	<b>539</b>	<b>689</b>
<b>SINDH</b>									
44	Shikarpur	568,017	34	321	84	21	111	21	28
45	Jaccobabad	714,788	33	270	109	27	120	28	34
46	Matari	517,643	27	307	84	21	124	38	61
47	Tando Allahyar	615,222	26	182	100	25	90	44	45
48	Tando Muhammad Khan	553,917	25	204	73	18	58	26	26
49	Sanghar	1,540,382	70	539	237	59	248	62	93
50	Umer Kot	883,679	40	414	87	22	121	34	53
51	Mirpur Khas	988,308	47	358	177	44	119	51	66
52	Tharparker	1,375,575	63	864	43	11	158	55	43
53	Thatta	705,210	36	381	104	26	108	33	55
54	Sujawal	646,963	32	321	50	13	147	46	24
<b>Total</b>	<b>11</b>	<b>9,109,704</b>	<b>433</b>	<b>4,161</b>	<b>1,148</b>	<b>287</b>	<b>1,404</b>	<b>438</b>	<b>528</b>
<b>BALUCHISTAN</b>									
55	Ziarat	98,239	12	204	11	3	24	10	28
56	Pishin	471,568	45	305	84	21	38	7	11
57	Quetta	595,867	21	276	732	183	179	142	112
58	Qilla Abdullah	258,114	26	193	27	7	11	25	5
59	Kech	420,952	31	623	23	6	218	46	37
60	Panjgur	154,507	14	464	33	8	151	23	47
<b>Total</b>	<b>6</b>	<b>1,999,247</b>	<b>149</b>	<b>2,065</b>	<b>910</b>	<b>228</b>	<b>621</b>	<b>253</b>	<b>240</b>
<b>Grand Total</b>	<b>60</b>	<b>52,686,578</b>	<b>2,587</b>	<b>22,448</b>	<b>16,565</b>	<b>4,147</b>	<b>8,259</b>	<b>3,105</b>	<b>3,358</b>

These identified targets may translate into more than 150 projects that can be undertaken subject to available fiscal space in the corresponding fiscal years and as per the approval of the Board of Directors.

# PTA INDICATORS

AS OF JUNE 2024

Mobile Cellular Subscribers

193 MILLION

Mobile Broadband Subscribers

135 MILLION

Fixed Telephone Subscribers

3 MILLION

Broadband Subscribers

138 MILLION

Mobile Teledensity

79.44%

Mobile Broadband Penetration

55.61%

Fixed Teledensity

1.06%

Broadband Penetration

57.05%

# OUR PEOPLE



## PEOPLE & CULTURE

Building on our organizational transformation journey, this year we concentrated on creating a workplace that is both agile and inclusive while embracing new trends and technologies.

Training sessions on "Artificial Intelligence" and "Soft Skills (Negotiation/Leadership) Skills" equipped our team with the latest knowledge and leadership capabilities. We also expanded our internship program, welcoming young talent from across the country and providing them with valuable professional experience, reinforcing our commitment to nurturing future leaders.

## Intern Testimonials

As a finance intern at USF, I have had the privilege of working in a highly collaborative environment that has been welcoming from the outset. Engaging closely with seasoned professionals who offer invaluable mentorship and learning opportunities, I am gaining practical experience in financial analysis and reporting. This exposure is enhancing my problem-solving and analytical skills. The team's openness and support have enabled me to contribute meaningfully to the organization while fostering my professional growth. My tenure at USF has been enriching and continues to build my confidence as I advance in my finance career. ~**Sarah Taghreed (Finance Intern)**



My internship experience in the HR department at Universal Service Fund has been profoundly enriching. I have honed my skills and acquired practical knowledge across various facets of HR, including recruitment, employee relations, employee benefits, human resource information systems (HRIS), and payroll. This hands-on experience has significantly deepened my understanding of HR principles and bolstered my confidence in applying them effectively. The guidance and support provided by the USF HR team have been instrumental in my professional and personal growth, and I look forward to applying these skills and insights in my future endeavors. ~**Arqam Atiq (HR Intern)**

My internship at Universal Service Fund has been an incredibly enriching experience. I had the invaluable opportunity to work on a range of HR-related operational tasks, including streamlining onboarding processes and managing employee records, as well as engaging in GIS projects involving data analysis and map creation. This multifaceted role at this organization has provided me with a dynamic platform for growth, allowing me to develop a deep understanding of both technical and operational aspects within an exceptional working environment that fosters professional and personal development.

~**Mahrukh Iftikhar (GIS Intern)**



As a Web Developer intern at USF, I gained hands-on experience in IT and Networking, enhancing my skills in web development. The supportive environment at USF facilitated close collaboration with a skilled team, where both senior and junior colleagues were approachable and willing to share their expertise. This tenure provided not only technical growth but also valuable insights into the dynamics of a professional setting. The collaborative culture at USF fostered continuous learning and personal development, making the experience highly rewarding. ~**Kashif Ur Rahman (IT & Networking Intern)**

# HIGHLIGHTS OF THE YEAR



## Pinktober: Empowering Health Through Awareness

In observance of Pinktober, the Universal Service Fund (USF) hosted an impactful Breast Cancer Awareness session in collaboration with Shifa International Hospital. The event featured the expert guidance of Dr. Urooj Akram, who provided crucial insights on breast cancer prevention, early detection, and treatment options. The session also highlighted the inspiring journey of breast cancer survivor Hira Batool, whose story resonated deeply with attendees. To further support our employees' health, USF distributed vouchers for comprehensive health screenings, emphasizing the importance of proactive health measures. This initiative aimed to educate and empower participants, reinforcing the significance of early detection and self-assessment in the fight against breast cancer.



## USF Anniversary: Celebrating 17 Years of Innovation and Success

The USF Anniversary was a momentous occasion celebrated at the USF Office, marking 17 years of success, innovation, and growth. The event was a heartfelt tribute to the incredible team and valued partners who have played an integral role in making this journey unforgettable. Together, we reflected on the milestones achieved and looked forward to continuing our mission of bridging the digital divide across Pakistan.



## Women's Day Celebration: Honoring Strength and Empowerment

On Women's Day, USF Pakistan proudly celebrated the incredible strength, resilience, and contributions of women across all sectors. The event was a tribute to the women who continue to break barriers and lead the way in the digital revolution, emphasizing our commitment to gender equality and the empowerment of women in the ICT sector. By encouraging an inclusive environment, USF reaffirms its dedication to creating opportunities that enable women to thrive in a rapidly evolving digital landscape.





## Empowering Girls in ICT: A Landmark Event

The International Day for Girls in ICT event was a significant occasion, graced by the Honorable Prime Minister of Pakistan, Mian Muhammad Shehbaz Sharif. The event featured distinguished attendees, including Ms. Shaza Fatima Khawaja, Minister of State for IT & Telecommunication, and Capt. (Retd.) Muhammad Mahmood, Additional Secretary (Incharge). With participation from all MoITTT subsidiaries and affiliated companies, the event highlighted a unified commitment to empowering young girls in the ICT sector, reinforcing the importance of their role in shaping the future of technology in Pakistan.



## Honouring Parents with Joyful Surprises

USF Pakistan celebrated both Mother's Day and Father's Day with a series of heartfelt events that honored the invaluable role of parents. These celebrations were filled with special surprises, thoughtful gifts, and engaging activities, creating an atmosphere of appreciation and joy. By recognizing the contributions of mothers and fathers, USF reinforced the importance of family values and expressed gratitude to all parents for their unwavering support and dedication. The events highlighted the significance of family in our lives and brought the USF community together in a spirit of celebration and unity.



## Skill Development and Capacity Building

### Master Generative Models Training

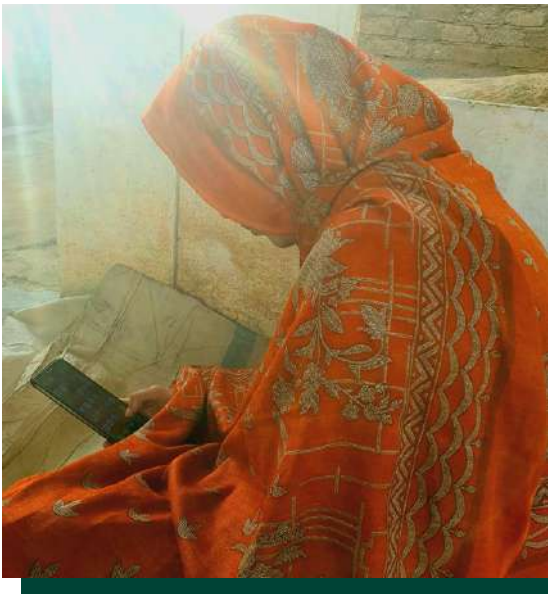
Team USF completed a 2-day training on generative models, mastering essential skills in data generation, anomaly detection, and more. Armed with practical knowledge and real-world expertise, they are now prepared to drive innovation and tackle challenges with confidence.



### Workshop on Negotiation and Leadership Skills

A hands-on workshop on negotiation and leadership skills was successfully conducted. Participants mastered advanced techniques to optimize performance, resolve complex scenarios, and lead with confidence. This intensive program combined theory with practical exercises, equipping everyone with essential strategies for success in various organizational contexts.

# COMMUNITY STORIES/ TESTIMONIALS



## E-EDUCATION

### Laiba (Lower Dir, KPK)

Leveraging the power of the internet, Laiba is not only building a successful food business but also enriching her knowledge through online educational portals, all from the comfort of her home.

“With the abundance of fresh produce at my disposal, I experimented with various recipes, including organic jams, which received great appreciation. Through online research, I discovered a high demand for organic products across Pakistan. This knowledge has enabled me to expand my business beyond Lower Dir while continuing to educate myself on diverse subjects through online platforms.”

## E-HEALTH

### Bibi Hawa (Mastung, Balochistan)

Bibi Hawa has leveraged ICT to create an online support system for women in her community, enabling them to connect and share vital health-related information through their phones.

“During the pandemic, we were all confined to our homes, but even before that, the distance made it difficult for me to meet my friends regularly. So, I created a small online community group. This led me to Facebook, where I joined self-help groups focused on health issues with experts. By engaging in these groups, I was able to help the women in my community by sharing relevant information and connecting them to health experts online.”





## E-AGRICULTURE

### M. Waseem Abbas (Layyah, Punjab)

Waseem actively follows various YouTube channels that offer guidance on effective farming techniques, such as optimal plantation distribution, enhancing yield, and determining the best times for watering, among other critical practices.

"I aspire to expand my orchards to introduce fruit-picking activities. Through YouTube, I discovered that this practice is highly popular in the West, and I envision giving it a local flavor by inviting our community to participate in spring festivities, celebrating the abundance of diverse fruits we cultivate."

## E-COMMERCE

### Rukhsana (Ziarat, Balochistan)

Rukhsana transformed a pandemic hobby into a thriving business. Initially sewing clothes for her family, she recognized the potential to turn this skill into a full-fledged venture. Leveraging technology and social media, she expanded her reach and now caters to a growing clientele beyond her immediate community.

"My stitching is very neat and I make sure that all my pieces are done with attention. When word got out that I am stitching clothes and they are great, my neighbors reached out to me, and it struck me that I can turn this into a venture especially because I was usually home. I got a separate sim and phone just for this and started taking orders from people through Whatsapp, and I would sew for both men and women because I didn't want to restrict myself."



## E-BANKING

### Lal Muhammad Chandio (Sanghar, Sindh)

Lal Muhammad Chandio expanded his bird-selling business by leveraging online platforms and e-banking tools. Initially confined to local sales, his use of digital resources has significantly broadened his market reach and streamlined transactions.

"At first, I only sold my birds locally. However, during a visit to Karachi, I discovered the potential of online selling and turned to YouTube for guidance on market placements and presentations. Additionally, incorporating e-banking tools for transactions has streamlined my business operations, allowing me to manage payments efficiently and cater to a wider audience."



# OUR CONTRIBUTIONS TO UN SDGs



## **SDG 9: Industry, Innovation and Infrastructure:**

The Universal Service Fund (USF) is dedicated to advancing Sustainable Development Goal 9 by enhancing infrastructure and advancing innovation across Pakistan. Through targeted improvements in telecommunications infrastructure, USF empowers communities with reliable access to broadband and mobile services. These efforts facilitate sustainable industrialization, drive economic growth, and ensure resilient infrastructure development, particularly in previously underserved regions. USF helps open innovation, entrepreneurship, and industrial development opportunities by connecting these communities, essential for building a sustainable future.



## **SDG 3: Good Health and Well-being:**

In alignment with Sustainable Development Goal 3, the Universal Service Fund (USF) has significantly improved healthcare access in remote communities through enhanced connectivity. We have enabled remote healthcare/telemedicine solutions by facilitating reliable internet services, reducing disparities and improving well-being across remote areas.



## **SDG 4: Quality Education:**

USF supports Sustainable Development Goal 4 by providing high-speed internet to remote areas, thus facilitating access to quality education. Our initiatives have helped establish a more inclusive education system where students in underserved regions can access the same quality resources as those in urban centers, promoting lifelong learning opportunities for all.



### **SDG 5: Gender Equality:**

USF is committed to promoting gender equality per Sustainable Development Goal 5. Our efforts in providing equitable internet access have empowered women and girls in remote areas, enabling them to pursue education and economic opportunities, which are crucial for achieving gender parity and empowerment.



### **SDG 7 and 13: Affordable & Clean Energy and Climate Action:**

In response to Sustainable Development Goal 7 and 13, USF has made significant strides in incorporating sustainable practices by deploying solar-powered telecom sites across Pakistan. As of FY 2023-24, these sites have reduced carbon emissions significantly and demonstrated a sustainable model for telecommunications infrastructure. This approach is part of a broader commitment to environmental stewardship, climate action, and clean energy acknowledging the challenges highlighted by Pakistan's current position in the World Economic Forum's Energy Transition Index.



### **SDG 17: Partnerships for the Goals:**

The Universal Service Fund (USF) is committed to Sustainable Development Goal 17, which emphasizes enhancing global, as well as national partnerships to expand connectivity and empower communities throughout Pakistan. In collaboration with the Ministry of IT and Telecommunication (MoITT), Pakistan Telecommunication Authority (PTA), the International Telecommunication Union (ITU), Global System for Mobile Communication (GSMA), our partners (including service providers), and various advocacy groups, USF harnesses a robust multi-stakeholder approach to extend digital infrastructure. These strategic partnerships facilitate the pooling of resources, the exchange of expertise, and the coordination of efforts, ensuring that every community, especially the underserved, gains sustainable access to information and communications technology. Together, USF and its partners are expanding the reach of digital services, in realization of the Government of Pakistan's vision of "Digital Pakistan" and to building a more connected and empowered society.

# FINANCIAL STATEMENTS



**UNIVERSAL SERVICE FUND  
(A COMPANY INCORPORATED UNDER  
SECTION 42 OF THE COMPANIES ACT, 2017)  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

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**Grant Thornton Anjum  
Rahman**

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

T +92 51 2271906

F +92 51 2273874

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

### **Opinion**

We have audited the annexed financial statements of **Universal Service Fund (the Company)**, which comprise the statement of financial position as at June 30, 2024, 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 material accounting policy information 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, 2024 and of the surplus and other comprehensive loss and its cash flows for the year then ended.

### **Basis for Opinion**

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

### **Emphasis of Matter**

We draw our attention to note 17.1.4 & 17.1.5 of the financial statements which describes that PTCL has filed legal suits in court of law against receivables for late delivery charges and descoping and payable balances of PTCL which is pending adjudication at the year end. Our opinion is not modified in respect of this matter.





### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act 2023) 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.

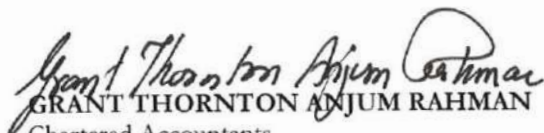
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### 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 the SOE Act, 2023 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  
Date: October 25, 2024  
UDIN: AR202410209711NcBMSf

**UNIVERSAL SERVICE FUND**  
(A Company incorporated under Section 42 of the Companies Act, 2017)  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2024**

	Note	June 2024 (Rupees)	June 2023 (Rupees)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	114,476,682	78,416,961
Intangible assets	6	30,290,957	36,625,280
Long term deposits	7	7,535,000	7,630,400
Long term advances	8	5,638,219	3,506,050
		<b>157,940,858</b>	<b>126,178,691</b>
<b>CURRENT ASSETS</b>			
Advances	9	183,035,216	3,363,120,763
Short-term prepayments	10	4,166,785	11,846,842
Other receivables	11	2,346,988,683	1,722,184,148
Cash and bank balance	12	1,964,337,546	1,916,661,589
		<b>4,498,528,230</b>	<b>7,013,813,342</b>
<b>TOTAL ASSETS</b>		<b>4,656,469,088</b>	<b>7,139,992,033</b>
<b>FUNDS AND LIABILITIES</b>			
General fund		-	-
<b>NON-CURRENT LIABILITIES</b>			
Fund balance (restricted)	13	3,608,658,311	6,225,420,740
Deferred capital grant	14	144,767,639	115,042,241
Lease liability	15	26,698,784	-
		<b>3,780,124,734</b>	<b>6,340,462,981</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	854,985,326	799,529,052
Current portion of lease liability	15	21,359,028	-
		<b>876,344,354</b>	<b>799,529,052</b>
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>4,656,469,088</b>	<b>7,139,992,033</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	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, 2024

	Note	June 2024 (Rupees)	June 2023 (Rupees)
<b>INCOME</b>			
Amortization of deferred capital grant	14	74,819,884	60,727,044
<b>EXPENDITURE</b>			
Administrative and general expenses	18	578,309,764	568,817,739
Subsidy grant for projects	19	18,544,541,061	17,764,840,062
Technical and monitoring audit fee	20	166,802,738	191,500,258
		19,289,653,563	18,525,158,059
		(19,214,833,679)	-18,464,431,015
<b>FUNDS (RESTRICTED) RECOGNIZED AS GRANT AGAINST EXPENDITURE</b>			
	13	19,214,833,679	18,464,431,015
<b>NET SURPLUS FOR THE YEAR</b>			
		-	-
<b>OTHER COMPREHENSIVE INCOME</b>			
Item not to be reclassified to statement of income and expenditure:		-	-
Remeasurement loss on defined benefit plan		(3,625,239)	(1,582,547)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>			
		(3,625,239)	(1,582,547)

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



CHIEF EXECUTIVE OFFICER




DIRECTOR

**UNIVERSAL SERVICE FUND**  
(A Company incorporated under Section 42 of the Companies Act, 2017)  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Note	June 2024 (Rupees)	June 2023 (Rupees)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Subsidy grant disbursement		(15,374,749,843)	(16,557,440,324)
Technical & monitoring audit fee		(145,614,823)	(204,286,940)
Liquidated damages, profit on deposit account and others		5,121,142	12,393,588
Payment to suppliers and employees		(519,757,219)	(555,374,751)
Net cash used in operating activities		<u>(16,035,000,743)</u>	<u>(17,304,708,427)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Procurement of property, equipment and intangibles		(36,973,300)	(42,306,238)
Net cash used in investing activities		<u>(36,973,300)</u>	<u>(42,306,238)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Grant received		<u>16,119,650,000</u>	<u>18,340,000,000</u>
Net cash generated from financing activities		<u>16,119,650,000</u>	<u>18,340,000,000</u>
Net increase in cash and cash equivalents		47,675,957	992,985,335
Cash and cash equivalents at beginning of year		1,916,661,589	923,676,254
Cash and cash equivalents at end of year	12	<u>1,964,337,546</u>	<u>1,916,661,589</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, 2024**

**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 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.

State-Owned Enterprises (Governance and Operations) Act, 2023 enacted by Federal Government requires financial statements to be prepared in accordance with International Financial Reporting Standards (IFRSs) and financial statements together with notes to them must include all information that is necessary to ensure that financial statements give a true and fair view of the financial position of the state owned enterprise (SOE). Provided that where a SOE is not following the IFRSs, the Board of SOE is required to ensure compliance with this provision within the period of three years after coming into effect of SOE Act.

The Company will evaluate the compliance to the above SOE Act requirement.

**2.2 Basis of measurement**

These Financial statements have been prepared under the historical cost convention except for liability for gratuity, which is carried at present value of defined benefit obligation net of fair value of plan asset.

**2.3 Functional and presentation currency**

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

## UNIVERSAL SERVICE FUND

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

**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 01, 2023 but does not have any significant impact on the Company's financial reporting and therefore, have not been disclosed in these financial statements except that during the year certain amendments to IAS 1 - Presentation of financial statements have been applicable to the Company which require entities to disclose their material accounting policy information rather than significant accounting policies. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

**3.1.1. Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:**

		Effective date (annual periods beginning on or
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2024
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2024
IFRS 16	Leases (Amendments)	January 1, 2024
IAS 21	The Effects of changes in Foreign Exchange Rates (Amendment)	January 1, 2025
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 1, 2026
IFRS 17	Insurance Contracts	January 1, 2026
IFRS 9	Financial Instruments – Classification and Measurement of Financial Instruments (Amendments)	January 1, 2026

The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.

Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at 30 June 2024;

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRIC 12	Service Concession Arrangement
IFRS 18	Presentation and Disclosures in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

**4 MATERIAL ACCOUNTING POLICY INFORMATION**

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

**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 so as to write off the cost or revalued amount of assets (other than land and capital work in progress) over their estimated useful lives, using the straight-line method at rates specified in note 5.2 to the financial statements.

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.

**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, 2024**

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 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.

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.

Depreciation is charged on straight line basis over the shorter of the lease term or useful life of the asset.

**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 tenure. These remeasurements of lease liabilities are recognized as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

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

**4.3 Intangibles**

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

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

The useful lives of intangible assets are assessed either as finite or indefinite. The Company does not have an intangible asset with indefinite useful life. Intangible assets with finite useful lives are amortized over the period of their useful life, at rate mentioned in note 6.

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 comprise cash in hand and cash with bank in assignment account.

**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.



**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, 2024**

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**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.

**ii) Compensated absences**

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

**4.11 Taxation****i) Current**

Provision for taxation is based on taxable profits, at the current rates of taxation, after taking into account tax credits and tax rebates, if any. The Company is subject to 100% tax credit as per section 100C of Income Tax Ordinance (ITO). Further, the Company's income is not liable for minimum tax, under Section 113 of the Income Tax Ordinance, 2001, as the Company considers the amount received from the MoIT&T as grant. The Company has applied to Commissioner for getting recognition under section 2(36) of Income Tax Ordinance, 2001 as a not for profit entity for the tax year ended on June 30, 2024. 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 the Financial Statements.

**4.12 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.

**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, 2024****4.12.1 Financial assets**

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

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

Classification of financial assets:**(i) Debt instruments designated at amortized cost**

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**(ii) Debt instrument designated at other comprehensive income**

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

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

(iii) Equity instruments designated as at FVTOCI

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

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

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

(iv) Financial assets at FVTPL

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

- 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.

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## NOTES TO THE FINANCIAL STATEMENTS

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

(i) Significant increase in credit risk

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

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(iii) Credit-impaired financial assets:

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

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

(iv) Write-off policy:

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty 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 counterparty 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.

**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, 2024**Derecognition of financial assets:

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

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

**4.12.2 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.

**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, 2024****ii) Non-financial assets**

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

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

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

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

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

**4.13 Fair value measurement**

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

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

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

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

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

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

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

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

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

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

**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, 2024**

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.

**4.14 Significant accounting judgments and estimates**

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

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

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

**4.14.1 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.

**4.14.2 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.

**4.14.3 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.

**4.14.4 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	Note	June 2024 Rupees	June 2023 Rupees
	Right of use assets	5.1	48,814,938	3,590,722
	Operating fixed assets	5.2	65,661,744	74,826,239
			114,476,682	78,416,961
<b>5.1</b>	<b>Right of use (ROU) assets</b>			
	<b>Cost</b>			
	Opening balance as at July 01		64,633,094	64,633,094
	Additions	5.1.1	67,589,914	-
	Deletion on maturity		(64,633,094)	-
	Closing balance as at June 30		67,589,914	64,633,094
	<b>Accumulated depreciation</b>			
	Opening balance as at July 01		(61,042,372)	(39,498,008)
	Charge for the period	5.1.2	(22,365,698)	(21,544,364)
	Deletion on maturity		64,633,094	-
	Closing balance as at June 30		(18,774,976)	(61,042,372)
	<b>Net book value at June 30</b>		<b>48,814,938</b>	<b>3,590,722</b>
	Depreciation rate per annum		<b>3 years</b>	<b>3 years</b>

5.1.1 This relates to addition on renewal of lease contract related to rental premises located at office # 310-312, 3rd Floor, Evacuee Trust Complex, F-5/1, Islamabad.

5.1.2 Depreciation for the period 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	
<b>Cost</b>						
Opening balance as at July 01, 2023	29,704,498	92,057,500	49,020,672	5,294,351	28,690,483	204,767,504
Additions	-	190,825	22,711,795	-	-	22,902,620
Disposals	-	(13,641,161)	(5,847,396)	-	-	(19,488,557)
Closing balance as at June 30, 2024	29,704,498	78,607,164	65,885,071	5,294,351	28,690,483	208,181,567
<b>Accumulated depreciation</b>						
Opening balance as at July 01, 2023	(29,704,428)	(54,035,667)	(31,330,160)	(2,981,487)	(11,889,523)	(129,941,265)
Charge for the period	-	(12,876,874)	(12,779,252)	(654,962)	(5,738,095)	(32,049,183)
Disposals	-	13,623,569	5,847,056	-	-	19,470,625
Closing balance as at June 30, 2024	(29,704,428)	(53,288,972)	(38,262,356)	(2,636,449)	(17,627,618)	(142,519,823)
<b>Net book value as at June 30, 2024</b>	70	25,318,192	27,622,715	1,657,902	11,062,865	65,661,744
<b>Cost</b>						
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
<b>Accumulated depreciation</b>						
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 period	-	(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)
<b>Net book value as at June 30, 2023</b>	70	38,021,833	17,690,512	2,312,864	16,800,960	74,826,239
Depreciation rate per annum	20%	20%	33.33%	20% <del>to</del> 33.33%	20%	20%

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

5.4 Cost and accumulated depreciation of fully depreciated assets is Rs.70,749,474 (June 30, 2023: Rs. 70,071,950) and Rs. 70,749,054 (June 30, 2023: Rs. 70,069,830) respectively, having carrying amount of Rs. 2,490 (June 30, 2023: Rs. 2,120).

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**6 INTANGIBLE ASSETS**

Description	Digital maps	Software	Capital work in progress (C/WIP)-softwares	Total
<b>Cost</b>				
Opening balance as at July 01, 2023	7,500,000	92,018,218	-	99,518,218
Additions	-	14,070,680	-	14,070,680
Closing balance as at June 30, 2024	7,500,000	106,088,898	-	113,588,898
<b>Accumulated amortisation</b>				
Opening balance as at July 01, 2023	(7,499,990)	(55,392,948)	-	(62,892,938)
Amortization Charge	-	(20,405,003)	-	(20,405,003)
Closing balance as at June 30, 2024	(7,499,990)	(75,797,951)	-	(83,297,941)
<b>Net book value as at June 30, 2024</b>	<b>10</b>	<b>30,290,947</b>	<b>-</b>	<b>30,290,957</b>
<b>Cost</b>				
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)
Closing balance as at June 30, 2023	7,500,000	92,018,218	-	99,518,218
<b>Accumulated amortisation</b>				
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)
Closing balance as at June 30, 2023	(7,499,990)	(55,392,948)	-	(62,892,938)
<b>Net book value as at June 30, 2023</b>	<b>10</b>	<b>36,625,270</b>	<b>-</b>	<b>36,625,280</b>
Depreciation rate per annum	20%	33%		

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

6.2 Cost and accumulated amortisation of fully depreciated assets is **Rs. 48,178,067** (June 30, 2023: Rs. 46,694,651) and **Rs. 48,177,727** (June 30, 2023: Rs. 46,694,331) respectively, having carrying amount of **Rs. 340** (June 30, 2023: Rs. 320).

## UNIVERSAL SERVICE FUND

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

**7 LONG TERM DEPOSITS**

This includes security deposits amounting to **Rs. 4.008 million** (June 30, 2023: 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.

<b>8 LONG TERM ADVANCES</b>	June 2024 (Rupees)	June 2023 (Rupees)
Advance against gratuity balance to employees	16,670,413	11,748,389
Current portion	<u>(11,032,194)</u>	<u>(8,242,339)</u>
	<u>5,638,219</u>	<u>3,506,050</u>

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

<b>9 ADVANCES</b>	Note	June 2024 (Rupees)	June 2023 (Rupees)
<b>Considered good - secured</b>			
To employees			
- against gratuity - current portion	8	11,032,194	8,242,339
- against expenses		-	41,849
Advance against projects	9.1	<u>172,003,022</u>	<u>3,354,836,575</u>
		<u>183,035,216</u>	<u>3,363,120,763</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.

<b>Advances to related parties:</b>	June 2024 (Rupees)	June 2023 (Rupees)
PTML-NG-BSD Panjgur	-	70,800,000
PTML-NG-BSD Kech	-	368,803,019
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 Sibbi	111,631,998	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
PTCL-OFC-UC-PB-Lot-8	20,995,767	-
PTCL-OFC-UC-SD-LOT-11	-	159,390,000
<b>Advances to other than related parties:</b>		
PMCL-NG-BSD NH&MW Lot-9 (N-35)	-	147,481,440
PMCL-NG-BSD TD-K1	39,375,257	88,594,329
Nayatel-OFC-UC-PB-Lot-14	-	318,762,391
	<u>172,003,022</u>	<u>3,354,836,575</u>

**10 SHORT-TERM PREPAYMENTS**

Insurance	2,004,621	2,112,716
Others	<u>2,162,164</u>	<u>9,734,126</u>
	<u>4,166,785</u>	<u>11,846,842</u>

## UNIVERSAL SERVICE FUND

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

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FOR THE YEAR ENDED JUNE 30, 2024

11	OTHER RECEIVABLES	Note	June 2024 (Rupees)	June 2023 (Rupees)
	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
	PTCL OFC BP-02		624,804,535	-
		11.1	2,346,988,683	1,722,184,148
11.1	This includes receivables against late delivery charges amounting to Rs. 2,218.598 million and receivable against descoping from Pakistan Telecommunication Company Limited (PTCL) amounts Rs. 128.391 million. Late delivery charges are recognized on delay in implementation of projects milestones as per contracts. PTCL has filed law suits in District Court Islamabad against the balances as detailed in note 17.1.4 & 17.1.5 to the financial statements. Receivable from PTCL are secured against performance bank guarantee provided by PTCL amounting to Rs. 2,426.237 million.			
11.2	Maximum outstanding balance at end of any month during the year amounts to Rs. 2,346.989 million (2023: Rs. 1,722.184 million).			
11.3	Aging of other receivables at reporting date is as follows;			
		Note	June 2024 (Rupees)	June 2023 (Rupees)
	Past due 1-30 days		-	-
	Past due 30-90 days		-	-
	Past due 90 days		2,346,988,683	1,722,184,148
			2,346,988,683	1,722,184,148
12	CASH AND BANK BALANCES			
	Cash in hand		35,202	-
	Cash at bank			
	Assignment account with NBP	12.1	1,964,302,344	1,916,661,589
			1,964,337,546	1,916,661,589
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.			
13	FUND BALANCE (RESTRICTED)	Note	June 2024 (Rupees)	June 2023 (Rupees)
	Balance at the beginning of the year		6,225,420,740	6,384,337,625
	Grant received during the year		16,119,650,000	18,340,000,000
	Profit on deposit account	13.1	-	1,883
	Adjustments	13.2	586,900,171	12,360,235
			16,706,550,171	18,352,362,118
	Grants transferred to:			
	-Deferred capital grant	14	(104,545,282)	(44,816,728)
	-Income and expenditure statement		(19,214,833,679)	(18,464,431,015)
			(19,319,378,961)	(18,509,247,743)
	Fund deposited in USF public fund - MoIT&T	13.3	(308,400)	(448,713)
	-Remeasurement loss on defined benefit plan	16.3.4	(3,625,239)	(1,582,547)
			3,608,658,311	6,225,420,740

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- 13.1 This represent profit on company operational account closed on August 30, 2022.
- 13.2 This represent different miscellaneous receipts and deductions from vendors/operators payments against liquidated damages and includes amount of Rs. 585,694,636 (2023: Rs. 10,635,604) deducted from subsidy payments to operators.
- 13.3 Miscellaneous receipts are included in the fund balance, being income of USF Fund MoIT&T, Government of Pakistan and are desposited in USF public fund with SBP.

14	DEFERRED CAPITAL GRANT	Note	June 2024 (Rupees)	June 2023 (Rupees)
	Balance at beginning of the year		115,042,241	130,952,557
	Transferred from fund balance (restricted) - net	13	104,545,282	44,816,728
	Depreciation/amortization charged		(74,819,884)	(60,727,044)
	Balance at end of the year		<u>144,767,639</u>	<u>115,042,241</u>
<b>15</b>	<b>LEASE LIABILITY</b>			
	Opening balance		-	23,013,259
	Add: Addition during the year		<u>67,589,914</u>	-
			67,589,914	23,013,259
	Interest expense		10,527,898	1,034,741
	Less: Lease payments		<u>(30,060,000)</u>	<u>(24,048,000)</u>
			48,057,812	-
	As at June 30, 2024			
	Less: Current lease liability		<u>(21,359,028)</u>	-
	Non-current liability		<u>26,698,784</u>	-
	<b>Maturity analysis - contractual undiscounted cash flows:</b>			
	Less than one year		30,060,000	24,048,000
	More than one year and less than five years		30,060,000	(24,048,000)
	More than five years		-	-
	Total undiscounted lease		<u>60,120,000</u>	-
	Future finance charges		<u>(12,062,188)</u>	<u>(1,034,741)</u>
	Present value of lease payments		<u>48,057,812</u>	<u>(1,034,741)</u>
	<b>Amount recognized in statement of income and expenditure</b>			
	Interest expense on lease liability		<u>10,527,898</u>	<u>1,034,741</u>

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16	TRADE AND OTHER PAYABLES	Note	June 2024 (Rupees)	June 2023 (Rupees)
	Project subsidy	16.1	813,952,335	783,987,096
	Technical and monitoring auditor fee		23,560,931	2,373,016
	Payable to suppliers		7,906,211	7,769,627
	Accrued liabilities		5,958,891	3,391,119
	Payable to gratuity fund	16.2	3,606,958	2,008,194
			<u>854,985,326</u>	<u>799,529,052</u>
16.1	This includes an amount of <b>Rs. 739.43 million</b> (June 30, 2023: 774.21 million) payable to related parties which also includes the amount payable to PTCL amounting to <b>Rs. 689.775 million</b> (June 30, 2023: 679.102 million). The Company is in litigation with PTCL on receivable and payables as explained in note 17.1.4 and 17.1.5 to the financial statements.			
16.2	<b>Payable to gratuity fund</b>		<u>June 2024 (Rupees)</u>	<u>June 2023 (Rupees)</u>
	The movement in net liability is as follows:			
	Balance at beginning of the year		2,008,194	5,432,099
	Charge for the year		20,501,738	17,887,947
	Remeasurement losses		3,625,239	1,582,547
	Contribution to fund		(22,528,213)	(22,894,399)
	Balance at end of the year		<u>3,606,958</u>	<u>2,008,194</u>
16.3	The details of actuarial valuation carried out as at June 30, 2024 are as follows:			
16.3.1	<b>Reconciliation of payable to gratuity fund</b>	Note	<u>June 2024 (Rupees)</u>	<u>June 2023 (Rupees)</u>
	Present value of the defined benefit obligation		164,112,390	127,830,345
	Fair value of the plan assets		(160,505,432)	(125,822,151)
			<u>3,606,958</u>	<u>2,008,194</u>
16.3.2	<b>Change in the present value of defined benefit obligation</b>			
	Opening balance		127,830,345	98,676,438
	Current service cost	16.3.3	22,053,858	18,684,948
	Interest cost on defined benefit obligation	16.3.3	19,093,360	12,723,419
	Benefits paid	16.3.5	(20,074,296)	(5,301,261)
	Benefits due but not paid		(591,194)	-
	Actuarial loss		15,800,317	3,046,801
			<u>164,112,390</u>	<u>127,830,345</u>
16.3.3	<b>Expense charge for the year is as follows:</b>			
	Current service cost		22,053,858	18,684,948
	Interest expense		19,093,360	12,723,419
	Interest income on plan assets		(20,645,480)	(13,520,420)
	Interest income - net		(1,552,120)	(797,001)
	Expense chargeable to income and expenditure		<u>20,501,738</u>	<u>17,887,947</u>

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FOR THE YEAR ENDED JUNE 30, 2024

16.3.4 Total remeasurement chargeable to other comprehensive income	June 2024 (Rupees)	June 2023 (Rupees)
<u>Remeasurement of plan obligations</u>		
Actuarial losses from changes in demographic assumptions	-	-
Actuarial losses from changes in financial assumptions	16,641,961	761,337
Experience Adjustments	(841,644)	2,285,464
	<u>15,800,317</u>	<u>3,046,801</u>
Return on plan assets excluding the interest income	(12,175,078)	(1,464,254)
	<u>3,625,239</u>	<u>1,582,547</u>
<b>16.3.5 Change in fair value of plan assets</b>		
Opening balance	125,822,151	93,244,339
Interest income	20,645,480	13,520,420
Contribution made directly to gratuity fund	22,528,213	22,894,399
Payments made on behalf of the gratuity fund	-	-
Benefits paid	(20,074,296)	(5,301,261)
Benefits due but not paid	(591,194)	-
Return on plan assets, except amount included in interest	12,175,078	1,464,254
	<u>160,505,432</u>	<u>125,822,151</u>
Major categories of the plan assets as a percentage of total plan assets are as follows:		
	June 2024 (Rupees)	June 2023 (Rupees)
Cash and other deposits:		
-Bank A/c	160,505,432	125,822,151
-Percentage	<u>100%</u>	<u>100%</u>
<b>16.3.6 The principal actuarial assumptions used were as follows:</b>		
Actuarial valuation of the plan was carried out as at June 30, 2024, by an independent valuer using projected unit credit method, on following assumptions:		
	June 2024	June 2023
Discount rate used for interest cost in income and expenditure charge	16.25%	13.25%
Discount rate used for year end obligation	14.75%	16.25%
Salary increase used for year end obligation		
Salary increase FY 2024	N/A	15.75%
Salary increase FY 2025	27.50%	15.75%
Salary increase FY 2026 onward	14.25%	15.75%
Next salary is increased on	01-Jul-24	01-Jul-23
Mortality rates	SLIC 2001-2005 Setback 1 year	SLIC 2001-2005 Setback 1 year
Withdrawal rates	Age-Based (per appendix)	Age-Based (per appendix)
Retirement assumption	Age 60	Age 60
<b>16.3.7 Estimated expenses to be charged to income and expenditure</b>		
	2025 (Rupees)	2024 (Rupees)
Current service cost	26,179,242	22,053,858
Interest cost on defined benefit obligation	23,510,385	19,093,360
Interest income on plan assets	(24,639,814)	(20,645,480)
	<u>25,049,813</u>	<u>20,501,738</u>



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- 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, 2024 would have been as follows:

	June 2024		June 2023	
	Present value of obligation		Present value of obligation	
	1 % Increase	1 % decrease	1 % Increase	1 % decrease
	----- (Rupees) -----		----- (Rupees) -----	
Discount rate	150,488,195	179,641,035	116,934,782	140,273,227
Salary increase rate	179,664,670	150,223,479	140,427,747	116,610,066
			June 2024	June 2023
The average duration of the defined benefit obligation			9 Years	9.6 Years

16.3.9 Historical information	2024	2023	2022	2021
	----- (Rupees) -----			
Net staff retirement benefit	3,606,958	2,008,194	5,432,099	12,662,038
Remeasurement loss on defined benefit plan	3,625,239	1,582,547	4,889,349	5,934,437

**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 decided the appeals of TY 2011 and TY 2012 in Company's favour during FY 2020-21. The Department has filed reference to High Court against the order to ATIR for TY 2011. ATIR further decided the remaining all appeals of TY 2008 to TY 2013 in Company's favour during current financial year.

Islamabad High Court while deciding one of the departmental reference for tax year 2011 has rigorously dismissed the departmental plea, 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 The Deputy Commissioner Inland Revenue DCIR(Audit), passed the orders for Tax years 2015 to 2023 and raised the demand of Rs. 23,233,011,406 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), except for TY 2015 where demand is reduced by Rs.446,111,502 and TY 2023 which is still pending at CIR(A). The Company has filed appeals with ATIR where the matter is currently pending adjudication. Based on advice of tax consultant, the Company is confident that there are reasonable grounds for favorable decision and accordingly no provision in this regard has been recognized in the financial statements.

**UNIVERSAL SERVICE FUND****(A Company incorporated under Section 42 of the Companies Act, 2017)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2024**

- 17.1.3 During current financial year, the Assistant/Deputy Commissioner Inland Revenue (A/DCIR) raised a demand in respect of tax year 2018, amounting to Rs. 6,080,396 against tax in default under section 161 and default surcharge under section 205 of income tax ordinance 2001. The Company filed appeal against this demand, with the Commissioner Inland Revenue Appeals [CIR(A)], which is still pending. 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 these financial statements.
- 17.1.4 Notice of default had been issued to PTCL by the Company claiming the amount of late delivery (LD) charges and deduction of subsidy on the basis of actual bills of quantities (BOQs). In prior year, PTCL has filed 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 contracts and delay in the completion of work is protected under force majeure clause to the contracts. However, the Company contests the suits on the grounds that PTCL failed to complete the contracted scope of the projects in the agreed time. On December 15, 2021, the Additional District Judge Islamabad dismissed the PTCL applications of permanent mandatory injunctions against the encashment of performance guarantees, and on the same day, the Company has submitted the bank guarantees for encashment, however, being aggrieved, PTCL filed appeals 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. During current financial year Islamabad High Court decided the FAOs for encashment of bank guarantees in the Company favor. In the meanwhile, on request of PTCL, the Board of the Company has approved the formation of the Appeal Committee in line with USF Rules 2006 (as amended) and the ToRs. 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.
- 17.1.5 During the year, a notice of default has been issued to PTCL by the Company claiming the amount of Liquidity Damages (LD) charges and deduction of subsidy on the basis of actual bill of quantity (BOQ). PTCL has filed a civil suit claiming recovery of amount Rs. 240,000,000 which is pending in Civil 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 contracted scope of the project in the agreed time. The Company has submitted the bank guarantee for encashment, however, the Company is restrained from encashing the guarantees vide civil court order dated September 23, 2023. 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.
- 17.1.6 CM Pak filed a law suit for recovery of Rs. 584,713,888 claiming the amount of liquidated damages (LD) charges and deduction of subsidy on the basis of actual bill of quantity (BOQ), in the court of law which is pending in Civil Court of Islamabad. CM Pak 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 CM Pak failed to complete the contracted scope of the project in the agreed time. 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.
- 17.1.7 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.



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		June 2024 (Rupees)	June 2023 (Rupees)
<b>17.2</b>	<b>Commitments</b>		
	Subsidy grant commitments	22,141,984,873	42,674,844,038
	Technical auditor's fee	58,769,215	90,802,682
	Monitoring auditor's fee	-	3,183,759
<b>18</b>	<b>ADMINISTRATIVE &amp; GENERAL EXPENSES</b>		
	Salaries and benefits	394,594,065	364,287,649
	Training & human resource development	2,714,599	4,081,145
	Legal and professional charges	6,337,952	52,887,123
	Utilities and office supplies	9,773,776	7,520,179
	Communication charges	2,133,202	2,166,977
	Entertainment	1,588,879	1,356,498
	Traveling	6,869,772	15,280,142
	Printing and stationery	3,560,945	4,862,571
	Vehicle fuel expenses	28,176,419	25,249,956
	Repairs and maintenance	28,622,704	16,685,329
	Advertisement	5,623,661	9,846,429
	Depreciation	54,414,881	48,462,679
	Amortization of intangible asset	20,405,003	12,264,365
	Interest on finance lease	10,527,898	1,034,741
	Auditors' remuneration	494,615	449,650
	Insurance expense	2,471,393	2,382,043
	Bank charges	-	263
		<u>578,309,764</u>	<u>568,817,739</u>
18.1	Salaries and benefits include Rs. 20,501,738 (2023: Rs. 17,887,947) charged in respect of defined benefit scheme.		
<b>18.2</b>	<b>Auditors' remuneration:</b>	<b>June 2024 (Rupees)</b>	<b>June 2023 (Rupees)</b>
	Annual audit fee	270,710	246,100
	Interim audit fee	129,030	117,300
	Review of Code of Corporate Governance	94,875	86,250
		<u>494,615</u>	<u>449,650</u>

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19.3 SUBSIDY GRANT FOR PROJECTS

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

Sub-total (B) 32,811,934,761 12,942,234,707 11,511,669,140 152,886,778 11,664,058,118 24,606,892,825 15,944,881,574 14,770,263,799 27,415,145,373 28,205,041,536 21,116,102,726

C) OPTICAL FIBER CABLE - OFC

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

Sub-total (C) 32,770,053,029 12,677,602,841 6,048,034,198 3,154,926 6,031,859,124 18,079,191,965 11,701,727,297 4,853,262,133 18,554,989,430 30,635,104 14,099,866,064 11,681,565,950

D) BROADBAND

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

Sub-total (D) 196,295,292 196,295,292 196,295,292 196,295,292 196,295,292 196,295,292 196,295,292 196,295,292 196,295,292 196,295,292 196,295,292 196,295,292

Total (A+B+C+D) 97,462,702,212 36,725,015,112 17,560,201,533 204,616,524 17,764,840,662 54,487,858,174 40,586,630,686 16,557,440,374 57,144,991,010 10,635,104 42,671,841,038 36,030,672,814

MS

The Company has incurred the guarantee for Muzium, HFTL and Babulistan-Fuyah Package-3 for encashment on December 15, 2021

Teknor Pakistan (Private) Limited (Teknor) (a related party)  
Pakistan Mobile Communications Limited (PMCL)  
Parsil Telecom (Private) Limited (Parsil)  
Pakistan Telecommunication Company Limited (PTCL) (a related party)  
CMA Pack Limited (a related party)  
Pakistan Telecommunication Company Limited (PTCL) (a related party)  
Pakistan Telecommunication Company Limited (PTCL) (a related party)  
The Company has incurred the guarantee for Muzium, HFTL and Babulistan-Fuyah Package-3 for encashment on December 15, 2021





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20 FEE TO TECHNICAL AUDITORS FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract *	Technical audit fee due		Technical audit fee disbursed		Balance commitment	Milestones achieved		
					As of 30 June 2023	For the year	As of 30 June 2024	For the year			As of 30 June 2024	
(Rupees)												
4	UC-SD-LOT-11	Global Enterprises	05-Oct-22	2,480,705	-	1,001,825	1,001,825	1,001,825	1,478,880	Up to 2nd		
5	UC-SD-LOT-12	Global Enterprises	05-Oct-22	2,483,822	-	1,094,166	1,094,166	1,094,166	1,389,656	Up to 2nd		
6	UC-PB-LOT-8	GCS Private Limited	11-Oct-22	820,351	820,351	-	820,351	820,351	-	Up to 2nd, Terminated		
7	UC-PB-LOT-14	LCC Pakistan Private Limited	31-Aug-23	2,076,300	-	1,733,718	1,733,718	1,733,718	342,582	Up to 4th		
8	UC-KP-LOT-18	LCC Pakistan Private Limited	31-Aug-23	1,772,300	-	812,628	812,628	812,628	959,672	Up to 2nd		
9	UC-BI-LOT-13	Komkonsult Private Limited	24-Jan-24	1,194,125	-	530,916	530,916	530,916	663,209	Up to 2nd		
10	UC-KP-LOT-17	LCC Pakistan Private Limited	24-Jan-24	3,887,917	-	-	-	-	3,887,917	Contract Signed		
Sub-total (C)					22,741,689	4,426,780	7,104,277	11,531,057	4,426,780	6,022,040	11,048,820	11,210,632
Total (A+B+C)					175,777,404	74,448,242	42,559,947	117,008,189	74,355,226	42,170,726	116,525,952	58,769,215

\* This represents updated net of deductions due to amendments and discrepancy.



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20.1 FEE TO TECHNICAL AUDITORS FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract *	Technical audit fee due			Technical audit fee disbursed			Balance commitment	Milestones achieved	
					As of 30 June 2022	For the year	As of 30 June 2023	As of 30 June 2022	For the year	As of 30 June 2023			
6	UC-PB-LOT-6	LCC Pakistan Private Limited	21-Feb-22	2,617,000	1,649,711	-	1,649,711	1,649,711	-	1,649,711	967,289	Up to 2nd	
7	UC-PB-LOT-7	Konikonsult Private Limited	14-Mar-22	4,648,200	1,572,064	3,076,136	1,572,064	3,076,136	4,648,200	-	-	Completed	
8	UC-SD-LOT-10	Global Enterprises	05-Oct-22	2,471,442	-	-	-	-	-	-	2,471,442	Contract Signed	
9	UC-SD-LOT-11	Global Enterprises	05-Oct-22	2,480,705	-	-	-	-	-	-	2,480,705	Contract Signed	
10	UC-SD-LOT-12	Global Enterprises	05-Oct-22	2,483,822	-	-	-	-	-	-	2,483,822	Contract Signed	
11	UC-PB-LOT-8	GCS Private Limited	11-Oct-22	1,819,643	-	820,351	820,351	-	820,351	820,351	999,292	Up to 2nd	
<b>Sub-total (C)</b>					<b>13,220,510</b>	<b>9,176,910</b>	<b>22,397,420</b>	<b>13,220,510</b>	<b>9,176,910</b>	<b>22,397,420</b>	<b>10,431,866</b>		
<b>Total (A+B+C)</b>					<b>207,614,825</b>	<b>66,435,226</b>	<b>50,376,917</b>	<b>116,812,143</b>	<b>55,731,318</b>	<b>60,987,809</b>	<b>116,719,127</b>	<b>90,802,682</b>	

\* This represents updated cost net of deductions due to amendments and de-coupling.

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(A Company incorporated under Section 42 of the Companies Act, 2017)  
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20.2 FEE TO MONITORING AUDITORS FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract*	Monitoring Auditor fee due			Monitoring audit fee disbursed			Balance commitment	Milestones achieved
					As of 30 June 2023	For the year	As of 30 June 2024	As of 30 June 2023	For the year	As of 30 June 2024		
A) BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM												
1	Avatan-Lasbela	LCC Pakistan Private Limited	18-Sep-23	1,500,000	-	1,500,000	1,500,000	-	1,500,000	1,500,000	-	Completed
2	Khuzdar	LCC Pakistan Private Limited	18-Sep-23	1,436,500	-	1,436,500	1,436,500	-	1,436,500	1,436,500	-	Completed
3	Kharan-Washuk	LCC Pakistan Private Limited	18-Sep-23	2,000,000	-	2,000,000	2,000,000	-	2,000,000	2,000,000	-	Completed
4	Kohistan	LCC Pakistan Private Limited	18-Sep-23	3,300,000	-	3,300,000	3,300,000	-	3,300,000	3,300,000	-	Completed
5	Small Lot Balochistan-1	LCC Pakistan Private Limited	18-Sep-23	2,000,000	-	2,000,000	2,000,000	-	2,000,000	2,000,000	-	Completed
6	Chitral	Spine Engineering Private Limited	27-Sep-23	1,516,480	-	1,516,480	1,516,480	-	1,516,480	1,516,480	-	Completed
7	Zhob	Spine Engineering Private Limited	27-Sep-23	1,437,500	-	1,437,500	1,437,500	-	1,437,500	1,437,500	-	Completed
8	Shangla	Spine Engineering Private Limited	27-Sep-23	964,020	-	964,020	964,020	-	964,020	964,020	-	Completed
9	D I Khan	Spine Engineering Private Limited	27-Sep-23	1,181,450	-	1,181,450	1,181,450	-	1,181,450	1,181,450	-	Completed
10	Sibi	Myson Engineering Systems Pvt.Ltd.	28-Sep-23	1,737,000	-	1,737,000	1,737,000	-	1,737,000	1,737,000	-	Completed
11	Mastung	Myson Engineering Systems Pvt.Ltd.	28-Sep-23	769,550	-	769,550	769,550	-	769,550	769,550	-	Completed
12	Kalat	Myson Engineering Systems Pvt.Ltd.	28-Sep-23	945,000	-	945,000	945,000	-	945,000	945,000	-	Completed
13	Dera Bugti	Myson Engineering Systems Pvt.Ltd.	28-Sep-23	1,933,000	-	1,933,000	1,933,000	-	1,933,000	1,933,000	-	Completed
14	Chaghi	Komkonsult Pvt Ltd	02-Oct-23	1,108,000	-	1,108,000	1,108,000	-	1,108,000	1,108,000	-	Completed
15	Small Lot Punjab-1	Global Connect Synergy Pvt. Ltd.	03-Oct-23	719,933	-	719,933	719,933	-	719,933	719,933	-	Completed
16	Khyber	Global Connect Synergy Pvt. Ltd.	03-Oct-23	1,111,806	-	1,111,806	1,111,806	-	1,111,806	1,111,806	-	Completed
17	Turbat	LCC Pakistan Private Limited	11-Jan-24	1,640,258	-	1,640,258	1,640,258	-	1,640,258	1,640,258	-	Completed
18	Avatan-Lasbela	LCC Pakistan Private Limited	11-Mar-24	2,134,000	-	2,134,000	2,134,000	-	2,134,000	2,134,000	-	Completed
19	Sibi	LCC Pakistan Private Limited	11-Mar-24	2,120,000	-	2,120,000	2,120,000	-	2,120,000	2,120,000	-	Completed
20	Kharan-Washuk	LCC Pakistan Private Limited	11-Mar-24	2,420,000	-	2,420,000	2,420,000	-	2,420,000	2,420,000	-	Completed
21	Khuzdar	LCC Pakistan Private Limited	11-Mar-24	1,789,500	-	1,789,500	1,789,500	-	1,789,500	1,789,500	-	Completed
22	Kohistan	Komkonsult Pvt Ltd	13-Mar-24	1,672,000	-	1,672,000	1,672,000	-	1,672,000	1,672,000	-	Completed
23	Small Lot B-1	Komkonsult Pvt Ltd	13-Mar-24	1,695,000	-	1,695,000	1,695,000	-	1,695,000	1,695,000	-	Completed
24	Kalat	Komkonsult Pvt Ltd	21-Mar-24	1,092,000	-	1,092,000	1,092,000	-	1,092,000	1,092,000	-	Completed
25	Turbat	Myson Engineering Systems Pvt.Ltd.	21-Mar-24	2,600,000	-	2,600,000	2,600,000	-	2,600,000	2,600,000	-	Completed
26	Mohmand	Myson Engineering Systems Pvt.Ltd.	21-Mar-24	1,300,000	-	1,300,000	1,300,000	-	1,300,000	1,300,000	-	Completed
27	Dera Bugti	SC Technologies Global (Pvt.) Ltd.	22-Mar-24	1,827,988	-	1,827,988	1,827,988	-	1,827,988	1,827,988	-	Completed
28	Zhob	Spine Engineering Private Limited	25-Mar-24	1,385,302	-	1,385,302	1,385,302	-	1,385,302	1,385,302	-	Completed
29	Shangla	Spine Engineering Private Limited	25-Mar-24	938,900	-	938,900	938,900	-	938,900	938,900	-	Completed
30	Chitral	Spine Engineering Private Limited	25-Mar-24	1,512,120	-	1,512,120	1,512,120	-	1,512,120	1,512,120	-	Completed
31	Chaghi	Myson Engineering Systems Pvt.Ltd.	26-Mar-24	1,100,000	-	1,100,000	1,100,000	-	1,100,000	1,100,000	-	Completed
32	D I Khan	Global Connect Synergy Pvt. Ltd.	08-Apr-24	732,112	-	732,112	732,112	-	732,112	732,112	-	Completed
33	Khyber	Global Connect Synergy Pvt. Ltd.	08-Apr-24	955,417	-	955,417	955,417	-	955,417	955,417	-	Completed
Sub-total (A)				50,574,836	-	50,574,836	50,574,836	-	38,755,997	38,755,997	-	

B) NEXT GENERATION BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM

1	Shikarpur	Joyn Pvt Ltd	22-May-23	1,542,000	-	1,542,000	1,542,000	-	1,542,000	1,542,000	-	Completed
2	Ghotki	Global Connect Synergy Pvt. Ltd.	25-May-23	741,370	-	741,370	741,370	-	741,370	741,370	-	Completed
3	Jaffarabad	Global Connect Synergy Pvt. Ltd.	25-May-23	830,192	-	830,192	830,192	-	830,192	830,192	-	Completed
4	NH&MW M-3	Netkom Technologies Private Limited	27-Sep-23	480,000	-	480,000	480,000	-	480,000	480,000	-	Completed

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20.2. FEE TO MONITORING AUDITORS FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract*	Monitoring Audit fee due (Rupees)				Balance commitment	Milestones achieved
					As of 30 June 2023	For the year	As of 30 June 2024	As of 30 June 2024		
5	Jaifarahad	Netkom Technologies Private Limited	27-Sep-23	876,000	-	876,000	-	876,000	-	Completed
6	Shikarpur	Netkom Technologies Private Limited	27-Sep-23	997,200	-	997,200	-	997,200	-	Completed
7	Bahawalpur	Netkom Technologies Private Limited	27-Sep-23	522,800	-	522,800	-	522,800	-	Completed
8	Tharparקר	Netkom Technologies Private Limited	27-Sep-23	1,039,000	-	1,039,000	-	1,039,000	-	Completed
9	Dera Ghazi Khan	Netkom Technologies Private Limited	27-Sep-23	2,373,600	-	2,373,600	-	2,373,600	-	Completed
10	Bannu	Spine Engineering Private Limited	27-Sep-23	497,360	-	497,360	-	497,360	-	Completed
11	NH&MW Lot-3(NH 50&70)	Spine Engineering Private Limited	27-Sep-23	624,997	-	624,997	-	624,997	-	Completed
12	Mastung	Myson Engineering Systems Pvt.Ltd.	28-Sep-23	748,125	-	748,125	-	748,125	-	Completed
13	Hyderabad	Myson Engineering Systems Pvt.Ltd.	28-Sep-23	1,275,000	-	1,275,000	-	1,275,000	-	Completed
14	Bolan	Komkonsult Pvt.Ltd	02-Oct-23	1,551,000	-	1,551,000	-	1,551,000	-	Completed
15	Ghorbi	Komkonsult Pvt.Ltd	02-Oct-23	1,588,000	-	1,588,000	-	1,588,000	-	Completed
16	Dadu	Komkonsult Pvt.Ltd	02-Oct-23	2,169,000	-	2,169,000	-	2,169,000	-	Completed
17	Gwadar	Komkonsult Pvt.Ltd	02-Oct-23	1,065,000	-	1,065,000	-	1,065,000	-	Completed
18	NH&MW Lot-2(NH 25&65)	Komkonsult Pvt.Ltd	02-Oct-23	1,095,000	-	1,095,000	-	1,095,000	-	Completed
19	Swabi	Global Connect Synergy Pvt. Ltd.	03-Oct-23	530,798	-	530,798	-	530,798	-	Completed
20	Bahawalnagar	Global Connect Synergy Pvt. Ltd.	03-Oct-23	639,921	-	639,921	-	639,921	-	Completed
21	Singhar	Global Connect Synergy Pvt. Ltd.	03-Oct-23	818,220	-	818,220	-	818,220	-	Completed
22	Muzaffargarh	Global Connect Synergy Pvt. Ltd.	03-Oct-23	864,716	-	864,716	-	864,716	-	Completed
23	NH&MW M-5	Joynt Pvt Ltd	04-Oct-23	495,000	-	495,000	-	495,000	-	Completed
24	Multan	Joynt Pvt Ltd	04-Oct-23	580,000	-	580,000	-	580,000	-	Completed
25	Rahimyarakan	Joynt Pvt Ltd	04-Oct-23	695,000	-	695,000	-	695,000	-	Completed
26	NH&MW M-4	Joynt Pvt Ltd	04-Oct-23	395,000	-	395,000	-	395,000	-	Completed
27	NH&MW Lot-1(NH 10&25)	Joynt Pvt Ltd	04-Oct-23	795,000	-	795,000	-	795,000	-	Completed
28	Sahiwal	Joynt Pvt Ltd	11-Jan-24	1,089,000	-	1,089,000	-	1,089,000	-	Completed
29	Sanghar	LCC Pakistan Private Limited	11-Mar-24	1,313,000	-	1,313,000	-	1,313,000	-	Completed
30	Bolan	Komkonsult Pvt.Ltd	13-Mar-24	1,470,000	-	1,470,000	-	1,470,000	-	Completed
31	NH&MW M3	Komkonsult Pvt.Ltd	13-Mar-24	855,000	-	855,000	-	855,000	-	Completed
32	Gwadar	Komkonsult Pvt.Ltd	21-Mar-24	1,340,000	-	1,340,000	-	1,340,000	-	Completed
33	Hyderabad	Myson Engineering Systems Pvt.Ltd.	21-Mar-24	1,299,998	-	1,299,998	-	1,299,998	-	Completed
34	Sahiwal	SC Technologies Global (Pvt.) Ltd.	22-Mar-24	2,703,411	-	2,703,411	-	2,703,411	-	Completed
35	Chagbi	SC Technologies Global (Pvt.) Ltd.	22-Mar-24	2,401,065	-	2,401,065	-	2,401,065	-	Completed
36	NH&MW Lot-7 (Hakia-DIKh)	SC Technologies Global (Pvt.) Ltd.	22-Mar-24	1,704,897	-	1,704,897	-	1,704,897	-	Completed
37	Swabi	Spine Engineering Private Limited	25-Mar-24	403,200	-	403,200	-	403,200	-	Completed
38	Bannu	Spine Engineering Private Limited	25-Mar-24	474,180	-	474,180	-	474,180	-	Completed
39	NH & MW Lot 3	Spine Engineering Private Limited	25-Mar-24	619,999	-	619,999	-	619,999	-	Completed
40	Tharparקר	Netkom Technologies Private Limited	26-Mar-24	1,024,000	-	1,024,000	-	1,024,000	-	Completed
41	Bahawalpur	Netkom Technologies Private Limited	26-Mar-24	531,900	-	531,900	-	531,900	-	Completed
42	Dadu	Netkom Technologies Private Limited	26-Mar-24	1,684,500	-	1,684,500	-	1,684,500	-	Completed
43	DG Khan	Netkom Technologies Private Limited	26-Mar-24	2,083,000	-	2,083,000	-	2,083,000	-	Completed
44	Muzaffargarh	Netkom Technologies Private Limited	26-Mar-24	796,500	-	796,500	-	796,500	-	Completed
45	NH&MW(NH25&NH65)Lot 1	Netkom Technologies Private Limited	26-Mar-24	1,023,000	-	1,023,000	-	1,023,000	-	Completed
46	Mastung	Myson Engineering Systems Pvt.Ltd.	26-Mar-24	1,800,000	-	1,800,000	-	1,800,000	-	Completed
47	Shikarpur	Myson Engineering Systems Pvt.Ltd.	26-Mar-24	1,357,954	-	1,357,954	-	1,357,954	-	Completed

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20.2 FEE TO MONITORING AUDITORS FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract*	Monitoring Audit fee due (Rupees)			Monitoring audit fee disbursed	Balance commitment	Milestones achieved	
					As of 30 June 2023	For the year	As of 30 June 2024				
48	Bahawalnagar	Global Connect Synergy Pvt. Ltd.	08-Apr-24	578,106	-	578,106	-	-	-	Completed	
49	Jaffarabad	Global Connect Synergy Pvt. Ltd.	08-Apr-24	750,279	-	750,279	-	-	-	Completed	
50	Multan	Global Connect Synergy Pvt. Ltd.	08-Apr-24	584,769	-	584,769	-	-	-	Completed	
51	Ghotki	Global Connect Synergy Pvt. Ltd.	08-Apr-24	1,017,683	-	1,017,683	-	-	-	Completed	
Sub-total (B)					-	54,734,740	-	44,284,885	-	44,284,885	-

C) OPTICAL FIBER CABLE- OFC

1	BP-Package-5	Global Enterprises	05-Apr-23	2,280,000	2,280,000	-	2,280,000	-	2,280,000	-	Completed	
2	BP-Package-2	Komkonsult Pvt Ltd	24-Jan-24	1,153,000	-	1,153,000	-	1,153,000	-	1,153,000	-	Completed
3	UC-PB-LOT-7	LCC Pakistan Private Limited	24-Jan-24	931,400	-	931,400	-	931,400	-	931,400	-	Completed
4	BP-Package-3	Global Enterprises	25-Jan-24	875,000	-	875,000	-	875,000	-	875,000	-	Completed
5	BP-Package-4	Global Enterprises	25-Jan-24	876,000	-	876,000	-	876,000	-	876,000	-	Completed
6	BP-Package-5	Global Enterprises	25-Jan-24	980,000	-	980,000	-	980,000	-	980,000	-	Completed
7	OFC- KPK	Global Enterprises	25-Jan-24	830,000	-	830,000	-	830,000	-	830,000	-	Completed
8	UC-SD-LOT-3	Global Enterprises	25-Jan-24	950,000	-	950,000	-	950,000	-	950,000	-	Completed
9	FATA Package-1	Fast Solutions	19-Feb-24	792,000	-	792,000	-	792,000	-	792,000	-	Completed
10	UC-SD-LOT-1	Fast Solutions	19-Feb-24	842,500	-	842,500	-	842,500	-	842,500	-	Completed
11	UC-SD-LOT-2	Fast Solutions	19-Feb-24	842,600	-	842,600	-	842,600	-	842,600	-	Completed
12	UC-PB-LOT-4	Fast Solutions	19-Feb-24	892,500	-	892,500	-	892,500	-	892,500	-	Completed
13	UC-PB-LOT-5	Fast Solutions	19-Feb-24	891,800	-	891,800	-	891,800	-	891,800	-	Completed
14	UC-SD-LOT-3	Myson Engineering Systems Pvt Ltd	23-Apr-24	813,855	-	813,855	-	813,855	-	813,855	-	Completed
15	UC-PB-LOT-7	Myson Engineering Systems Pvt Ltd	23-Apr-24	813,853	-	813,853	-	813,853	-	813,853	-	Completed
16	UC-PB-LOT-4	Neikom Technologies Private Limited	26-Apr-24	478,800	-	478,800	-	478,800	-	478,800	-	Completed
17	FATA Package-1	LCC Pakistan Private Limited	26-Apr-24	742,600	-	742,600	-	742,600	-	742,600	-	Completed
18	UC-SD-LOT-2	LCC Pakistan Private Limited	26-Apr-24	793,200	-	793,200	-	793,200	-	793,200	-	Completed
19	BP-Package-5	MYCO Engineers	29-Apr-24	629,600	-	629,600	-	629,600	-	629,600	-	Completed
20	BP-Package-5	Komkonsult Pvt Ltd	29-Apr-24	810,000	-	810,000	-	810,000	-	810,000	-	Completed
21	UC-SD-LOT-1	Komkonsult Pvt Ltd	29-Apr-24	707,500	-	707,500	-	707,500	-	707,500	-	Completed
22	UC-PB-LOT-5	Jovyn Pvt Ltd	30-Apr-24	697,015	-	697,015	-	697,015	-	697,015	-	Completed
23	OFC- KPK	Global Enterprises	30-Apr-24	790,000	-	790,000	-	790,000	-	790,000	-	Completed
24	BP-Package-2	Global Enterprises	30-Apr-24	799,992	-	799,992	-	799,992	-	799,992	-	Completed
Sub-total (C)					21,213,215	18,933,215	21,213,215	-	20,403,215	20,403,215	-	
Total (A+B+C)					126,522,791	2,280,000	124,242,791	-	103,444,097	103,444,097	-	

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

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20.2.1 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 2022	As of 30 June 2023	For the year 2023		
<b>A) BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM</b>										
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	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	Joyv Pvt Ltd	19-Apr-22	1,690,000	1,690,000	1,690,000	1,690,000	1,690,000	-	Completed
6	Shargha	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 Pvt.Ltd.	21-Sep-22	1,300,652	1,300,652	1,300,652	1,300,652	1,300,652	-	Completed
15	Khyber	Myson Engineering Systems Pvt.Ltd.	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 Engineering Pvt Ltd	27-Sep-22	1,620,000	1,620,000	1,620,000	1,620,000	1,620,000	-	Completed
21	Kohistan	Spine Engineering Pvt Ltd	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	Shargha	Myson Engineering Systems Pvt.Ltd.	22-Mar-23	947,700	947,700	947,700	947,700	947,700	-	Completed
35	Khyber	Myson Engineering Systems Pvt.Ltd.	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 Pvt.Ltd.	04-Apr-23	684,450	684,450	684,450	684,450	684,450	-	Completed
39	Kalat	Myson Engineering Systems Pvt.Ltd.	04-Apr-23	696,150	696,150	696,150	696,150	696,150	-	Completed
					44,662,539	4,455,790	40,206,749	44,662,539	44,662,539	-

Sub-total (A)

**UNIVERSAL SERVICE FUND**  
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**20.2.1 FEE TO MONITORING AUDITORS FOR PROJECTS**

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract**	Monitoring audit fee due		Monitoring audit fee disbursed		Balance commitment	Milestones achieved
					As of 30 June 2022	For the year	As of 30 June 2023	For the year		
(Rupees)										
<b>B) NEXT GENERATION-BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM</b>										
1	Rahimyar Khan	Netkom Technologies Private Limited	12-Sep-22	566,800	-	566,800	566,800	566,800	-	Completed
2	Muzaffargarh	Netkom Technologies Private Limited	12-Sep-22	783,550	-	783,550	783,550	783,550	-	Completed
3	Sanghar	Netkom Technologies Private Limited	12-Sep-22	901,280	-	901,280	901,280	901,280	-	Completed
4	Tharparker	Netkom Technologies Private Limited	12-Sep-22	983,970	-	983,970	983,970	983,970	-	Completed
5	Hyderabad	Netkom Technologies Private Limited	12-Sep-22	838,880	-	838,880	838,880	838,880	-	Completed
6	Bahawalpur	Netkom Technologies Private Limited	12-Sep-22	667,250	-	667,250	667,250	667,250	-	Completed
7	NH&MW Lot-1(NH 10&25)	Joynt Pvt Ltd	13-Sep-22	1,090,000	-	1,090,000	1,090,000	1,090,000	-	Completed
8	Dadu	LCC Pakistan Private Limited	20-Sep-22	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	-	Completed
10	Ghorki	Komikonsult Pvt Ltd	21-Sep-22	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	-	Completed
12	Bolan	Myson Engineering Systems Pvt.Ltd.	21-Sep-22	862,598	-	862,598	862,598	862,598	-	Completed
13	Bahawalpur	Myson Engineering Systems Pvt.Ltd.	21-Sep-22	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	-	Completed
15	NH&MW Lot-3(NH 50&70)	SC Technologies Global Pvt.Ltd.	22-Sep-22	707,832	-	707,832	707,832	707,832	-	Completed
16	Multan	Spine Engineering Pvt Ltd	27-Sep-22	1,469,000	-	1,469,000	1,469,000	1,469,000	-	Completed
17	NH&MW M-5	Joynt Pvt Ltd	20-Mar-23	895,000	-	895,000	895,000	895,000	-	Completed
18	NH&MW Lot-2(NH 25&65)	Joynt Pvt Ltd	20-Mar-23	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	-	Completed
20	Rolan	Komikonsult Pvt Ltd	22-Mar-23	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	-	Completed
22	Bahawalpur	Netkom Technologies Private Limited	22-Mar-23	664,167	-	664,167	664,167	664,167	-	Completed
23	Rahimyar Khan	Netkom Technologies Private Limited	22-Mar-23	631,488	-	631,488	631,488	631,488	-	Completed
24	Multan	Netkom Technologies Private Limited	22-Mar-23	624,976	-	624,976	624,976	624,976	-	Completed
25	Hyderabad	Netkom Technologies Private Limited	22-Mar-23	998,358	-	998,358	998,358	998,358	-	Completed
26	Sanghar	Netkom Technologies Private Limited	22-Mar-23	894,930	-	894,930	894,930	894,930	-	Completed
27	Bahawalpur	Netkom Technologies Private Limited	22-Mar-23	751,216	-	751,216	751,216	751,216	-	Completed
28	Tharparker	Myson Engineering Systems Pvt.Ltd.	22-Mar-23	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	-	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	-	Completed
31	NH&MW M-3	SC Technologies Global Pvt.Ltd.	28-Mar-23	635,511	-	635,511	635,511	635,511	-	Completed
32	Dera Ghazi Khan	Joynt Pvt Ltd	28-Mar-23	1,286,000	-	1,286,000	1,286,000	1,286,000	-	Completed
33	NH&MW Lot-1(NH 10&25)	Myson Engineering Systems Pvt.Ltd.	04-Apr-23	870,187	-	870,187	870,187	870,187	-	Completed
34	Shikarpur	Joynt Pvt Ltd	22-May-23	1,550,000	-	1,550,000	1,550,000	1,550,000	-	Contract Signed
35	Ghorki	Global Connect Synergy Pvt. Ltd.	25-May-23	803,566	-	803,566	803,566	803,566	-	Contract Signed
36	Jaffarabad	Global Connect Synergy Pvt. Ltd.	25-May-23	830,193	-	830,193	830,193	830,193	-	Contract Signed
<b>Sub-total (B)</b>				<b>32,630,351</b>	<b>-</b>	<b>29,446,592</b>	<b>29,446,592</b>	<b>29,446,592</b>	<b>3,183,759</b>	
<b>C) OPTICAL FIBER CABLE- OFC</b>										
1	BP-Package-4	Global Enterprises	27-Oct-22	4,410,000	-	4,410,000	4,410,000	4,410,000	-	Completed
2	UC-SDI-LOT-1	Bidcom Solutions (SMC-Pvt) Ltd	27-Oct-22	4,200,000	-	4,200,000	4,200,000	4,200,000	-	Completed
3	BP-Package-2	Joynt Pvt Ltd	31-Oct-22	3,500,000	-	3,500,000	3,500,000	3,500,000	-	Completed
4	BP-Package-3	Joynt Pvt Ltd	31-Oct-22	3,700,000	-	3,700,000	3,700,000	3,700,000	-	Completed

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20.2.1 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		
5	BP-Package-5	Joyn Pvt Ltd	04-Nov-22	3,700,000	-	3,700,000	3,700,000	3,700,000	-	Completed
6	UC-SD-LOT-2	TEACH	07-Nov-22	3,980,000	-	3,980,000	3,980,000	3,980,000	-	Completed
7	FATA Package-1	TEACH	07-Nov-22	3,340,000	-	3,340,000	3,340,000	3,340,000	-	Completed
8	OFC- KPK	TEACH	07-Nov-22	1,935,000	-	1,935,000	1,935,000	1,935,000	-	Completed
9	UC-SD-LOT-1	Bidcom Solutions (SMC- Pvt) Ltd	24-Mar-23	3,950,000	-	3,950,000	3,950,000	3,950,000	-	Completed
10	BP-Package-4	Bidcom Solutions (SMC- Pvt) Ltd	24-Mar-23	4,150,000	-	4,150,000	4,150,000	4,150,000	-	Completed
11	FATA Package-1	Bidcom Solutions (SMC- Pvt) Ltd	04-Apr-23	3,950,000	-	3,950,000	3,950,000	3,950,000	-	Completed
12	BP-Package-2	Global Enterprises	05-Apr-23	2,490,000	-	2,490,000	2,490,000	2,490,000	-	Completed
13	BP-Package-3	Global Enterprises	05-Apr-23	2,490,000	-	2,490,000	2,490,000	2,490,000	-	Completed
14	BP-Package-5	Global Enterprises	05-Apr-23	2,280,000	-	2,280,000	2,280,000	-	-	Completed
15	UC-PB-LOT-4	Joyn Pvt Ltd	05-Apr-23	5,700,000	-	5,700,000	5,700,000	5,700,000	-	Completed
16	UC-PB-LOT-5	Joyn Pvt Ltd	05-Apr-23	5,600,000	-	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	2,700,000	-	Completed
18	UC-SD-LOT-2	TEACH	10-Apr-23	4,440,000	-	4,440,000	4,440,000	4,440,000	-	Completed
19	UC-SD-LOT-3	TEACH	10-Apr-23	4,955,000	-	4,955,000	4,955,000	4,955,000	-	Completed
Sub-total (C)					-	71,470,000	71,470,000	69,190,000	-	-
Total (A+B+C)					148,762,890	4,455,790	141,123,341	145,579,131	143,299,131	3,183,759

\* Telecom Engineering & Consultancy House (Pvt) Limited- TE.ACH

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

**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, 2024****21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

- Credit risk
- Liquidity risk and
- Market risk

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

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

**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 2024 (Rupees)	June 2023 (Rupees)
Long term advances	5,638,219	3,506,050
Other receivables	2,346,988,683	1,722,184,148
Bank balance	1,964,302,344	1,916,661,589
	<u>4,316,929,246</u>	<u>3,642,351,787</u>

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

			June 2024 (Rupees)	June 2023 (Rupees)
<b>Bank name:</b>	<b>Rating</b>	<b>Rating Agency</b>		
National Bank of Pakistan:	AAA/A-1+	JCR-VIS/PACRA		
Bank balance			1,964,302,344	1,916,661,589
			<u>1,964,302,344</u>	<u>1,916,661,589</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2024****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)-----				
<b>June 30, 2024</b>				
Project subsidy payable	813,952,335	813,952,335	813,952,335	-
Technical auditor fee payable	23,560,931	23,560,931	23,560,931	-
Payable to suppliers	7,906,211	7,906,211	7,906,211	-
Accrued liabilities	5,958,891	5,958,891	5,958,891	-
Lease liability	48,057,812	60,120,000	30,060,000	30,060,000
	<u>899,436,180</u>	<u>911,498,368</u>	<u>881,438,368</u>	<u>30,060,000</u>
<b>June 30, 2023</b>				
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	-
	<u>797,520,858</u>	<u>797,520,858</u>	<u>797,520,858</u>	<u>-</u>

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

**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.

**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 (2023: Rs. Nil) which earn interest.

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.

**UNIVERSAL SERVICE FUND**

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**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2024****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.

**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 2024 (Rupees)	June 2023 (Rupees)
<b>State-controlled entities</b>			
- MoIT&T- grant received during the year		<b>16,119,650,000</b>	18,340,000,000
<b>Associate due to common directorship</b>			
Subsidy grant disbursement	19		
- Pakistan Telecommunication Company Limited		2,925,208,905	2,456,757,812
- Pak Telecom Mobile Limited-Ufone		5,046,654,529	5,271,963,733
- Telenor Pakistan Private Limited-Telenor		-	3,714,764,232
- CM Pak Private Limited-Zong		14,242,548	8,096,662
		<b>7,986,105,982</b>	11,451,582,439
<b>USF Employees' Gratuity Fund</b>			
Contributions paid by the Company	16.2	22,528,213	22,894,399

## UNIVERSAL SERVICE FUND

(A Company incorporated under Section 42 of the Companies Act, 2017)  
NOTES TO THE FINANCIAL STATEMENTS  
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
## 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 2024				June 2023			
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives	Directors	Executives
Meeting fee	-	5,950,000	-	-	-	-	1,725,000	-
Managerial remuneration	3,008,000	-	106,438,626	12,974,016	-	-	-	98,599,267
Allowances	2,090,910	-	86,835,011	9,825,035	-	-	-	81,607,069
Bonus	3,459,738	-	24,863,154	3,851,315	-	-	-	20,996,480
	8,558,648	5,950,000	218,136,791	26,660,366	-	-	1,725,000	201,202,816
	1	8	34	1	9	36		

Number of persons

23.1 This includes monetization allowance, amounting to Rs. 11,407,601 (2023: Rs. 13,532,784) 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. 

**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, 2024****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 2024****June 2023**

Employees at the period end (Number)

**89****98**

Average employees during the period (Number)

**92****98****26 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by the Board of Directors of the Company on \_\_\_\_\_.

**27 GENERAL****27.1 Declaration of Board under section 25(3) of SOE Act, 2023**

a) As of now the Company do not have any borrowing. USF is presently funded by the prescribed contribution received from licensees. Funds are maintained in non-lapsable Public Account operated through State Bank of Pakistan. Funds are released for disbursement to the Company on quarterly basis, in line with approved budget after Policy Committee approval which is constituted according to USF Rules 2006. In addition, a portion of USF funds is kept by the Federal Government.

The Company has signed contracts where related commitments are payable after the related milestone is achieved. Discharge of commitments is expected to be gradual. In line with the next financial year budget approved by the Company's Board and USF Policy Committee, there are reasonable grounds to believe that balance commitments will be paid, as they become due within next financial year, subject to the following:

- Balance available with USF Fund.
- Annual contribution inflow from licensees.
- Return of funds budgeted by the Federal Government during financial year 2024-25.
- Timely release of budgeted funds to the Company by Policy Committee.

b) The financial statements and the notes to them comply with the requirements of International accounting standards, as disclosed in note 2.1.

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

  
 \_\_\_\_\_  
**CHIEF EXECUTIVE OFFICER**

  
 \_\_\_\_\_  
**DIRECTOR**

# STATEMENT OF COMPLIANCE

**UNIVERSAL SERVICE FUND  
(A COMPANY INCORPORATED UNDER  
SECTION 42 OF THE COMPANIES ACT, 2017)  
STATEMENT OF COMPLIANCE WITH PUBLIC SECTOR  
(CORPORATE GOVERNANCE) RULES, 2013  
FOR THE YEAR ENDED JUNE 30, 2024**

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**Grant Thornton Anjum  
Rahman**

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

**T** +92 51 2271906  
**F** +92 51 2273874

**REVIEW REPORT TO THE MEMBERS**
**ON THE STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES  
(CORPORATE GOVERNANCE) RULES, 2013**


We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of Universal Service Fund ("the Company") for the year ended June 30, 2024.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company, for the year ended June 30, 2024.

  
GRANT THORNTON ANJUM RAHMAN  
Chartered Accountants

Engagement Partner: Waqas Waris  
Islamabad  
Date: October 25, 2024  
UDIN: CR202410209bBqTx4jC3



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

Name of company: **UNIVERSAL SERVICE FUND COMPANY**

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

For the year ended: **June 30, 2024**

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

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

S. No.	Provision of the Rules	Rule no.	Y	N																			
			Tick the relevant box																				
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	√																				
2.	The Board has at least one-third of its total members as independent directors. At present the Board includes:	3(2)	√																				
	<table border="1"> <thead> <tr> <th>Category</th> <th>Names</th> <th>Date of appointment</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Independent Directors</td> <td>1. Ms. Ayla Majid</td> <td>06th June 2023</td> </tr> <tr> <td>2. Mr. Muhammad Yousuf</td> <td>06th June 2023</td> </tr> <tr> <td>Executive Directors</td> <td>3. Chaudhary Mudassar Naveed</td> <td>10th June 2024</td> </tr> <tr> <td rowspan="4">Non-Executive Directors</td> <td>4. Mr. Muhammad Mehmood</td> <td>14th March 2024</td> </tr> <tr> <td>5. Mr. Muhammad Jahanzeb Rahim</td> <td>01st March 2024</td> </tr> <tr> <td>6. Major General (r) Hafeez UR Rehman</td> <td>06th June 2023</td> </tr> <tr> <td>7. Mr. Hatem Bamatraf (President and CEO PTCL)</td> <td>06th June 2023</td> </tr> </tbody> </table>	Category	Names	Date of appointment	Independent Directors	1. Ms. Ayla Majid	06th June 2023	2. Mr. Muhammad Yousuf	06th June 2023	Executive Directors	3. Chaudhary Mudassar Naveed	10th June 2024	Non-Executive Directors	4. Mr. Muhammad Mehmood	14th March 2024	5. Mr. Muhammad Jahanzeb Rahim	01st March 2024	6. Major General (r) Hafeez UR Rehman	06th June 2023	7. Mr. Hatem Bamatraf (President and CEO PTCL)	06th June 2023		
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3.	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	<b>3(5)</b>	√	Comment: The USF does not have the authority to appoint its ex officio members, however the nominees and independent directors have confirmed that they comply with this provision by providing affidavits.
4.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	<b>3(7)</b>	√	Comment: The Board members are appointed by Federal Government and it has assessed the fit and proper criteria.
5.	The chairman of the Board is working separately from the chief executive of the Company.	<b>4(1)</b>	√	
6.	The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government.	<b>4(4)</b>	√	
7.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.	<b>5(2)</b>	√	State Owned Enterprises Act 2023 requirement have been followed in this regard.
8.	(a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.  (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. <a href="https://www.usf.org.pk/publications">https://www.usf.org.pk/publications</a>  (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	<b>5(4)</b>	√  √  √	
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity, and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	<b>5(5)</b>	√	
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	<b>5(5)(b(ii))</b>	√	

11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	<b>5(5)(b)(vi)</b>	√	
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	<b>5(5)(c)(ii)</b>	√	
13.	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	<b>5(5)(c)(iii)</b>	√	
14.	The Board has developed a vision or mission statement and corporate strategy of the company.	<b>5(6)</b>	√	
15.	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	<b>5(7)</b>	√	
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation and submitted its request for appropriate compensation to the Government for consideration.	<b>5(8)</b>	N/A	The board has quantified the outlay in respect of services to be delivered by USF Co. However, request for compensation in this regard is not submitted to GOP. The company does not draw on Government resources to meet its financial obligations. The company is compensated out of a Special Purpose Fund, which is collected by levying a charge on the adjusted gross revenue of contributing telecom and broadband service providers.
17.	The Board has ensured compliance with policy directions requirements received from the Government.	<b>5(11)</b>	√	


18.	(a) The Board has met at least four times during the year.	6(1)	√	
	(b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	6(2)	√	
	(c) The minutes of the meetings were appropriately recorded and circulated.	6(3)	√	
19.	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8(2)	√	
20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	√	
21.	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.	10	√	
	(b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.		N/A	
	(c) The Board has placed the annual financial statements on the company's website.		√	
22.	All the Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.	11	√	
23.	(a) The Board has formed the requisite committees, as specified in the Rules.	12	√	Risk Management Committee Chair is vacant from 25 <sup>th</sup> April 2024 due to resignation of Ms. Sofia Saeed as Board Member.
	(b) The committees were provided with written term of reference defining their duties, authority and composition.		√	
	(c) The minutes of the meetings of the committees were circulated to all the Board members.		√	
	(d) The committees were chaired by the following non-executive directors:			

	Committee	Number of members	Name of Chair			
	Audit Committee	4	Ms. Ayla Majid			Risk Management Committee Chair is vacant from 25 <sup>th</sup> April 2024 due to resignation of Ms. Sofia Saeed as Board Member.
	Risk Management Committee	3	Ms. Sofia Saeed			Procurement Committee Chair has been changed on 01st March 2024, Mr. Muhammad Jahanzeb Rahim has been stepped in and replaced Mr. Muhammad Omar Malik due to completion of his tenure as Member Telecom.
	Human Resources Committee	3	Major General (R) Hafeez Ur Rehman			
	Procurement Committee	3	Mr. Muhammad Omar Malik/ Muhammad Jahanzeb Rahim			
	Nomination Committee	N/A	N/A			
24.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.			13	N/A	No new appointments were made during the year.
25.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules			14	√	
26.	The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of Section 225 of the Act.			16	√	
27.	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.			17	√	
28.	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.			18	√	
29.	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. (b) The annual report of the company contains criteria and details of remuneration of each director.			19	√  √	

30.	The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.	20	√																		
31.	The Board has formed an audit committee, with defined and written terms of reference, and having the following members:	21 (1) and 21(2)	√	S No.2 is vacant from 25 <sup>th</sup> April 2024 due to resignation of Ms. Sofia Saeed as Board Member.  S.No.04 on 01 <sup>st</sup> March 2024 Mr. Muhammad Jahanzeb Rahim has been stepped in and replaced Mr. Muhammad Omar Malik due to completion of his tenure as Member Telecom.																	
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S. No	Name of member	Category	Professional background																		
1	Ayla Majid	Independent director	Financial expert																		
2	Sofia Saeed	Independent director	Legal expert																		
3	Muhammad Yousuf	Independent director	ICT/Telecom expert																		
4	Muhammad Jahanzeb Rahim	Ex-officio	Member Telecom, MOITT																		
32.	(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.  (b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.  (c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.	21(3)	√  √  √																		
33.	(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.  (b) The chief internal auditor has requisite qualification and experience prescribed in the Rules.  (c) The internal audit reports have been provided to the external auditors for their review.	22	√  √  √																		
34.	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	√																		

35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	√	
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Signature: \_\_\_\_\_



Name: MUDASSAR NAVEED

Chief Executive Officer

Signature: \_\_\_\_\_

Name: ZARRAR HASHAM KHAN  
Secretary  
Ministry of Information Technology  
& Telecommunication  
Government of Pakistan  
Islamabad

Chairman

# OUR PROUD PARTNERS



HUAWEI





**UNIVERSAL SERVICE FUND**  
EMPOWERING COMMUNITIES



Ministry of Information Technology  
& Telecommunication

**DIGITAL PAKISTAN**

### Registered Office

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

**Phone: +92-51-9212308-09**

**Fax: +92-51-9214261**

**feedback@usf.org.pk**

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