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AUDITORS' REPORT
TO THE MEMBERS OF
RAWALPINDI WASTE MANAGEMENT COMPNAY

Opinion

We have audited the annexed financial statements of **"RAWALPINDI WASTE MANAGEMENT COMPNAY"**, which comprise the statement of financial position as at June 30, 2018 and statement of income and expenditure, the statement of comprehensive income, the statement of changes in funds, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund, 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 the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the loss, the other comprehensive loss, the changes in fund 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 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.

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Emphasis of Matter

We draw attention to note 1.3 of the financial statements, which describes that during the year the company has incurred a loss of Rs. 1,721 million (FY 2017: Rs. 1,705 million) and accumulated losses have been increased to Rs. 5,820 million (FY 2017: Rs. 4,099 million) as at June 30, 2018. Our opinion is not modified in respect of this matter.

These factors cast significant doubt on the entity's ability to continue as a going concern, therefore it may not be able to realize its assets and discharge its liabilities in the normal course of business. The management is confident of improving results through streamlining the operations of the Company and looking for alternative source of income for sustainability and has a commitment for grant from Government of Punjab.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

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

a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
b) The statement of financial position, statement of income and expenditure, statement of comprehensive income, statement of changes in fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with books of account and returns;
c) Expenditure incurred 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 of **Rawalpindi Waste Management Company** for the year ended June 30, 2018 resulting in this independent auditors' report is C.A Habib.

Crowe Hussain Chaudhary & Co.
Member Crowe Global LLP
Chartered Accountants

Place: Islamabad
Dated: 27 AUG 2020

CROWE HUSSAIN CHAUDHURY & CO.
(CHARTERED ACCOUNTANTS)

RAWALPINDI WASTE MANAGEMENT COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018	2017
		.... Pak Rupees..........	
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	**142,870,838**	134,130,344
Intangible assets	5	**3,604,310**	4,628,926
Long term advances	6	**273,070,000**	3,075,000
Long term security deposits		**1,450,000**	1,450,000
		420,995,148	143,284,270
CURRENT ASSETS			
Stores and spares	7	**18,439,669**	11,244,910
Trade receivables	8	**257,148,752**	155,898,763
Grant receivables	13	**12,062,475**	12,062,475
Short term advances	9	**12,426,883**	284,842,295
Short term prepayments	10	**871,898**	5,526,966
Cash and bank balances	11	**1,116,781,870**	933,038,601
		1,417,731,547	1,402,614,010
TOTAL ASSETS		**1,838,726,695**	1,545,898,280
FUND AND LIABILITIES			
FUND			
General fund - (deficit)		**(5,820,543,315)**	(4,099,285,458)
NON CURRENT LIABILITIES			
Deferred capital grant	12	**9,093,754**	10,812,167
Restricted grant	13	**526,515,315**	499,760,190
Deferred income	14	**1,275,843,816**	1,253,521,404
Long term loan	15	**5,332,342,188**	3,806,830,335
		7,143,795,073	5,570,924,096
CURRENT LIABILITIES			
Trade and other payables	16	**488,004,455**	56,936,309
Taxation - net	17	**27,470,482**	17,323,333
TOTAL FUND AND LIABILITIES		**1,838,726,695**	1,545,898,280
CONTINGENCIES AND COMMITMENTS	18		

The annexed notes from 1 to 36 form an integral part of these financial statements.

MANAGING DIRECTOR **CHIEF FINANCIAL OFFICER** **DIRECTOR**

RAWALPINDI WASTE MANAGEMENT COMPANY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		.... Pak Rupees.........	
INCOME			
Grant income	13	**849,216,111**	722,785,613
Amortization of deferred capital grant	4	**1,718,413**	2,070,362
		850,934,524	724,855,975
Amortization of deferred income	14	**407,377,585**	266,570,142
Income from services - net	19	**362,527,150**	314,873,288
		1,620,839,259	1,306,299,405
EXPENDITURE			
Direct expenses	20	**2,809,791,867**	2,619,633,771
Administrative expenses	21	**107,380,281**	98,534,465
Finance cost	22	**422,911,033**	277,371,321
		3,340,083,181	2,995,539,557
Other income	23	**41,222,836**	28,718,650
Deficit for the year before taxation		**(1,678,021,086)**	(1,660,521,502)
Taxation	24	**43,236,771**	44,607,846
Deficit for the year after taxation		**(1,721,257,857)**	(1,705,129,348)

The annexed notes from 1 to 36 form an integral part of these financial statements.

MANAGING DIRECTOR **CHIEF FINANCIAL OFFICER** **DIRECTOR**

RAWALPINDI WASTE MANAGEMENT COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	……… Pak Rupees………	
Deficit for the year	**(1,721,257,857)**	(1,705,129,348)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	**(1,721,257,857)**	(1,705,129,348)

The annexed notes from 1 to 36 form an integral part of these financial statements.

MANAGING DIRECTOR **CHIEF FINANCIAL OFFICER** **DIRECTOR**

RAWALPINDI WASTE MANAGEMENT COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	.... Pak Rupees..........	
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit for the year	(1,678,021,086)	(1,660,521,502)
Adjustments for non - cash items:		
Depreciation	25,040,820	14,809,389
Amortization	1,024,616	494,154
Grant income	(849,216,111)	(722,785,613)
Amortization of deferred capital grant	(1,718,413)	(2,070,362)
Amortization of deferred income	(407,377,585)	(266,570,142)
Finance cost	422,911,033	277,371,321
	(809,335,640)	(698,751,253)
Changes in working capital:		
(Increase) / decrease in current assets		
Stores and spares	(7,194,759)	5,102,231
Trade receivables	(101,249,989)	(128,870,726)
Short term advances	272,415,412	144,630,471
Short term prepayments	4,655,068	5,115,422
	168,625,732	25,977,398
Increase / (decrease) in current liabilities		
Trade and other payables	415,553,615	(14,880,782)
Net cash used in operations	(1,903,177,379)	(2,348,176,139)
Finance cost paid	(18,917)	(16,640)
Grant received	875,971,236	785,429,384
Tax paid	(33,089,622)	(36,843,519)
Net cash used in operating activities	(1,060,314,682)	(1,599,606,914)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(33,781,314)	(38,110,824)
Purchase of intangible	-	(5,123,080)
Long term advances	(269,995,000)	193,353,347
Net cash (used in) / generated from investing activities	(303,776,314)	150,119,443
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan	1,547,834,265	1,653,695,508
Net cash generated from financing activities	1,547,834,265	1,653,695,508
Net increase in cash and cash equivalents	183,743,269	204,208,037
Cash and cash equivalents at the beginning of the year	933,038,601	728,830,564
Cash and cash equivalents at the end of the year	1,116,781,870	933,038,601

The annexed notes from 1 to 36 form an integral part of these financial statements.

MANAGING DIRECTOR **CHIEF FINANCIAL OFFICER** **DIRECTOR**

RAWALPINDI WASTE MANAGEMENT COMPANY
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2018

	General fund (Deficit)	Total
	……….. Pak Rupees……….	
Deficit balance as at July 1, 2016	**2,394,156,110**	2,394,156,110
Total comprehensive loss for the year	**1,705,129,348**	1,705,129,348
Deficit balance as at June 30, 2017	**4,099,285,458**	4,099,285,458
Total comprehensive loss for the year	**1,721,257,857**	1,721,257,857
Deficit balance as at June 30, 2018	**5,820,543,315**	5,820,543,315

The annexed notes from 1 to 36 form an integral part of these financial statements.

MANAGING DIRECTOR **CHIEF FINANCIAL OFFICER** **DIRECTOR**

RAWALPINDI WASTE MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1 LEGAL STATUS AND OPERATIONS

1.1 Rawalpindi Waste Management Company (the Company) was incorporated as a company limited by guarantee under section 42 of the Companies Act, 2017 (formerly Companies Ordinance 1984) on July 15, 2013, with the goal to provide the efficient and effective and modern services regarding the disposal of solid waste in the modern way in Rawalpindi. The principle activities of the company are to offer sustainable, efficient and affordable waste management services for the citizens of Rawalpindi. The registered office of the Company is situated 81-A/1, Iran road, Satellite Town, Rawalpindi.

1.2 The Company entered into an agreement with City District Government Rawalpindi which was effective from February 28, 2014 and would expire on February 27, 2034. In accordance of terms of the agreement, City District Government Rawalpindi (CDGR) and Town Municipal Administrations had transferred possession, management, use, maintenance and control of machinery, equipment, tools and plants vehicles, land, buildings, structures and all other moveable and immoveable assets owned managed or controlled by the CDGR and TMAs on lease money of Rs. 100,000.

1.3 The Company incurred deficit amounting to Rs. 1,721 million (2017: Rs. 1,705 million) during the year ended June 30, 2018 and, as of that date, the Company has accumulated deficits of Rs. 5,820 million (2017: Rs. 4,099 million). These conditions indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as going concern. The management is confident of improving results through streamlining the operations of the Company and looking for alternative source of income for sustainability and has a commitments for grant from Government of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of Complaince

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The 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;

- Accounting Standard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan, as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement and preparation

The accompanying financial statements have been prepared under the historical cost

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Amounts presented in Pakistan Rupee have been rounded off to nearest Rupees.

2.4 Use of accounting estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that effect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgements made in applying accounting policies that have significant effect on the amounts recognized in the financial statements are discussed in the ensuing paragraph.

2.4.1 Property, equipment and intangibles

The Company reviews the appropriateness of the rate of depreciation and amortization, useful lives and residual values used in the calculation of depreciation and amortization. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of the respective item of property and equipment or intangible assets, with a corresponding effect on the related depreciation charge / amortization and impairment.

2.4.2 Provision for doubtful receivables

The allowance for doubtful receivables of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realization of these receivables, management considers, among other factors, the credit worthiness and the past collection history of each party.

2.4.3 Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from that taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.4.4 Impairment

2.4.4.1 Impairment of financial assets

- The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

2.4.4.2 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

2.4.5 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 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.

2.4.6 Stores and spares

Management has made estimates for realizable amount of slow moving and obsolete stores and spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stores and spares with corresponding affect on amounts recognized in profit and loss account as provision / reversal.

2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Shared-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled shared-based payments; (b) classification of shared-based payments settled net of tax withholdings; (c) accounting for a modification of shared-based payments from cash settled to equity settled. The new requirements could effect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The ammendments are not likely to have an impact on Company's financial statements.

- Transfers of Investments Property (Amendments to IAS 40 'Investment Property' effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. Achange in use occurs when the property meets, or ceases to meet, the definition of investment proprty and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likley to have an impact on Company's financial statements.

- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvement to following approved accounting standards:

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that venture capital organization and other similar entities may effect to measure investments in associates and joint ventures at fair value through profit or loss, for each associates or joint venture separately at the time of initial recognitionof investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment enity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall detemine a date of the transaction for each payment or receipt of advance consideration. The Company is currently in the process of analyzing the potential imapct of changes required on adoption of the standard.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements. The Company is currently in process of analyzing the potential impact of changes required on adoption of the standard.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-statement of financial position lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The amendments are nor likely to have a significant impact on Company's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

- Annual Improvements to IFRS Standards 2015 – 2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019. The Company is currently in the process of analyzing the potential impact of changes required on adoption of the standard.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation or impairment, if any.

Depreciation is charged on the basis of written down value method whereby cost of an asset is written off over its useful life without taking into account any residual value. Full month's depreciation is charged on addition, while no depreciation is charged in the month of disposal or deletion of assets.

Major renewals and repairs are capitalized and the assets so replaced are retired. Minor renewals or replacement, maintenance and repairs are charged to income as and when incurred. Gains or losses on disposal of property and equipment are accounted for as profit or loss for the year.

The assets' residual value and useful lives are reviewed, and adjusted if significant, at each balance sheet date.

Disposal of assets is recognized when significant risks and reward incidental to the ownership have been transferred to buyers. Gain and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized in the income and expenditure accounts.

3.2 Intangible Assets

Intangible assets are stated at cost less amortization or impairment, if any.

Amortization is charged on the basis of straight line method whereby cost of an asset is written off over its useful life without taking into account any residual value. Full month's amortization is charged on addition, while no amortization is charged in the month of disposal or deletion of assets.

The assets' useful lives are reviewed, and adjusted if significant, at each balance sheet date.

Disposal of assets is recognized when significant risks and reward incidental to the ownership have been transferred to buyers. Gain and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized in the income and expenditure accounts.

3.3 Capital work in progress

Capital work-in-progress are stated at cost and consist of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

3.4 Impairment losses

The Company assesses at each balance sheet date whether there is any indication that assets other than stores and spares and deferred tax assets may be impaired. If such an indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amounts and the resulting impairment loss is recognized as expense in the profit and loss account, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

3.5 Stores and spares

Stores and spares are stated at cost less provision for slow moving and obsolete items. Cost is determined by using the First In First Out (FIFO) method. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as tangible fixed assets under "Plant and machinery" category and are depreciated over a time period not exceeding the useful life of the related assets.

3.6 Trade receivables

Trade receivables are recognized and carried at original invoiced amount which is fair value of the consideration to be received in future. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Debts considered irrecoverable are written-off.

3.7 Advances, prepayments and other receivables

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

3.8 Revenue recognition

Income recognition

i) Grants

Grants are recognized where there is reasonable assurance that the grants will be received and all attached conditions will be complied with.

ii) Income related grants

Grants of a non capital nature are recognized at the time of their receipt. Subsequently, these are recognized in the statement income and expenditure to the extent of expenditure incurred. Expenditure incurred against grants, against which grant funds have been committed but not received, is recognized directly in the statement income and expenditure and reflected as a receivable from donors.

iii) Capital grants

Grants received for the purchase of fixed assets are initially recorded as deferred income upon receipt. Subsequently, these are recognized in the statement income and expenditure, on a systematic basis, over the periods necessary to match them with the carrying value of the related assets.

iv) Profit on bank deposits and investments

Mark up / interest on bank deposits and return on investments is recognized using the effective interest rate method.

v) Other Income

- Income comprises of the fair value of the consideration received or receivable from the services rendered in the ordinary course of the Company's activities.

- Income is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of income can be measured reliably. The income arising from different activities of the Company is recognized on the following basis:

- Revenue from cleaning and environmental services is recognized when such services are rendered.

- Income from projects is recognized in accordance with the terms of agreement.

3.9 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Company.

3.10 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalent comprise cash in hand, cash at bank and short term investments with maturity of not later than three months at known amount in rupees.

3.11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and 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 such 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.

3.12 Borrowings

Subsequent to initial recognition borrowings are measured at amortised cost using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued mark-up on borrowings to the extent of the amount remain unpaid.

Loans and borrowings are recorded at the proceeds received. Mark up, interest and other borrowing costs are charged to income in the period in which they are incurred.

Borrowing cost on long term finances which are specifically obtained for the acquisition of qualifying assets (plant and machinery) are capitalized up to the date of commencement of commercial production on the respective assets. All other borrowing costs are charged to profit and loss account in the period in which these are incurred.

3.13 Employee benefits

3.13.1 Provident fund

The Company has contributory provident fund for its regular / contractual employees, contribution in respect of which is charged to income and expenditure for the year. Contribution is made by employees at the rate of 10% of basic pay at the commencement of financial year. The same amount is contributed by the Company.

3.13.2 Compensated absences

All regular employees of the Company are entitled to 18 days annual paid leave during the year. All leaves will be calculated on the basis of fiscal year and may be carried forward to the maximum one year.

3.13.3 Pension fund and leave encashment

All regular employees of CDGR and TMA's are entitled to pension fund and leave encashment. Contributions towards pension fund is made by employees equal to 40% of basic pay on monthly basis. Leave encashment can be availed upto the limit of 365 days.The pension fund and leave encashments are paid through the directives of Town Municipality Authority (TMA) and City District Government Rawalpindi (CDGR) and paid to NIDA account and employees respectively. The contribution and accrual of the funds are the responsibility of the City District Government Rawalpindi (CDGR) and Town Municipality Authority (TMA), therefore, no accrual/provision has been recorded in these financial statements.

3.14 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Company's accounts for current taxation on the basis of provision of the Income Tax Ordinance, 2001.

For the other income the Company accounts for current taxation on the basis of taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or one percent of turnover, whichever is higher in accordance with the provisions of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is computed using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments and changes in estimates made during the current year, except otherwise stated.

3.15 Financial instruments

Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognizes loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date when the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial assets – Measurement

Loans and receivables

Loans and receivables comprise of loans, grant and other receivables, consultancy fee receivables, cash and cash equivalents and deposits. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Non-derivative financial liabilities – Measurement

Non derivative financial liabilities comprise of accrued expenses, accounts payables and other liabilities. Non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

3.16 Operating lease

Rentals payables under the operating leases are charged to statement of income and expenditure on straight line basis over the term of relevant lease.

3.17 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

3.18 Foreign currency translation

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the statement of financial position date. Gains and losses on translation are taken to income currently. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair value was determined.

3.19 Impairment

Financial assets

A financial asset is assessed at each statement of financial position date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

Non-financial assets

The carrying values of non-financial assets are assessed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the non-financial assets is estimated. An impairment loss is recognized as an expense in the income and expenditure statement, for the amount by which the non-financial asset's carrying value exceeds its recoverable amount.

3.20 Foreign currency translation

Transactions in foreign currencies are converted into Pak Rupees at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in the profit and loss account.

3.21 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but 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.

RAWALPINDI WASTE MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

4 PROPERTY AND EQUIPMENT

	Owned Assets							Finance Department Funded					
Description	Equipment and tools	Plant and machinery	Motor vehicles		Furniture and fixture	Computers	Sub total	Equipment and tools	Motor vehicles	Furniture and fixture	Computers	Sub total	Grand Total
			Administrative	Operations									
Year ended June 30, 2018													
Net carrying value basis													
Opening net book value	**2,011,539**	**55,091,699**	**1,125,401**	**49,759,781**	**5,486,905**	**9,842,852**	**123,318,177**	**120,368**	**9,781,593**	**266,287**	**643,919**	**10,812,167**	**134,130,344**
Additions	**108,999**	**6,674,400**	**-**	**10,080,000**	**2,316,095**	**14,601,820**	**33,781,314**	**-**	**-**	**-**	**-**	**-**	**33,781,314**
Depreciation charge	**(314,569)**	**(9,181,901)**	**(168,810)**	**(7,715,967)**	**(1,136,949)**	**(4,804,211)**	**(23,322,407)**	**(18,055)**	**(1,467,239)**	**(39,943)**	**(193,176)**	**(1,718,413)**	**(25,040,820)**
Closing net book value	**1,805,969**	**52,584,198**	**956,591**	**52,123,814**	**6,666,051**	**19,640,461**	**133,777,084**	**102,313**	**8,314,354**	**226,344**	**450,743**	**9,093,754**	**142,870,838**
Year ended June 30, 2018													
Gross carrying value basis													
Cost	**3,133,311**	**67,772,774**	**1,569,092**	**73,384,305**	**8,886,565**	**29,177,295**	**183,923,342**	**199,641**	**16,548,248**	**440,806**	**1,931,607**	**19,120,302**	**203,043,644**
Accumulated depreciation	**(1,327,342)**	**(15,188,576)**	**(612,501)**	**(21,260,491)**	**(2,220,514)**	**(9,536,834)**	**(50,146,258)**	**(97,328)**	**(8,233,894)**	**(214,462)**	**(1,480,864)**	**(10,026,548)**	**(60,172,806)**
Net book value	**1,805,969**	**52,584,198**	**956,591**	**52,123,814**	**6,666,051**	**19,640,461**	**133,777,084**	**102,313**	**8,314,354**	**226,344**	**450,743**	**9,093,754**	**142,870,838**
Year ended June 30, 2017													
Net carrying value basis													
Opening net book value	2,235,487	25,962,793	1,324,001	57,777,965	2,997,774	7,648,360	97,946,380	141,609	11,507,756	313,279	919,885	12,882,529	110,828,909
Additions	99,000	30,751,000	-	640,505	2,700,319	3,920,000	38,110,824	-	-	-	-	-	38,110,824
Depreciation charge	(322,948)	(1,622,094)	(198,600)	(8,658,689)	(211,188)	(1,725,508)	(12,739,027)	(21,241)	(1,726,163)	(46,992)	(275,966)	(2,070,362)	(14,809,389)
Closing net book value	2,011,539	55,091,699	1,125,401	49,759,781	5,486,905	9,842,852	123,318,177	120,368	9,781,593	266,287	643,919	10,812,167	134,130,344
Year ended June 30, 2017													
Gross carrying value basis													
Cost	3,024,312	61,098,374	1,569,092	63,304,305	6,570,470	14,575,475	150,142,028	199,641	16,548,248	440,806	1,931,607	19,120,302	169,262,330
Accumulated depreciation	(1,012,773)	(6,006,675)	(443,691)	(13,544,524)	(1,083,565)	(4,732,623)	(26,823,851)	(79,273)	(6,766,655)	(174,519)	(1,287,688)	(8,308,135)	(35,131,986)
Net book value	2,011,539	55,091,699	1,125,401	49,759,781	5,486,905	9,842,852	123,318,177	120,368	9,781,593	266,287	643,919	10,812,167	134,130,344
Annual rate of depreciation	15%	15%	15%	15%	15%	30%		15%	15%	15%	30%		

Note:

Depreciation has been allocated to administrative expenses.

Depreciation on Finance Department funded Assets is amounting to Rs. **1,718,413**. This is also amortized as income recognized against deferred capital grant.

Plant and machinery includes containers, waste bins and weigh bridges.

Operating fixed assets transferred to the Company under operating lease through the Service and Asset Management Agreement (SAMA), as mentioned in note 1.2, are not included in the above mentioned operating fixed assets.

RAWALPINDI WASTE MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5 Intangible Assets

	COST					ACCUMULATED AMORTIZATION				WRITTEN DOWN VALUE
	As at 01 July	Additions	(Disposals)	As at 30 June	Rate	As at 01 July	Charge for the year	(On Disposals)	As at 30 June	As at 30 June
	---Pak Rupees---				%	---Pak Rupees---				Pak Rupees
2018										
Financial Software	363,080	-	-	363,080	20	18,154	72,616	-	90,770	272,310
Attendance Software (PITB)	4,760,000	-	-	4,760,000	20	476,000	952,000	-	1,428,000	3,332,000
	5,123,080	-	-	5,123,080		494,154	1,024,616	-	1,518,770	3,604,310
2017										
Financial Software	-	363,080	-	363,080	20	-	18,154	-	18,154	344,926
Attendance Software (PITB)	-	4,760,000	-	4,760,000	20	-	476,000	-	476,000	4,284,000
	-	5,123,080	-	5,123,080		-	494,154	-	494,154	4,628,926

		Note	2018	2017
			.... Pak Rupees.........	
6	**LONG TERM ADVANCES**			
	Unsecured - considered good			
	Mobilization advance	6.1	-	-
	Advance for motor vehicles and equipments	6.2	-	3,000,000
	Advance for purchase of Land	6.3	273,000,000	-
	Advance against operating lease	6.4	70,000	75,000
			273,070,000	3,075,000
6.1	Mobilization advance	6.1.1	-	193,519,668
	Less: Current portion shown under current assets		-	(193,519,668)
			-	-

6.1.1 This represents an advance paid to Al Bayrak Turizm Seyahat Insaat Ticaret A.S for Solid Waste Collection and Transportation, Mechanical Sweeping and Manual Sweeping, Mechanical Washing within the borders of Rawalpindi and Murree city. This advance shall be deducted from monthly performance payment of the contractor in 24 instalments, within 36 months period from commencement of work. Provided that, no such deduction shall be made in lieu of advance payment in first 12 months preceding from commencement of work. The amount of deduction made in each month shall not exceed 30% value of the invoice in any of such months except in 36th month.

6.2 This represents an advance paid Pak Suzuki Motors for purchase of vehicles.

6.3 This represents an advance for purchase of new landfill site.

		Note	2018	2017
			.... Pak Rupees.........	
6.4	Advance against operating lease	6.3.1	80,000	85,000
	Less: Charged during the year		5,000	5,000
			75,000	80,000
	Less: Current portion shown under current assets	9	(5,000)	(5,000)
			70,000	75,000

6.4.1 Leased assets represents balances transferred from CDGR and TMAs in accordance with the terms of agreement between CDGR, TMAs and the Company as explained in note 1.2. The charged has been made on the basis of period of lease agreement.

		Note	2018	2017
			.... Pak Rupees.........	
7	**STORES AND SPARES**			
	Stores	7.1	2,669,805	8,119,953
	Spares		15,764,034	3,124,957
			18,439,669	11,244,910

7.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

	Note	2018	2017
		.... Pak Rupees.........	
8 TRADE RECEIVABLES			
Unsecured - considered good			
PAF Noor Khan Base		-	437,360
Zaraj Housing Society		45,431	7,285
Intelligence Bureu Employees Corporate Housing Society		207,765	176,354
Model Town Humak Society		2,305	9,553
Emaar Housing Society (Noha Group)		65,583	35,472
Islamabad Farms		30,865	24,163
Rawat		83,855	62,130
National Police Foundation Housing Society		337,536	133,423
Defence Housing Authority		1,137,650	284,864
Spring Apartment		56,705	9,696
Karot Hydero Power Project		2,719,737	268,395
PAF Lower Topa		150,600	39,000
Pak PWD		3,042,844	3,042,844
Air Port Housing Society		2,777,186	2,777,186
Holy Family		48,500,000	7,750,000
Paragon Constructions (Private) Limited		-	-
MB Chicks		146,903	-
Army School of Logistics Murree		62,400	-
Jadeed Group of Companies		25,199	-
Contonment Board Murree		125,405	-
Punjab Food Authority		766	-
Military College murree		15,600	-
Korang Town Pwd		234,644	-
Fazaia Housing Scheme		22,611	-
Albayrak	8.1	132,792,960	81,580,390
Related party			
Receivable from Metro Bus Authority	8.2	64,564,202	59,260,648
		257,148,752	155,898,763

8.1 This represents an amount paid to Punjab Revenue Authority by Rawalpindi Waste Management Company in respect of no deduction of withholding tax on services. Al Bayrak Turizm Seyahat Insaat Ticaret A.S has agreed to refund any amount paid to Punjab Revenue Authority on its behalf.

8.2 This represents an amount receivable in respect of Janitorial and Housekeeping services for the Rawalpindi-Islamabad Metro bus System (from Saddar to Pak Secretariat) as per agreed terms of agreement between the Company and the Punjab Metro Bus Authority.

8.3 The aging of trade receivable at the reporting date is:

	Note	2018	2017
		.... Pak Rupees.........	
Not past due (ageing 1 - 30 days)		15,750,738	140,841,038
Past due (ageing > 30 days)		241,398,014	15,057,725
		257,148,752	155,898,763

RAWALPINDI WASTE MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

		Note	2018	2017
			.... Pak Rupees..........	
9	**SHORT TERM ADVANCES**			
	Unsecured - considered good			
	Albayrak Turizm Seyahat Insaat Ticaret A.S (Advance)		-	76,638,346
	Lahore Waste Management Company	9.1	4,200,000	4,200,000
	Advances for Office Expenses		-	49,865
	Advances on Provident Fund		208,758	-
	Adavance For vehicle registration		200,000	-
	Advances for Internet		20,000	-
	Advances for Webhosting		67,709	-
	Current portion of operating lease	6.4	5,000	5,000
	Current portion of mobilization advance	6.1	-	193,519,668
	Cash Deposit Receipt		7,725,416	10,429,416
			12,426,883	284,842,295

9.1 This represents amount paid to Lahore Waste Management Company against the consultancy services to be provided to the Company.

		Note	2018	2017
			.... Pak Rupees..........	
10	**SHORT TERM PREPAYMENTS**			
	Prepaid insurance		871,898	1,176,966
	Prepaid rent		-	4,350,000
			871,898	5,526,966
11	**CASH AND BANK BALANCES**			
	Cash at bank			
	Current account		32,643,805	8,601,254
	Saving accounts	11.1	1,084,038,506	924,437,347
			1,116,682,311	933,038,601
	Cash in hand		99,559	-
			1,116,781,870	933,038,601

11.1 Saving accounts carry mark up at the rates ranging from 3.25% to 4.25% (2017: 3.25% to 4.25%) per annum and includes an amount of Rs. 20.391 million (2017: 15.069) in respect of Employees' Provident Fund.

		Note	2018	2017
			.... Pak Rupees..........	
12	**DEFERRED CAPITAL GRANT**			
	Opening balance		10,812,167	12,882,529
	Add: Grant received for capital expenditure		-	-
			10,812,167	12,882,529
	Less: Amortization during the year		1,718,413	2,070,362
	Closing balance		9,093,754	10,812,167

RAWALPINDI WASTE MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

13 RESTRICTED GRANT

	Balance as at July 01, 2017		Received during the year	Grant income recognized	Transferred to deferred capital grant	Balance as at June 30, 2018	
	Restricted	Receivable				Restricted	Receivable
	Rupees						
Finance department of Punjab	494,259,857	-	**799,800,000**	**767,544,542**	-	**526,515,315**	-
City District Government Rawalpindi	-	-	-	-	-	-	-
Town Municipal Administrations Potohar	-	-	-	-	-	-	-
Town Municipal Administrations Muree	-	12,062,475	**21,421,002**	**21,421,002**	-	-	**12,062,475**
Town Municipal Administrations Kallar Syedan	1,404,543	-	**10,359,146**	**11,763,689**	-	-	-
Town Municipal Administrations Gujar Khan	632,650	-	**20,954,526**	**21,587,176**	-	-	-
Town Municipal Administrations Taxila	3,463,140	-	**15,569,400**	**19,032,540**	-	-	-
Town Municipal Administrations Kahuta	-	-	**7,858,642**	**7,858,642**	-	-	-
R.Grant Others	-	-	**8,520**	**8,520**	-	-	-
Balance as at June 30, 2018	**499,760,190**	**12,062,475**	**875,971,236**	**849,216,111**	-	**526,515,315**	**12,062,475**
Balance as at June 30, 2017	437,511,740	12,457,796	785,429,384	722,785,613	-	499,760,190	12,062,475

	Note	2018	2017
		.... Pak Rupees.........	

14 DEFERRED INCOME

	Note	2018	2017
Opening balance		1,253,521,404	1,027,872,894
Add: Gain on initial recognition of loan		429,699,997	492,218,652
Less: Amortization for the year		407,377,585	266,570,142
		1,275,843,816	1,253,521,404

15 LONG TERM LOAN

	Note	2018	2017
Unsecured			
Government of Punjab - Finance department			
Opening balance		3,806,830,335	2,378,783,337
Add: Receipts during the year	15.1	1,547,834,265	1,653,695,508
		5,354,664,600	4,032,478,845
Less: Transferred to deferred income		429,699,997	492,218,652
Amortized cost		4,924,964,603	3,540,260,193
Add: Amortization for the year		407,377,585	266,570,142
		5,332,342,188	3,806,830,335

15.1 This represents long term loan received from Finance Department, Government of Punjab, during the year through assignment account as a supplementary grant to meet the outsourcing expenditures. The loan carries interest @ 0.25% p.a. and is repayable within 5 years including 2 years grace period, from the date of receipt. The effective interest rate used for amortization is 8.53% (2017 : 9%).

Detail of these loans is as follows:

Year of loan	Interest rate	Sanctioned Rupees	Effective interest rate
June 30, 2017	0.25%	1,653,695,508	9.00%
June 30, 2018	**0.25%**	**1,547,834,265**	**8.53%**

	Note	2018	2017
		.... Pak Rupees.........	

16 TRADE AND OTHER PAYABLES

	Note	2018	2017
Creditors		**320,488,180**	10,518,884
Accrued expenses		**6,035,042**	2,223,514
Audit fee payable		**385,200**	125,000
Income tax payable		**37,984,557**	6,814,584
Sales tax payable		**75,512,980**	7,158,166
Other payables			
Leave encashment payable		**2,723,009**	2,132,285
Provident fund payable	33	**20,683,726**	15,553,598
Pension Payable		**5,357,216**	-
Accrued mark up - long term loan		**15,428,000**	10,612,238
Penalty payable	16.1	**-**	86,532
Retention money		**3,393,173**	1,398,908
EOBI Payable		**780**	46,800
Group Life Insurance Payable		**12,592**	265,800
		488,004,455	56,936,309

16.1 This represents penalty payable on the non-payment of mark - up on long term loan from Finance Department, in accordance with provisional agreement. This has been recorded on prudence basis.

	Note	2018	2017
		.... Pak Rupees.........	

17 TAXATION - Net

	Note	2018	2017
Tax Payable at the year end	24	**(27,470,482)**	(17,323,333)

18 CONTINGENCIES AND COMMITMENTS

18.1 CONTIGENCIES

a) The company has received a show-cause notice from the Additional Commissioner PRA on May 21, 2016, in respect of non deduction of sales tax on payments made to international contractor on contractual execution of work, cleaning and janitorial services under rule 14 of Punjab Sales Tax on Services (Withholding) Rules, 2015 along with default surcharge under section 49 of the Punjab Sales Tax Act, 2012. The sales tax under question amounts to Rs. 224.209 million. The management of the company has requested Ministry of Finance and Punjab Revenue Authority to defer the proceedings until a suitable outcome can be determined.

On May 09, 2016 the commissioner concluded, after receiving reply from the Company, that the Company has received taxable services from international contractor and ordered to deposit sales tax amounting to Rs. 223.976 million in respect of tax year 2015 and in addition the authority has attached a sum of Rs. 9.642 million during the year.

Subsequent to this, the Company filed an appeal with Honorable High court, Rawalpindi, seeking interim relief against these orders. The Honorable High court has passed an order to pay an amount of Rs. 223 million to Punjab Revenue Authority. An amount of Rs. 89.738 million (Rs. 172.630 million) has been paid to Punjab Revenue Authority for which a deduction has been started in subsequent year from Al Bayrak Turizm Seyahat Insaat Ticaret

b) The Company is facing claims launched in various Courts, pertaining to ex-employees for wages/regulation services and others. The matters are still pending before the Courts. The liability is not accurately quantifiable. However, the management is of the view that in the overall context of these financial statements, there would be no significant liability of the Company against such cases.

c) **Deffered Tax**

As per IAS 12 there is no need to calculate deferred tax as company has history of losses and in future it would not be able to earn profits.

18.2 COMMITMENTS

As referred in Note 1.2 , the Company has entered into operating lease agreements amounting to Rs. 100,000 for the period of 20 years with CDGR, which falls due:

	Note	2018	2017
		.... Pak Rupees.........	
Within 1 year		**5,000**	5,000
Later than 1 year but less than 5 years		**20,000**	20,000
Later than 5 years		**50,000**	55,000
		75,000	80,000

19 INCOME FROM SERVICES - NET

	Note	2018	2017
Services to Punjab Metro Bus Authority		**362,077,622**	339,180,599
Waste collection from societies		**14,713,160**	15,218,332
Hospitals		**40,750,000**	7,750,000
Less: sales tax		**(57,502,478)**	(49,951,577)
		360,038,304	312,197,354
Reimbursement of expenses	19.1	**2,488,846**	2,675,934
		362,527,150	314,873,288

19.1 This represents reimbursement of expenses by Punjab Metro Bus Authority against supply of water filters and other services.

20 DIRECT COST

	Note	2018	2017
		.... Pak Rupees.........	
Salaries and other benefits	20.1	**747,089,349**	638,222,080
Stores and spares consumption	20.2	**26,442,254**	13,259,689
Professional and other charges		**2,140,000**	1,261,500
Petrol, oil and lubricants		**40,831,086**	35,711,142
Landfilling cost		**32,564,851**	27,185,352
Rent of machinery	20.3	**29,776,572**	37,899,022
Advertisement		**431,360**	471,220
Printing and stationary		**1,352,767**	208,376
Public awareness and communication		**2,718,090**	1,669,310
Vehicle fuel charges		**7,108,405**	5,919,775
Seminars, workshop and symposium		**215,600**	138,648
Repair and maintenance		**12,470,221**	22,766,635
Utilities		**862,171**	-
Janitorial and other expenses		-	-
Uniform and liveries		**8,020,016**	94,800
Outsourced cleaning expenses	20.4	**1,654,892,485**	1,643,617,986
Punjab Metro Bus Authority	20.5	**225,510,834**	191,208,236
Societies & Hospital		**13,918,901**	
Pakistan air force - Nur Khan base		-	-
Paragon constructions (Private) Limited		-	-
Annual Software Charges (PITB)		**3,149,905**	-
Other expenses		**297,000**	-
		2,809,791,867	2,619,633,771

20.1 Salaries, wages and other benefits includes in respect to pension paid to workers amounting to Rs. 68.349 million (2017: Rs 64.635) which was received from City District Government Rawalpindi.

20.2 Stores and spares consumed

	Note	2018	2017
		.... Pak Rupees.........	
Opening stock		**3,124,957**	3,329,654
Add: Purchases during the year		**38,645,912**	13,054,992
Less: Closing stock		**(15,764,034)**	(3,124,957)
		26,442,254	13,259,689

RAWALPINDI WASTE MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

20.3 This amount includes of hire of machinery for the purpose of cleaning drainage watercourse (nalla's).

20.4 This represents an amount paid to Al Bayrak Turizm Seyahat Insaat Ticaret A.S for Solid Waste Collection and Transportation, Mechanical Sweeping and Manual Sweeping, Mechanical Washing within the borders of Rawalpindi and Murree city.

	Note	2018	2017
		.... Pak Rupees..........	
20.5 Punjab Metro Bus Authority			
Mechanical washing and sweeping		**17,934,100**	11,899,868
Mechanical washing canopy		**4,587,550**	9,044,008
Salaries and other benefits		**172,252,770**	148,089,040
Stores and spares consumed	**20.5.1**	**16,559,942**	10,325,626
Management cost		**2,265,265**	2,176,212
Filter reimbursement		**1,510,356**	1,427,593
Electric Coolers & Motors reimbursement		**904,835**	-
Office rent		**2,070,278**	1,550,333
POL expenses		**3,305,704**	4,062,004
Others		**-**	1,377,552
Penalty		**4,120,034**	1,256,000
		225,510,834	191,208,236
20.5.1 Stores, janitorial and spares consumed			
Opening stock		**8,119,953**	13,017,487
Add: Purchases during the year		**11,115,624**	5,428,092
Less: Closing stock		**(2,675,635)**	(8,119,953)
		16,559,942	10,325,626

21 ADMINISTRATIVE EXPENSES

	Note	2018	2017
Salaries and other benefits		**50,865,062**	51,070,146
Rent, rates and taxes		**16,652,652**	14,737,377
Utilities		**4,610,116**	3,682,011
Vehicle insurance		**743,221**	1,622,887
Travelling and conveyance		**410,571**	163,834
Audit fee	**21.1**	**275,200**	131,250
Depreciation	**4**	**25,040,820**	14,809,389
Amortization	**5**	**1,024,616**	494,154
Lease rent	**9**	**5,000**	5,000
Legal and professional fee		**2,090,000**	1,824,770
Vehicle running and maintenance		**1,135,966**	3,070,187
Repair and maintenance		**512,077**	1,116,528
Health and safety expenses		**-**	3,346,918
Web hosting		**171,961**	100,716
Security		**3,485,399**	2,166,094
Other expenses		**357,620**	193,204
		107,380,281	98,534,465

21.1 Audit including include the following:

	2018	2017
Audit fees	**250,000**	110,000
Out of pocket expense	**25,200**	15,000
	275,200	**125,000**

RAWALPINDI WASTE MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

		Note	2018	2017
			.... Pak Rupees..........	
22	**FINANCE COST**			
	Bank charges		**18,917**	16,640
	Interest on long term loan		**15,514,531**	10,784,539
	Charge on amortization of long term loan	14	**407,377,585**	266,570,142
			422,911,033	277,371,321
23	**OTHER INCOME**			
	Income from financial assets			
	Returns on saving accounts		**39,014,449**	22,700,120
	Income from non financial assets			
	Exchange gain		**2,175,387**	5,811,490
	Insurance Income		-	-
	Provident Fund		-	34,040
	Tender fee		**33,000**	173,000
			41,222,836	28,718,650

		Note	2018	2017
			.... Pak Rupees.........	
24	**TAXATION**			
	Current Year		**43,236,771**	44,607,846
	Prior Year			
	Deferred			
	Tax Charged		**43,236,771**	**44,607,846**

The applicable income tax rate was reduced from 31% to 30% for the year on account of the changes made to Income Tax Ordinance 2001 through Finance Act, 2017.

24.1 TAXATION - Reconciliation

	Note	2018	2017
Balance as at July 01,		**(17,323,333)**	(9,559,006)
Transfer to tax refund due from government		**-**	-
		(17,323,333)	(9,559,006)
Income tax paid		**-**	9,559,006
Tax Charged	24	**(43,236,771)**	(44,607,846)
Advance income tax		**33,089,622**	27,284,513
(Payable) / receivable		**(27,470,482)**	(17,323,333)

24.2 Management's Assessment on sufficiency of provision for income taxes

A comparison of provision on account of income taxes with most recent tax assessment for last three tax year is follows

	2017	**2016**	**2015**
Tax assessed as per most recent tax assessment	44,607,846	35,942,676	-
Provision in account for income tax	44,607,846	35,942,676	-
	-	-	-
Net Tax Charged	**44,607,846**	**35,942,676**	**-**

Deffered Tax

As per IAS 12 there is no need to calculate deferred tax as company has history of losses and in future it would not be able to earn profits.

25 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including benefits, to the Chief Executive Officer and executives are as follows:

		Managing Directors		Directors		Executives	
		2018	2017	**2018**	2017	**2018**	2017
	Note	-----Pak Rupees---		-----Pak Rupees---		-----Pak Rupees---	
Managerial remuneration		-	3,861,635	-	-	**4,441,502**	16,562,741
Bonus for the year		-	-	-	-	**241,472**	-
Providant fund		-	254,610	-	-	**322,713**	1,107,813
Other benefits	25.1	-	-	-	-	**88,260**	-
		-	4,116,245	-	-	**5,093,947**	17,670,554
Number of person(s)		**1**	1	**11**	11	**11**	11

25.1 The Managing Director and some executives are also provided with car for business and personal use in accordance with the Company rules. This also includes leave encashment of employees.

The Board of Directors is also provided with Company's maintained car. The Company's maintained car has been separately allocated in the POOL for the use of members of the Board of Directors of the Company for meetings and proceeding purpose. No other facilities have been provided to members and directors.

26 RELATED PARTY RELATIONSHIPS

Following are the associated companies and related parties with whom the Company had entered into transactions during the year:

Related Parties	Basis of Relationship	Number of shares held in the Company	Aggregate %age shareholding in the Company
Government of Punjab	Punjab Government owned	N/A	N/A
Bank of Punjab	Punjab Government owned	N/A	N/A
Punjab Metro Bus Authority	Punjab Government owned	N/A	N/A
Punjab Food Authority	Punjab Government owned	N/A	N/A
Lahore Waste Management Company	Punjab Government owned	N/A	N/A
Punjab Information Technology Board (PITB)	Punjab Government owned	N/A	N/A
Provident fund	Employee Fund	N/A	N/A

27 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of Goverment of Punjab, Government of Punjab owned entities, companies with common directorship, provident fund, directors and key management personnel. Transactions during the year and balances as at year end with the related parties are as follows:

	Note	2018	2017
		.... Pak Rupees..........	
Transactions during the year are as follows:			
Government of Punjab			
Grant income	13	**849,216,111**	722,785,613
Grant received during the year	13	**875,971,236**	785,429,384
Amortization of deferred capital grant	4	**1,718,413**	2,070,362
Amortization of deferred income	14	**407,377,585**	266,570,142
Interest on long term loan	22	**15,514,531**	10,784,539
Charge on amortization of long term loan	22	**407,377,585**	266,570,142
Lease rent	21	**5,000**	5,000
Advance given for acquisition of land	6	**273,000,000**	-
Bank of Punjab			
Bank charges	22	**18,917**	16,640
Returns on saving accounts	23	**39,014,449**	22,700,120
Punjab Metro Bus Authority			
Services to Punjab Metro Bus Authority	19	**362,077,622**	339,180,599
Reimbursement of expenses	19.1	**2,488,846**	2,675,934
Mechanical washing and sweeping	20.5	**17,934,100**	11,899,868
Mechanical washing canopy	20.5	**4,587,550**	9,044,008
Salaries and other benefits	20.5	**172,252,770**	148,089,040
Stores and spares consumed	20.5	**16,559,942**	10,325,626
Management cost	20.5	**2,265,265**	2,176,212
Filter reimbursement	20.5	**1,510,356**	1,427,593
Office rent	20.5	**2,070,278**	1,550,333
POL expenses	20.5	**3,305,704**	4,062,004
Others		-	1,377,552
Penalty	20.5	**4,120,034**	1,256,000
Punjab Information Technology Board (PITB)			
Annual Software Charges (PITB)		**3,149,905**	-

	Note	2018	2017
		.... Pak Rupees..........	
Balances as at year end are as follows:			
Government of Punjab			
Capital work in progress - advance for acquisition of land	6	**273,000,000**	-
Advance against operating lease - Non current portion	6	**70,000**	75,000
Advance against operating lease - Current portion	6.4	**5,000**	5,000
Deferred capital grant	12	**9,093,754**	10,812,167
Restricted grants	13	**526,515,315**	499,760,190
Deferred income	14	**1,275,843,816**	1,253,521,404
Long term loan	15	**5,332,342,188**	3,806,830,335
Long term loan received	15.1	**1,547,834,265**	1,653,695,508
Interest deducted against long term loan		**10,612,238**	-
Accrued markup payable - long term loan		**15,428,000**	10,612,238
Punjab Food Authority			
Trade receivables	8	**766**	-
Punjab Metro Bus Authority			
Trade receivables	8.2	**64,564,202**	59,260,648
Lahore Waste Management Company			
Advances	9.1	**4,200,000**	4,200,000
Bank of Punjab			
Cash and bank balances	11	**1,116,682,311**	933,038,601
Punjab Information Technology Board (PITB)			
Trade and other payables	16	**2,187,628**	-
Provident fund			
Trade and other payables	16	**20,683,726**	15,553,598

RAWALPINDI WASTE MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

28 FINANCIAL ASSETS AND LIABILITIES

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

	Notes	2018				
		Total	Interest/mark up bearing			Not interest /mark up bearing
			Maturity up to one year	Maturity after one year	Sub-total	
		Rupees				
Financial assets						
Loans, advances and receivables at amortized cost						
Long term advances	6	273,070,000	-	-	-	273,070,000
Long term security deposits		1,450,000	-	-	-	1,450,000
Trade receivables	8	257,148,752	-	-	-	257,148,752
Grant receivables	13	12,062,475	-	-	-	12,062,475
Advances	9	12,426,883	-	-	-	12,426,883
Cash and bank balances	11	1,116,781,870	1,084,038,506	-	1,084,038,506	32,643,805
		1,672,939,980	1,084,038,506	-	1,084,038,506	588,801,915
Financial liabilities						
Financial liabilities carried at amortized cost						
Long term loan	15	6,608,186,004	-	5,332,342,188	5,332,342,188	-
Trade and other payables	16	488,004,455	-	-	-	488,004,455
		7,096,190,459	-	5,332,342,188	5,332,342,188	488,004,455

RAWALPINDI WASTE MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

		2017				
		Total	Interest/mark up bearing			Not interest /mark up bearing
			Maturity up to one year	Maturity after one year	Sub-total	
		----------------	----------------	Rupees	----------------	----------------
Financial assets						
Loans and receivables at amortized cost						
Long term security deposits		1,450,000				1,450,000
Trade receivables	8	155,898,763	-	-	-	155,898,763
Grant receivables	13	12,062,475	-	-	-	12,062,475
Cash and bank balances	11	933,038,601	924,437,347	-	924,437,347	8,601,254
		1,102,449,839	924,437,347	-	924,437,347	178,012,492
Financial liabilities						
Financial liabilities carried at amortized cost						
Long term loan		5,060,351,739	-	5,060,351,739	5,060,351,739	-
Trade and other payables		42,564,427	-	-	-	42,564,427
		5,102,916,166	-	5,060,351,739	5,060,351,739	42,564,427

Effective interest rates are mentioned in the respective notes to the financial statements.

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

29.1 The Company's objective in managing risks is the creation and protection of stake holders' value. Risk is inherent in the Company's activities, but it is managed through a process of on going identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability/objectives. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances its operations through grants, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

29.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2018	2017
	.... Pak Rupees..........	
Long term security deposit	**1,450,000**	-
Trade receivables	**257,148,752**	155,898,763
Grant receivables	**12,062,475**	12,062,475
Cash and bank balances	**1,116,781,870**	933,038,601
	1,387,443,097	1,100,999,839

The aging of trade and grant receivable at the reporting date is:

0-30 days	**15,750,738**	152,903,513
Past due (ageing > 30 days)	**253,460,489**	15,057,725
	269,211,227	167,961,238

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year no assets have been impaired.

29.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	Carrying Amount	Contractual Cash Flows	Six to Twelve months	Two to five years
	Rupees			
June 30, 2018				
Long term loan	6,608,186,004	6,608,186,004	-	6,608,186,004
Trade and other payables	359,065,546	359,065,546	-	-
	6,967,251,550	6,967,251,550	-	6,608,186,004
June 30, 2017				
Long term loan	5,060,351,739	5,068,869,438	-	5,060,351,739
Trade and other payables	32,038,721	32,038,721	-	-
	5,092,390,460	5,100,908,159	-	5,060,351,739

29.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arise in financial instruments that are denominated in foreign currencies i.e. in a currency other then the functional currency in which they are measured.

	2018	2017
Mobilization advance	-	193,519,668

The following significant exchange rates have been applied:

	Average rate		Reporting rate	
	2018	2017	2018	2017
	Rupees			
USD to PKR	112.98	104.4	121.4627	104.50

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax loss / profit for the year would have been lower/higher by the amount shown below, mainly as a result of net foreign exchange gain on net foreign currency exposure at reporting date.

	Average rate		Reporting rate	
	2018	2017	2018	2017
	---------------- Rupees ----------------			
Effect on profit	-	19,351,967	-	193,519,668

The weakening of the PKR against US Dollar would have had an equal but opposite impact on the post tax loss / profit.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans.

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments is:

	2018	2017	2018	2017
	Effective Rate (In percent)		(Rupees) (Carrying amount)	
Financial liabilities				
Long term loan	8.53%	9.00%	6,608,186,004	5,060,351,739
Financial assets				
Bank balances	3.25%-4.25%	3.25%-4.25%	1,084,038,506	924,437,347
Net exposure			5,524,147,498	4,135,914,392

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) surplus/deficit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the prior year.

	Profit and loss	
	100 bps increase Rupees	100 bps decrease Rupees
As at June 30, 2018		
Cash flow sensitivity - Variable rate financial liabilities	552,414,750	(552,414,750)
As at June 30, 2017		
Cash flow sensitivity - Variable rate financial liabilities	413,591,439	(413,591,439)

The sensitivity analysis prepared is not necessarily indicative of the effects on surplus/deficit for the year and assets / liabilities of the Company.

(iii) 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.

30 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materiality the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset either directly that is, derived from prices.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, adjusted) inputs.

Transfer between level of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

31 FUND RISK MANAGEMENT

The Company's objectives when managing fund are to safeguard the Company's ability to continue as a going concern in order to provide services for the general public. The Company manages its fund structures and makes adjustments to it, in the light of changes in economic conditions. There were no changes to company's approach to fund management during the year.

32 NUMBER OF EMPLOYEES

	2018	2017
	(Number)	(Number)
Number of employees of the Company at the reporting date	**2,436**	3,060
Average number of employees during the year	**2,414**	3072

33 DEFINED CONTRIBUTION PLAN

The Company has contributory provident fund scheme for benefit of all its permanent employees. Separate fund is not maintained by the Company and the amount payable is shown under trade and other payables in these financial statements.

The Company has opened a separate bank account in a scheduled bank i.e. Bank of Punjab (BOP) as required under section 218 of the Companies Act, 2017.

	2018 Rupees	2017 Rupees
Size of the Fund	20,683,726	15,553,598
Cost of investment (saving account)	19,373,495	14,879,624
Percentage of investment	99%	99%
Fair value of investment	20,683,726	15,553,598

This represents bank balance in the saving account maintained by the Company for Provident Fund Scheme. Fair value of the fund is greater than cost of investment as it also includes the interest on funds invested in bank. Interest rate on Bank account during 2018 was 3.25% to 4.25%.

The above information have been presented based on un-audited financial statements of Provident Fund for the year ended June 30, 2018.

34 CORRESPONDING FIGURES

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

35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are authorized for issue by the Board of Directors on 27-08-2020.

36 GENERAL

Figures have been rounded off to the nearest rupee.

MANAGING DIRECTOR	**CHIEF FINANCIAL OFFICER**	**DIRECTOR**