Punjab Municipal Development Fund Company
Audited Annual Financial Statements
For The Year Ended June 30, 2025

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

Avais Chambers, 1/C-5
Sikander Malhi Road, Canal Park
Gulberg II, Lahore, Pakistan

T: +92 (42) 32113344
T: +92 (42) 32115855

lahore@rsmpakistan.pk
www.rsm.global/pakistan

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF PUNJAB MUNICIPAL DEVELOPMENT FUND COMPANY
REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Punjab Municipal Development Fund Company (the Company), which comprise the statement of financial position as at June 30, 2025 and the statement of income and expenditure and other comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and notes comprising 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, the statement of changes in funds 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 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, 2025 and of the deficit and other comprehensive loss, the changes in funds and its cash flows for the year then ended.

Basis of 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.

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 of the Company 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 the 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, 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

The management is responsible for the preparation and fair presentation of the financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as the 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, the 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 operation, or has no realistic alternative but to do so.

Board of Directors are 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 skepticism 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, misrepresentation, 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.

RSM

- 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.

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, the statement of income and expenditure and other comprehensive income, the statement of changes in funds and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the Company for the year ended June 30, 2024 were audited by another firm of chartered accountants who expressed an un-modified opinion in their report dated September 30, 2024.

The engagement partner on the audit resulting in this independent auditor's report is Inam ul Haque.

RSM Avais Hyder Liaquat Nauman

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS
Date: 17 SEP 2025
Place: Lahore
UDIN: AR202510226CXhiMucJ8

PUNJAB MUNICIPAL DEVELOPMENT FUND COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	9,210,570	38,350,713
Right-of-use assets	6	32,791,591	21,761,376
Long term deposits	7	8,773,500	12,081,500
		50,775,661	72,193,589
CURRENT ASSETS			
Advances, deposits and prepayments	8	7,771,757	21,391,386
Income tax refunds from Government		5,716,024	1,968,840
Cash and bank balances	9	242,376,130	234,907,720
		255,863,911	258,267,946
		306,639,572	330,461,535
FUND AND LIABILITIES			
General fund		(165,271,816)	(133,365,488)
NON CURRENT LIABILITIES			
Deferred grants - restricted funds-net	10	280,530,886	289,717,090
Long term loans	11	26,268,126	44,402,068
Deferred income	12	3,402,121	8,731,874
Lease liabilities	13	21,799,613	12,589,886
Staff retirement gratuity	14	10,026,449	-
		342,027,195	355,440,918
CURRENT LIABILITIES			
Current portion of long term liabilities	15	112,057,184	88,688,826
Trade and other payables	16	16,030,365	18,591,989
Accrued mark up on long term loan		1,796,644	1,105,290
		129,884,193	108,386,105
CONTINGENCIES	17		
		306,639,572	330,461,535

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER/ MANAGING DIRECTOR **DIRECTOR**

PUNJAB MUNICIPAL DEVELOPMENT FUND COMPANY
STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
INCOME			
Grants amortized during the year	10	1,280,440,805	972,537,375
Revenue from services- net	18	16,630,075	-
Other income	19	15,344,038	7,809,814
		1,312,414,918	980,347,189
EXPENDITURE			
Projects' cost	20	(1,274,747,592)	(972,530,517)
Administrative expenses	21	(68,833,462)	(43,376,614)
Finance cost	22	(740,192)	(360,917)
		(1,344,321,246)	(1,016,268,048)
Deficit for the year before taxation		(31,906,328)	(35,920,859)
Provision for taxation	23	-	-
Deficit for the year		(31,906,328)	(35,920,859)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(31,906,328)	(35,920,859)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER/ MANAGING DIRECTOR

DIRECTOR

PUNJAB MUNICIPAL DEVELOPMENT FUND COMPANY
STATEMENT OF CHANGES IN GENERAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Rupees
Balance as at July 01, 2023	(97,444,629)
Total comprehensive loss for the year	
Deficit for the year	(35,920,859)
Other comprehensive income for the year	-
	(35,920,859)
Balance as at June 30, 2024	(133,365,488)
Total comprehensive loss for the year	
Deficit for the year	(31,906,328)
Other comprehensive income for the year	-
	(31,906,328)
Balance as at June 30, 2025	(165,271,816)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER/ MANAGING DIRECTOR

DIRECTOR

PUNJAB MUNICIPAL DEVELOPMENT FUND COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
A) CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year before taxation		(31,906,328)	(35,920,859)
Adjustments for:			
Depreciation on property, plant and equipment		35,374,515	17,347,984
Depreciation of right-of-use assets		13,048,067	13,224,816
Markup on lease liabilities		3,755,745	4,630,631
Interest on long term loan - net		691,354	325,000
(Gain) on lease termination		(2,124,435)	-
Provision for gratuity		10,026,449	-
Amortization of deferred grants		(1,280,440,805)	(972,537,375)
Net cash from operating activities		(1,251,575,438)	(972,929,803)
Working capital changes			
Decrease/(Increase) in current assets			
Advances, deposits, prepayments and other receivables		13,619,629	23,695,119
(Decrease)/Increase in current liabilities			
Trade and other payables		(2,561,624)	(8,532,876)
Net cashflow from investing activities		11,058,005	15,162,243
Cash flow from operations		(1,240,517,433)	(957,767,560)
Income taxes paid		(3,747,194)	(789,706)
Net cash flow from operating activities		(1,244,264,627)	(958,557,266)
B) CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition in property and equipment		(6,234,362)	(7,455,668)
Long term security deposits paid/ (refunded)		3,308,000	(2,866,000)
Net cash flow from investing activities		(2,926,362)	(10,321,668)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
Grants received - net		1,271,254,601	494,286,861
Payments against lease liabilities		(16,595,202)	(17,009,151)
Net cash flow from financing activities		1,254,659,399	477,277,710
Net increase in cash and cash equivalents (A+B+C)		7,468,410	(491,601,224)
Cash and cash equivalents at the beginning of the year		234,907,720	726,508,944
Cash and cash Equivalents at the end of the year		242,376,130	234,907,720

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER/ MANAGING DIRECTOR

DIRECTOR

1 Status and nature of business

1.1 Punjab Municipal Development Fund Company (the company) is a non profit organization incorporated as a Guarantee Limited Company having no share capital. It was incorporated on October 8, 1998 under section 42 of the Companies Ordinance 1984, repealed the Companies Act 2017, vide license No. CO 42/JR/3198 dated September 30, 1998 granted by the Securities and Exchange Commission of Pakistan. The Company is a non-profit organization jointly funded by the Government of the Punjab and International Bank for Reconstruction and Development (IBRD). The principal objective of the Company is to improve the quality of life of the inhabitants; building the capacities for better fiscal and service delivery management; to provide matching grants to Local Governments for the construction, rehabilitation, and expansion of infrastructure, capacity building; and for such purposes to provide consultants for evaluation of projects, monitoring of finances and advising Local Governments for their institutions' reforms, including improving the fiscal efficiency, cost recovery, rationalization of spending, administrative reforms and future growth.

1.2 The Company's projects and operations are funded by grants and loans from Government of Punjab as well as grants from the World Bank and other such organizations. The Company also renders services to different departments of Government of Punjab as and when needed.

1.3 Certain petitioners of Civil Society filed a petition in the Lahore High Court on 23 October 2017 challenging incorporation of the Company along with other companies incorporated u/s 42 of the repealed Companies Ordinance, 1984 which are operating in Punjab. Currently, proceedings of the Court are in process. Based on opinion of the legal advisor, the case is most likely to be dismissed.

1.4 The Company is carrying out the following projects:

	Project Name	Nature of project
1.4.1	Punjab Cities Program (PCP)	The Punjab Cities Program (PCP) is a development initiative funded by the World Bank and is being implemented by the Government of Punjab, with a total grant of Rs. 4.039 billion through theCompany. The project was launched in 2019-2020 and is expected to conclude by August 2025. The program aims to build capacity within municipal committees and provincial government agencies to improve service delivery, urban infrastructure, and governance in 16 selected secondary cities. It focuses on institutional support, performance-based systems, urban planning, and efficient public service delivery to contribute towards sustainable urban development in line with the Sustainable Development Goals.
1.4.2	IT Based Monitoring System (ITBMS)	IT Based Monitoring System (ITBMS) for Improved Service Delivery in Entire Local Government of the Punjab was awarded to the Company by Local Government & Community Development Department (LG&CD Department). LG&CD Department has designed IT based project with the objective of transformation from manual to e-governance mode for better management, future planning, decision making, transparency, good governance and for effective performance of municipal service delivery. Under this scheme, PITB with the assistance of the Company, will develop central dashboard at department's level, where all the components/ computerized system will be synchronized and all requisite information of each local government will be readily available online which will be useful for policy/ decision making and future planning in each sector. Total project amount was Rs. 565.296 million out of which the Company share was of Rs 49.536 million. This project is expected to be completed by June 2027.

1.4.3 UNICEF

- The Company is implementing four significant UNICEF-funded WASH projects across Punjab, Pakistan. The Feasibility Studies and Design of Comprehensive WASH Systems project (PKR 12.9 million) aims to develop sustainable water supply, sewerage, and stormwater drainage systems for 58 urban areas, ensuring climate-resilient infrastructure through detailed technical assessments and community-inclusive planning.
- The Integrated Initiative for Smog and Polio Risk Mitigation (PKR 129.46 million) targets Rawalpindi and Kasur districts, deploying solar-powered decentralized wastewater treatment plants, bioremediation techniques, and public awareness campaigns to reduce environmental pollution and polio transmission risks.
- The Revitalization of Sewage Pond by Bioremediation in Mughalpura, Lahore (PKR 1.82 million) transforms polluted sewage ponds into eco-friendly spaces using floating treatment wetlands, which naturally filter wastewater while creating recreational areas with playgrounds and green spaces. This project also includes community mobilization through door-to-door campaigns and educational workshops to promote hygiene practices.
- Revitalization of Sewage Pond by Bioremediation in Rajanpur (Hajipur Site) (PKR 12.83 million) for Transformation of polluted sewage ponds using floating treatment wetlands (2,500 sq ft) to naturally filter wastewater.

1.4.4 Deutsche Gesellschaft fur International Zusammenarbeit (GIZ IV)

The Company has entered into a grant agreement with Deutsche Gesellschaft fur International Zusammenarbeit (GIZ), with a total approved funding of EUR 314,562.60, for the project 'Support to Strengthen Local Services by Local Governments' in Punjab, Pakistan. The objective of the project is to develop regulatory frameworks, build the capacity of local government officials, and strengthen the Punjab Local Government Academy (PLGA) Lalamusa. This project has been completed during the period.

1.4.5 Integrated Solid Waste Management

The Integrated Solid Waste Management (ISWM) project in Gujranwala and Faisalabad aims to establish a sustainable waste management system through improved segregation, recycling, composting, and Refuse-Derived Fuel (RDF) production. Key components include setting up Material Recovery Facilities (MRFs) to reduce landfill waste, composting of biodegradable waste, and converting non-recyclables into alternative fuel. The project is sponsored by the Government of Punjab, executed by the Company, with LG&CD responsible for operations, and oversight by the Federal Ministry of Finance. The cost of the MRF component alone is PKR 500.56 million. This project is expected to be completed by October 2027.

1.4.6 Sewerage and storm water Drainage Facilities (SSWDF)

Provision of Sewerage & Storm Water Drainage Facilities in Punjab (SSWDF)" is sponsored by the Local Government & Community Development (LG&CD) Department and executed by the the Company. It aims to address the critical urban sanitation challenges in Punjab's intermediate cities, where inadequate sewerage systems, poor drainage, and lack of wastewater treatment have led to serious public health and environmental issues. The project includes comprehensive studies and detailed designs such as feasibility studies, GIS mapping, topographic surveys, and environmental assessments in 59 cities. These efforts will support the development of sustainable and efficient sanitation infrastructure. The estimated cost of the project is Rs. 813.608 million. This project is expected to be completed by September 2026.

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 accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standards for Not for Profit Organizations (NPOs) issued by ICAP 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 and accounting standards for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except lease liability and post employement benefits obligation which are stated at present value.

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the functional and presentation currency of the Company. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

2.4 Use of judgments and key estimates

The preparation of financial statements in conformity with approved accounting standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the relevant accounting policies, and relate primarily to:

- Contingent liabilities - Note 4.13
- Amortization of Grants - Note 4.16 & 9
- Provisions - Note 4.12
- Useful lives, residual values and depreciation method of property and equipment - Note 4.1
- Staff retirement gratuity - Note 4.8
- Provision for taxation - Note 4.15 & 21
- Impairment of financial and non-financial assets- Note 4.3 & 4.5

3 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

3.1 Standards, amendments to standards and interpretations becoming effective in current year

The following standards, amendments to standards and interpretations have been published and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2024 and therefore, have been applied in preparing these financial statements.

i. IAS 1 - Presentation of Financial Statements

The IASB has issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments in Classification of Liabilities as Current or Non-current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The IASB has further modified the requirements introduced by 'Classification of Liabilities as Current or Non-current' on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

These amendments are to be applied retrospectively in accordance with IAS 8. Application of these amendments have no significant impact on the Company's financial statements.

ii. IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosures

The IASB has published 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure rquirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments in Supplier Finance Arrangements;

- do not define supplier finance arrangements. Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements;
- add two disclosure objectives. Entities are required to disclose in the notes information that enables users of financial statements;
  - to assess how supplier finance arrangements affect an entity's liabilities and cash flows; and
  - to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.
- complement current requirements in IFRSs by adding to IAS 7 additional disclosure requirements about;

- the terms and conditions of the supplier finance arrangements;

  a) the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented;

  b) the carrying amount of financial liabilities for which suppliers have already received payment from the finance providers;

  c) the range of payment due dates (for example, 30 to 40 days after the invoice date);

  d) comparable trade payables that are not part of a supplier finance arrangement; and

  the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement.

  The IASB decided that, in most cases, aggregated information about an entity's supplier finance arrangements will satisfy the information needs of users of financial statements.

- add supplier finance arrangements as an example within the liquidity risk disclosure requirements in IFRS 7.

  Application of these amendments have no significant impact on the Company's financial statements.

iii. IFRS 16 Leases

The IASB has issued amendments for 'Lease Liability in Sale and Leaseback' that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the rquirements in IFRS 15 to be accounted for as sale.

'Lease Liability in a Sale and Leaseback Amendments' require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments also include one amended and one new illustrative example.

Application of these amendments have no significant impact on the Company's financial statements.

3.2 Standards, amendments to standards and interpretations becoming effective in the current year but

There are certain new standards, amendments to standards and interpretations that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2024 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

3.3 Standards, amendments to standards and interpretations becoming effective in future periods

The following standards, amendments to standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after the effective dates specified therein.

i. IAS 21 — The Effects Of Changes In Foreign Exchange Rates

- Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency;

- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing;

- Require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The pronouncement also includes a new appendix with application guidance on exchangeability and a new illustrative example.

The amendments also extend to conforming amendments to IFRS 1 which previously referred to, but did not define, exchangeability.

Application of these amendments have no significant impact on the Company's financial statements.

ii IFRS 7 — Financial Instruments: Disclosures and IFRS 9 — Financial Instruments

A The IASB has issued 'Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)' to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 'Financial Instruments'. The amendments are as

Derecognition of a financial liability settled through electronic transfer

- The amendments to the application guidance of IFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

Contractual terms that are consistent with a basic lending arrangement

- The amendments to the application guidance of IFRS 9 provide guidance on how an entity can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. To illustrate the changes to the application guidance, the amendments add examples of financial assets that have, or do not have, contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Assets with non-recourse features

The amendments enhance the description of the term 'non-recourse'. Under the amendments, a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

Contractually linked instruments

- The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments and provide an example. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.

- **Disclosures:**

Investments in equity instruments designated at fair value through other comprehensive income

The requirements in IFRS 7 are amended for disclosures that an entity provides in respect of these investments. In particular, an entity would be required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period.

Contractual terms that could change the timing or amount of contractual cash flows

- The amendments require the disclosure of contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortised cost or fair value through other comprehensive income and each class of financial liability measured at amortised cost.

B The International Accounting Standards Board (IASB) has issued 'Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)'. The amendments are:

the own-use requirements in IFRS 9 are amended to include the factors an entity is required to consider when applying IFRS 9 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent; and

- the hedge accounting requirements in IFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument:
  - to designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met; and
  - to measure the hedged item using the same volume assumptions as those used for the hedging instrument.
- The IASB amends IFRS 7 and IFRS 19 to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.

Application of these amendments have no significant impact on the Company's financial statements.

iii. IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

The ISSB has published IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'. IFRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to the primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this stanadard is deferred by SECP and will become effective for different categories of companies in three phases starting from July 01, 2025.

The application of this standard will result in additional disclosures in the Company's financial statements in respect of sustainablity related infromation.

iv. IFRS S2 Climate-related Disclosures

The International Sustainability Standards Board (ISSB) has published IFRS S2 'Climate-related Disclosures'. IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this stanadard is deferred by SECP and will be effective to companies in three phases starting from July 01, 2025.

The application of this standard will result in additional disclosures in the Company's financial statements in respect of climate related information.

3.4 Standards, amendments to standards and interpretations becoming effective in future periods but not relevant

There are certain new standards, amendments to standards and interpretations that are effective from different future periods as specified therin, but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

3.5 Standards issued by IASB but not applicable in Pakistan

Following new standards have been issued by IASB which are not yet notified by the SECP for the purpose of applicability in Pakistan:

IFRS 1 - First-time adoption of International Financial Reporting Standards

IFRS 18 - Presentation and Disclosures in Financial Statements

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

4 Summary of Material Accounting Policy Information

4.1 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment.

Depreciation on property and equipment other than related to specific projects is charged to income and expenditure statement on reducing balance method. Depreciation on additions is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the reporting month in which the asset is disposed off. Assets acquired specifically for the projects are depreciated using the straight line basis over the life of the project.

Residual values and the useful lives are reviewed at each date and adjusted if expectations differ significantly from previous estimates. Normal repairs and maintenance are charged to income and expenditure statement as and when incurred. Major renewals and improvements, if any, are capitalized, when it is probable that future economic benefits will flow to the Company.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount of the relevant assets and are recognized in statement of income and expenduture.

4.2 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized, as an expense in the income and expenditure account. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flows have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

4.3 Leases

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Comapny's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Subsequent measurement:

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index or a rate used;
- residual guarantee;
- lease term;
- certainty of a purchase option; and
- termination penalties.

Right of use

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use asset is depreciated over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the Right-of-use asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use asset is subject to impairment or adjusted for any remeasurement of the related lease liability.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay to a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

4.4 **Financial instruments**

Measurement of financial asset

Initial measurement

The Company classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus transaction costs that are directly attributable to its acquisition, except FVTPL which is measured at fair value.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification, as follows:

<u>Debt Investments at FVOCI</u>

These assets are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of income and expenditure. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of income and expenditure.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income and are never reclassified to the statement of income and expenditure. Dividends are recognized as income in the statement of income and expenditure unless the dividend clearly represents a recovery of part of the cost of the investment.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest markup or dividend income, are recognized in the statement of income and expenditure.

Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of income and expenditure.

Non-derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalents.

Derecognition

The Company derecognizes the financial assets when the contractual rights to the cash flows from the assets expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred assets.

Financial liabilities

Initial recognition

Financial liabilities are classified in the following categories:

- fair value through profit or loss; and

- other financial liabilities.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as follows:

Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost using the effective interest rate method. Gain and losses are recognized in statement of income and expenditure, when the liabilities are derecognized as well as through effective interest rate amortization process.

Derecognition

The Company derecognizes financial liabilities when and only when the Company's obligations are discharged, cancelled or expire.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has currently legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

4.5 Impairment of financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4.6 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, current accounts and deposit accounts.

4.7 Receivables

Receivables are recognized at nominal amount which is fair value of the consideration to be received in future less an estimate made for doubtful receivables based on review of outstanding amounts at the period end. Balances considered bad are written off when identified.

4.8 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.9 Employee benefits

Short term compensated absence

Employees shall be entitled to 30 days of earned leave in a calendar year (Jan-Dec), subject to;

a) 2.5 days of earned leave shall be credited to an employee account at the end of each month.

b) Earned leave may be accumulated up to a maximum of 60 days. Any accumulation over and above 60 days will be considered to have lapsed.

c) Accrual is made for employees compensated absences /leaves on the basis of accumulated leaves and the last drawn salary.

Staff retirement benefits

The Company has settled an unapproved unfunded defined benefit gratuity scheme during the year for all its regular employees eligible under scheme. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuations. The valuation was carried out as at June 30, 2025 using the "Projected Unit Credit Method".

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity through other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the settlement of income and expenditure.

4.10 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date. Foreign exchange gains and losses on translation are recognized in statement of income and expenditure. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

4.11 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which such costs are capitalized as part of the cost of that asset.

4.12 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events 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 obligation.

4.13 Contingent liabilities

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence 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 when there is present 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.

4.14 Related party transactions and transfer pricing

Transactions with related parties are carried at arm's length on price determined using the comparable uncontrolled price method except for those transactions which, in exceptional circumstances, are specifically approved by the Board.

4.15 Taxation

4.15.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions, if any. Final taxes and minimum taxes in excess of the amount as normal income tax is a levy falling under the scope of IAS 37 and is according accounted for.

4.15.2 Deferred

Deferred tax is recognized using the liability method, on all temporary differences arising at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forwarded unused tax losses and tax credits, if any, to the extent that it is probable that the future taxable profits will be available against which the asset may be utilized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be realized. Unrecognized deferred tax asset are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow deferred tax asset to be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is expected to be utilized or the liability is expected to be settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax is charged or credited to income and expenditure, except in case of items credited or charged to equity in which case it is included in equity.

4.16 Government grants (Restricted Funds)

Government grants, including the non monetary grants are recognized at fair value when there is reasonable assurance that:

a) the entity will comply with the conditions attaching to them, if any ; and
b) the grants will be received.

Government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate on systematic basis. The grant receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support with no future related costs is recognized as income in the period in which it becomes receivable. Government grants related to assets are presented in the statement of financial position by setting up the grants as deferred income which is recognized as income on a systematic and rational basis over the useful life of the asset. When loans or similar assistance are provided by governments or similar institutions with an interest free loan or interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant and recognized as deferred income.

4.17 Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For this purpose, the Company:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration, if any, and the time value of money;
- allocates the transaction price to the separate performance obligations, if applicable, on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer of control of the goods or services promised to the customer.

Determining the timing of the transfer of control – at a point in time or over time – requires judgment. Revenue is recognized by the Company on the following basis:

Return on bank deposits is accrued on a time proportion basis using the effective interest method.

5 PROPERTY AND EQUIPMENT

	Note	2025 Rupees	2024 Rupees
Related to the project-PCP	5.1	7,207,476	36,093,942
Other assets	5.2	2,003,094	2,256,771
		9,210,570	38,350,713

5.1 Related to the project-PCP

	Office Equipment	Furniture & Fixtures	Electrical Equipment	Computer Equipment	Vehicles	Total
	----------	----------	---------- Rupees	----------	----------	----------
As at July 01, 2023						
Cost	2,391,877	5,142,341	11,336,906	12,293,359	32,741,000	63,905,483
Accumulated depreciation	(664,131)	(2,331,892)	(4,563,645)	(6,022,774)	(4,012,646)	(17,595,088)
Net book value	1,727,746	2,810,449	6,773,261	6,270,585	28,728,354	46,310,395
Year end June 30, 2024						
Opening net book value	1,727,746	2,810,449	6,773,261	6,270,585	28,728,354	46,310,395
Additions	4,897,668	-	-	-	-	4,897,668
Depreciation for the year	(744,539)	(1,285,585)	(2,834,227)	(3,073,340)	(7,176,430)	(15,114,121)
	5,880,875	1,524,864	3,939,034	3,197,245	21,551,924	36,093,942
As at 30 June, 2024						
Cost	7,289,545	5,142,341	11,336,906	12,293,359	32,741,000	68,803,151
Accumulated depreciation	(1,408,670)	(3,617,477)	(7,397,872)	(9,096,114)	(11,189,076)	(32,709,209)
Net book value	5,880,875	1,524,864	3,939,034	3,197,245	21,551,924	36,093,942
Year end June 30, 2025						
Opening net book value	5,880,875	1,524,864	3,939,034	3,197,245	21,551,924	36,093,942
Additions	-	2,217,720	2,615,554	1,401,088	-	6,234,362
Depreciation for the year	(5,040,750)	(2,832,843)	(5,337,980)	(3,441,040)	(18,468,225)	(35,120,838)
Closing net book value	840,125	909,741	1,216,608	1,157,293	3,083,699	7,207,466
As at 30 June, 2025						
Cost	7,289,545	7,360,061	13,952,460	13,694,447	32,741,000	75,037,513
Accumulated depreciation	(6,449,420)	(6,450,320)	(12,735,852)	(12,537,144)	(29,657,301)	(67,830,037)
Net book value	840,125	909,741	1,216,608	1,157,303	3,083,699	7,207,476
Useful life- Years	5	5	5	5	5	

5.1.1 These assets include fully depreciated assets costing Rs. 17.6 million (2024: Nil).

5.2 Other assets

	Office Equipment	Furniture & Fixtures	Electrical Equipment	Computer Equipment	Vehicles	Total
			Rupees			
As at July 01, 2023						
Cost	813,795	1,511,662	1,755,976	1,469,227	2,882,600	8,433,260
Accumulated depreciation	(454,822)	(786,796)	(1,080,702)	(1,332,407)	(2,845,899)	(6,500,626)
Net book value	358,973	724,866	675,274	136,820	36,701	1,932,634
Year end June 30, 2024						
Opening net book value	358,973	724,866	675,274	136,820	36,701	1,932,634
Additions	-	572,000	-	-	1,986,000	2,558,000
Depreciation for the year	(35,898)	(129,310)	(67,530)	(45,602)	(1,955,523)	(2,233,863)
	323,075	1,167,556	607,744	91,218	67,178	2,256,771
As at 30 June, 2024						
Cost	813,795	2,083,662	1,755,976	1,469,227	4,868,600	10,991,260
Accumulated depreciation	(490,720)	(916,106)	(1,148,232)	(1,378,009)	(4,801,422)	(8,734,489)
Net book value	323,075	1,167,556	607,744	91,218	67,178	2,256,771
Year end June 30, 2025						
Opening net book value	323,075	1,167,556	607,744	91,218	67,178	2,256,771
Depreciation for the year	(32,308)	(116,756)	(60,774)	(30,403)	(13,436)	(253,677)
Closing net book value	290,767	1,050,800	546,970	60,815	53,742	2,003,094
As at 30 June, 2025						
Cost	813,795	2,083,662	1,755,976	1,469,227	4,868,600	10,991,260
Accumulated depreciation	(523,028)	(1,032,862)	(1,209,006)	(1,408,412)	(4,814,858)	(8,988,166)
Net book value	290,767	1,050,800	546,970	60,815	53,742	2,003,094
Depreciation rate	10%	10%	10%	33.33%	20%	

5.3 Fully depreciated assets costing Rs. 8.87 million (2024: Rs. 8.87 million) relating to a completed project are available but not in use.

		Note	2025 Rupees	2024 Rupees
6	**RIGHT-OF-USE ASSETS**			
	Buildings			
	Cost		74,520,588	63,162,632
	Accumulated amortization		(41,728,997)	(41,401,256)
		6.1	32,791,591	21,761,376
6.1	**Reconciliation of right of use assets**			
	Cost			
	Opening balance		63,162,632	41,875,414
	Additions		38,001,946	21,287,218
	Adjustment on early termination of leases		(26,643,990)	-
	Closing balance		74,520,588	63,162,632
	Less: Accumulated depreciation			
	Opening balance		41,401,256	28,176,440
	Charge for the year		13,048,067	13,224,816
	Impact of lease termination		(12,720,326)	-
	Closing balance		41,728,997	41,401,256
	Net book value		32,791,591	21,761,376
7	**LONG TERM DEPOSITS**			
	Against office buildings		1,756,000	4,836,000
	Against purchase of fuel with PSO		7,000,000	7,000,000
	Others		17,500	245,500
		7.1	8,773,500	12,081,500

7.1 Thses are not carried at amortized cost as period of repayment is not fixed and any possible impact is also considered insignificant.

		Note	2025 Rupees	2024 Rupees
8	**ADVANCES, DEPOSITS AND PREPAYMENTS**			
	Advances to suppliers - unsecured & considered good		7,557,757	19,547,636
	Security deposits		214,000	1,436,793
	Prepayments		-	406,957
			7,771,757	21,391,386
9	**CASH AND BANK BALANCES**			
	Cash in hand		275,000	325,000
	Cash at bank			
	Current account	9.1 & 9.3	192,971,140	200,038,056
	Savings accounts	9.2 & 9.3	49,129,990	34,544,664
			242,101,130	234,582,720
			242,376,130	234,907,720

9.1 The Company maintains an assaan assignment account within its current accounts, designated for receiving funds from the Government of Punjab and subsequently utilizing them for the Company's projects. At each year-end, the account balance is freezed / restricted, which becomes available for use subsequently upon revalidation by the Government. As at year end, asaan assignemnt account balance was Rs. 192.96 million (2024: Rs. 200.04 million). The revalidation was in process till the date of approval of these financial statements.

9.2 These carry mark up at the rates ranging from 9.5% to 19.0% per annum (2024: 20.5% per annum).

9.3 These include bank balances maintained with related parties. The detail is as follows:

	2025 Rupees	2024 Rupees
Bank of Punjab	52,225,965	6,321,828
National Bank of Pakistan	189,865,738	228,260,892
	242,091,703	234,582,720

10 DEFERRED GOVERNMENT GRANTS- RESTRICTED FUNDS	Note	ITBMS Project	PCP Project	UNICEF	GIZ-IV	MRF	SSWDF	Total
		Rupees						
2025								
Opening balance		(4,832,578)	268,255,862	11,965,626	14,328,180	-	-	289,717,090
Grants received during the period - net		50,950,000	800,279,398	141,273,577	43,751,626	35,000,000	200,000,000	1,271,254,601
		46,117,422	1,068,535,260	153,239,203	58,079,806	35,000,000	200,000,000	1,560,971,691
Grants amortized during the year		(32,999,945)	(855,159,042)	(159,945,447)	(58,079,806)	(12,637,989)	(161,618,576)	(1,280,440,805)
Closing balance		13,117,477	213,376,218	(6,706,244)	-	22,362,011	38,381,424	280,530,886
2024								
Opening balance		5,756,959	757,318,233	4,892,412	-	-	-	767,967,604
Grants received during the period		1,331,000	427,751,456	12,738,156	52,466,249	-	-	494,286,861
		7,087,959	1,185,069,689	17,630,568	52,466,249	-	-	1,262,254,465
Grants amortized during the year		(11,920,537)	(916,813,827)	(5,664,942)	(38,138,069)	-	-	(972,537,375)
Closing balance		(4,832,578)	268,255,862	11,965,626	14,328,180	-	-	289,717,090

11	**Long Term Loan**	**Note**	**2025**	**2024**
			Rupees	**Rupees**
	From the Government of Punjab			
	Secured- under markup arrangement	11.1	121,268,126	113,402,068
	Less: current portion			
	Installments due		69,000,000	43,000,000
	Payable within one year		26,000,000	26,000,000
			95,000,000	69,000,000
			26,268,126	44,402,068

11.1	Description	No of installments		Starting date	Ending date	Balance In Rupees	
		Total	Outstanding			2025	2024
	Tranche I	10	7	15-Mar-22	15-Sep-26	12,500,000	12,500,000
	Tranche II	10	7	15-Mar-22	15-Sep-26	25,000,000	25,000,000
	Tranche III	10	7	15-Mar-22	15-Sep-26	12,500,000	12,500,000
	Tranche IV	10	5	15-Mar-23	15-Sep-27	12,500,000	12,500,000
	Tranche V	10	5	15-Mar-23	15-Sep-27	12,500,000	12,500,000
	Tranche VI	10	5	15-Mar-23	15-Sep-27	12,500,000	12,500,000
	Tranche VII	10	5	15-Mar-23	15-Sep-27	12,500,000	12,500,000
	Tranche VIII	10	3	15-Mar-24	15-Sep-28	7,500,000	7,500,000
	Tranche IX	10	3	15-Mar-24	15-Sep-28	22,500,000	22,500,000
						130,000,000	130,000,000
	Deferred income (Refer note 12)					(8,731,874)	(16,597,932)
						121,268,126	113,402,068

11.2 These loans were granted by the Government of Punjab for implementation of projects. These are subject to mark up at the rate of 0.25% per annum and subject to penalty at the rate of 2% (2024: 2%) per annum on the default amount in case of delay in repayment of installments. These loans are being carried at amortized cost determined using effective mark up rates ranging from 9.46 % to 16.46% per annum using the discounted cash flow method. The resultant financing unearned interest income is recognized as deferred income. The Company has requested the Government of Punjab to either convert the loan into grant or waive off the loan amount. The application of the Company is pending with the Government.

12	**Deferred Income**	**2025**	**2024**
		Rupees	**Rupees**
	Opening balance	16,597,932	26,586,913
	Amortization for the year	(7,866,058)	(9,988,981)
		8,731,874	16,597,932
	Less: current portion	(5,329,753)	(7,866,058)
	Closing balance	3,402,121	8,731,874

13 LEASE LIABILITIES

	2025 Rupees	2024 Rupees
Opening balance	24,412,654	15,503,956
Obtained/adjusted during the year	38,001,946	21,287,218
Finance cost accrued during the year	3,755,745	4,630,631
Adjustment on early termination of leases	(16,048,099)	-
	50,122,246	41,421,805
Paid during the year	(16,595,202)	(17,009,151)
Closing balance	33,527,044	24,412,654
less: current portion	(11,727,431)	(11,822,768)
Closing non current portion	21,799,613	12,589,886

13.1 These represent liabilities related to buildings acquired under lease contracts (Refer Note 6). These are recognized at present value of remaining minimum lease payments, discounted using incremental borrowing rate ranging from 12.41% to 22.35% per annum (2024: 13.62% to 22.35% per annum).

13.2 The future lease payments to which the Company is committed are as under:	2025 Rupees	2024 Rupees
Future minimum lease payments	38,956,677	30,024,032
Less: Financial charges allocated to future periods	5,429,632	5,611,378
	33,527,045	24,412,654

13.3 Reconciliation of minimum lease payments and their present values are as follows:

	Minimum lease payments	Present value of minimum lease payments
2025		
Due within one year	15,080,004	11,727,431
Due after one year but not later than five years	23,876,673	21,799,614
	38,956,677	33,527,045
2024		
Due within one year	16,034,065	11,822,768
Due after one year but not later than five years	13,989,967	12,589,886
	30,024,032	24,412,654

14 STAFF RETIREMENT GRATUITY

	Note	2025 Rupees	2024 Rupees
Present value of defined benefits obligation			
Charge for the year- current service cost	14.1	10,026,449	-

14.1 The Company operates an unfunded gratuity scheme for its permanent employees. Actuarial valuation of the scheme is carried out by an independent actuary as of June 30, 2025.

14.2 Actuarial assumptions

Salary increase rate	11.50%
Mortality rates:	SLIC (2001-05)
Discount rate:	12.50%
Retirement assumption:	60 years

14.3 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation and accumulated compensated absences at the reporting date had fluctuated by 100 BPS with all other variables held constant, the present value of the net defined benefit obligation as at June 30, 2025 and 2024 would have been as follows:

	Change in assumption	
	2025	
	Increase	Decrease
Discount Rate	9,120,621	11,098,880
Salary Rate	11,109,514	9,092,670

15 CURRENT PORTION OF LONG TERM LIABILITIES	Note	2025 Rupees	2024 Rupees
Long term loans	11	95,000,000	69,000,000
Deferred income	12	5,329,753	7,866,058
Lease liabilities	13	11,727,431	11,822,768
		112,057,184	88,688,826

16 TRADE AND OTHER PAYABLES

Creditors	28,501	4,081,516
Retention money	8,971,012	1,671,326
Accrued liabilities	7,030,852	11,062,528
Sales tax payable	-	1,776,619
	16,030,365	18,591,989

17 CONTINGENCIES

17.1 Accumulated default surcharge on delay in repayment of certain long term loans from Government of Punjab amounting to Rs. 2.25 million (2024: Rs. 1.04 million), not acknowledged in view of the Company's application to convert the loan into grant or waive off repayment (Refer Note 11.2)

18	REVENUE FROM SERVICES	Note	2025 Rupees	2024 Rupees
	Consultancy services	18.1	16,630,075	-

18.1 These services are provided to Oxford Policy Management Pakistan (Private) Limited for the project of SNG-II programme. Under the SNG-II programme, PMDFC has rendered its services for executing field surveys, managing and training human resources, and coordinating with municipal offices to ensure smooth project implementation. The Company supported the real-time data collection, ensuring data quality through validation processes, and provided regular progress updates to Oxford Policy Management. Additionally, the Company has provided administrative and logistical support to facilitate efficient survey operations across the selected districts.

19	OTHER INCOME	Note	2025 Rupees	2024 Rupees
	Profit on saving accounts-related parties		6,642,883	7,627,075
	Balance written back- net		6,576,720	-
	Gain on early termination of leases		2,124,435	-
	Others		-	182,739
			15,344,038	7,809,814

20	PROJECTS' COST	Note	2025 Rupees	2024 Rupees
	Salaries and benefits		383,638,656	358,399,152
	Consultancy & trainings		605,542,765	500,503,718
	Infrastructure		134,318,376	5,270,424
	Sanitation equipment for community		10,919,794	5,075,567
	Security services		3,187,107	3,424,243
	Travelling and conveyance		23,754,974	7,175,640
	Rent, rates and taxes		9,585,482	7,538,251
	Legal and professional charges		1,280,000	1,111,935
	Fees and subscription		1,342,007	35,595
	Insurance		487,414	1,161,384
	Printing and stationery		5,128,108	10,362,556
	Vehicle running & maintenance		19,607,458	21,707,211
	Repairs and maintenance		7,823,659	3,115,038
	Postage and internet		1,911,029	1,620,897
	Utilities		5,567,921	5,600,918
	Advertisement		596,592	1,970,322
	Entertainment		2,042,606	961,932
	Publicity & awareness campaign		3,549,700	1,424,500
	Depreciation on operating fixed assets	5	35,120,838	15,119,782
	Depreciation on right-of-use assets	6	13,048,067	13,224,816
	Finance cost on leases		3,755,745	4,630,631
	Others		2,539,294	3,096,005
			1,274,747,592	972,530,517

21 ADMINISTRATIVE EXPENSES	Note	2025 Rupees	2024 Rupees
Salaries and benefits		62,452,905	33,815,885
Meetings fee		1,725,000	1,615,000
Consultancy & Trainings		2,265,653	3,453,511
Legal and professional		29,000	520,000
Fees and subscription		199,817	127,800
Advertisement		10,000	853,410
Entertainment		291,154	333,737
Auditors' remuneration	21.1	399,000	570,000
Insurance		231,000	276,500
Depreciation on operating fixed assets	5	253,677	304,476
Others		976,256	1,506,295
		68,833,462	43,376,614

21.1 Auditors' remuneration	2025 Rupees	2024 Rupees
Annual audit fee	365,000	525,000
Out of pocket charges	34,000	45,000
	399,000	570,000

22 FINANCE COST	Note	2025 Rupees	2024 Rupees
Interest on long term loan - net	22.1	691,354	325,000
Bank charges		48,838	35,917
		740,192	360,917

22.1 Interest on long term loan - net		
Markup on long term loan-related party	8,557,412	10,313,981
Amortisation of loan-related party	(7,866,058)	(9,988,981)
	691,354	325,000

23 PROVISION FOR TAXATION

The Company is approved as a non profit organisation under Section 2(36) of the Income Tax Ordinance, 2001 and therefore income of the Company is subject to 100% tax credit under section 100C. Accordingly, no provision for taxation is made in these financial statements.

24 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS & EXECUTIVES

Aggregate amounts charged in the financial statements for the year as remuneration and benefits to the chief executive officer, directors and executives of the Company are as follows:

	2025			2024		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	Rupees					
Managerial remuneration	21,491,412	-	47,287,650	15,008,493	-	61,815,944
Medical expenses	2,044,731	-	-	1,839,989	-	-
Leave encashment	1,790,951	-	1,316,932	1,442,919	-	2,020,086
Meetings fee	-	975,000	-	-	950,000	-
	25,327,094	975,000	48,604,582	18,291,401	950,000	63,836,030
Number of persons	1	8	7	1	9	9

24.1 The Chief Executive Officer and certain executives are also provided with the Company maintained car.

24.2 The executives include only those employeeswho are at senior managerial positions, being considered as executive positions.

25 FINANCIAL RISK MANAGEMENT

	2025 Rupees	2024 Rupees
Financial instruments		
Financial assets - At amortized cost		
Long term deposits	8,773,500	12,081,500
Short term deposits	214,000	1,436,793
Cash and bank balances	242,376,130	234,907,720
	251,363,630	248,426,013
Financial liabilities - At amortized cost		
Long term loans	130,000,000	130,000,000
Lease liabilities	33,527,044	24,412,654
Staff retirement gratuity	10,026,449	-
Trade and other payables	16,030,365	18,591,989
Accrued mark up on long term loan	1,796,644	1,105,290
	191,380,502	174,109,933

25.1 Fair values of financial

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. As at the reporting date, fair values of all financial instruments are considered to approximate their carrying amounts. Further, there are no fair value estimation uncertainties.

25.2 Methods of determining fair values

Fair values of financial instruments for which prices are available from the active market are measured by reference to those market prices. The fair value of financial assets (other than investments) and liabilities with no active market are determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.

25.3 Discount / interest rates used for determining fair

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.

25.4 Fair value hierarchy

The company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The 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 or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

25.5 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

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

25.5.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that 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 arises mainly from future commercial transactions in foreign currencies. The Company is not exposed to any currency risk.

(ii) Interest rate risk

Mark up/interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the date of statement of financial position, the interest rate profile of the Company's interest bearing financial instruments was:

	2025 Rupees	2024 Rupees
Financial assets		
Bank balances	49,129,990	34,544,664

(iii) Other price risk

Other price risk represents 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. The Company is not exposed to equity price risk.

25.5.2 Credit risk

Credit risk is the risk that one party to the financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from balances with banks, advances and deposits. The maximum exposure to credit risk before any credit enhancement is given below:

	2025 Rupees	2024 Rupees
Long term deposits	8,773,500	12,081,500
Short term deposits	214,000	1,436,793
Bank balances	242,101,130	234,582,720
	251,088,630	248,101,013

Due to the Company's long standing relations with counterparties and after giving due consideration to their financial standing, the management does not expect non performance by these counter parties on their obligations to the Company.

The credit risk exposure is limited in respect of bank balances as thses are placed with the banks having good credit rating from international and local credit rating agencies.

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings discussed as under:

	Rating		Rating Agency	2025	2024
	Short term	Long term		Rupees	Rupees
National Bank of Pakistan	A1+	AAA	PACRA	189,865,738	228,260,892
The Bank of Punjab	A1+	AA+	PACRA	52,225,965	6,321,828
Allied Bank Limited	A1+	AAA	PACRA	9,427	-
				242,101,130	234,582,720

25.5.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities 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 stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Contractual maturities of financial liabilities as at June 30, 2025 and 2024 are as under:

	Carrying value	Contractual cashflows	Within 1 year	More than 1 year
2025	Rupees			
Trade and other payables	16,030,365	16,030,365	16,030,365	
Loang term loans	130,000,000	130,343,562	95,325,000	35,018,562
Lease liabilities	33,527,044	38,956,677	15,080,004	23,876,673
Staff retirement gratuity	10,026,449	10,026,449	-	10,026,449
Accrued mark up on long term loan	1,796,644	1,796,644	1,796,644	-
	191,380,502	197,153,697	128,232,013	68,921,684
2024				
Trade and other payables	16,030,365	16,030,365	16,030,365	
Loang term loans	130,000,000	130,993,562	69,325,000	61,668,562
Lease liabilities	24,412,654	30,024,032	16,034,065	13,989,967
Accrued mark up on long term loan	1,105,290	1,105,290	1,105,290	-
	171,548,309	178,153,249	102,494,720	178,153,249

26 NUMBER OF EMPLOYEES

	2025 Rupees	2024 Rupees
Number of employees as at the year end	159	153
Average number of employees during the year	150	148

27 RELATED PARTY TRANSACTION

The Company in the normal course of business carries out transactions with various related parties which comprise of Government of Punjab, entities of Government of Punjab, Directors and key management personnel. Balances outstanding at the year end have been disclosed in the respective notes to the financial statements. Significant transactions and balances with related parties are as follows:

Related party	Nature of transactions	2025 Rupees	2024 Rupees
The Bank of Punjab	Profit on saving account	1,020,972	5,141,711
	Bank charges paid	42,059	29,059
National Bank of Pakistan	Grant received	1,086,229,398	429,082,456
	Profit on saving account	5,621,911	2,485,363
	Bank charges paid	3,200	-
Directorate General Public Relations	Advertisement expenses paid	501,592	1,940,322
Key management personnel	Salaries and benefits	74,906,676	83,077,431

A number of entities owned directly/indirectly by the Government of Punjab (GOP) are the related parties of the Company due to significant influence of the GOP over the Company. There are no transactions with other such entities, as are considered insignificant, hence their names are not specifically disclosed here.

28 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 17 SEP 2025 by the Board of Directors of the Company.

29 GENERAL

29.1 Figures have been rounded off to the nearest Rupees.

29.2 Re-arrangement

Corresponding figures have been re-arranged, wherever considered necessary for the purpose of better presentation and better comparison. Significant reclassifications made are as follow:

- current portion of long term liabilities is presented as a single item on the face of statement of financial position.

- Markup on lease liabilities has been reclassified from finance cost to project cost.

- Amortization of deferred income amounting to Rs. 9.99 million has been reclassified from other income and net off against the markuop on long term loans in finance cost.

- The bifucation of long term loans, related deferred income and their current portions are rearranged. The net impact is increased in non current liabilities and decrease in current liabilities by Rs. 14.13 million.

CHIEF EXECUTIVE OFFICER/ MANAGING DIRECTOR | **DIRECTOR**