Annual Report

December 31, 2021

WorldCall Telecom Limited

WORLD CALL

VISION

We at Worldcall are committed to achieving dynamic growth and service excellence by being at the cutting edge of technological innovation. We strive to consistently meet and surpass customers', employees' and stake-holders' expectations by offering state-of-the-art telecom solutions with national & international footprints. We feel pride in making efforts to position Worldcall and Pakistan in the forefront of international arena.

MISSION STATEMENT

In the telecom market of Pakistan, Worldcall to have an over-whelming impact on the basis of following benchmarks:

Create new standards of product offering in basic and value added telephony by being more cost effective, easily accessible and dependable. Thus ensuring real value for money to all segments of market.
Be a leader within indigenous operators in terms of market share, gross revenues and ARPU within five years and maintain the same positioning thereafter.
Achieve utmost customer satisfaction by setting up high standards of technical quality and service delivery.

Ensuring the most profitable and sustainable patterns of ROI (Return on Investment) for the stake-holders.

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2021

COMPANY INFORMATION

Chairman	Mr. Muhammad Shoaib
Chief Executive Officer	Mr. Babar Ali Syed
Board of Directors	Mr. Muhammad Shoaib (Chairman) Mr. Muhammad Azhar Saeed Mr. Faisal Ahmed Mr. Mubasher Lucman Mrs. Hina Babar Mr. Mansoor Ali Mr. Tariq Hasan
Chief Financial Officer	Mr. Muhammad Azhar Saeed, FCA
Executive Committee	Mr. Muhammad Shoaib (Chairman) Mr. Babar Ali Syed (Member) Mr. Muhammad Azhar Saeed (Member) Mr. Faisal Ahmed (Member) Mr. Muhammad Zaki Munawar (Secretary)
Audit Committee	Mr. Mubasher Lucman (Chairman) Mr. Faisal Ahmed (Member) Mrs. Hina Babar (Member) Mr. Mansoor Ali (Member) Mr. Ansar Iqbal Chauhan (Secretary)
Human Resource & Remuneration Committee	Mr. Muhammad Shoaib (Chairman) Mr. Babar Ali Syed (Member) Mr. Muhammad Azhar Saeed (Member) Mrs. Hina Babar (Member) Mr. Mansoor Ali (Member) Mr. Muhammad Zaki Munawar (Secretary)
Chief Internal Auditor	Mr. Ansar Iqbal Chauhan
Company Secretary	Mr. Muhammad Zaki Munawar, FCCA
Auditors	NASIR JAVAID MAQSOOD IMRAN Chartered Accountants
Legal Advisers	M/s Miankot & Co. Barristers, Advocates & Corporate Legal Consultant

Bankers	Allied Bank Limited Askari Bank Limited Bank Al Habib Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited BankIslami (Pakistan) Limited MCB Bank Limited National Bank of Pakistan Pak Oman Investment Co. Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited Telenor Microfinance Bank Limited The Bank of Punjab United Bank Limited Silkbank Limited Meezan Bank Limited Mobilink Microfinance Bank Limited
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi-75400. Tel: (021) 111-000-322
Registered Office/Head Office	Plot No. 112/113, Block S, Quaid-e-Azam Industrial Estate, Kot Lakhpat Lahore - Pakistan Tel: (+92 42) 3540 0544 Fax: (+92 42) 3540 0609
Webpage	www.worldcall.com.pk www.worldcall.net.pk

CHAIRMAN'S REVIEW REPORT

Dear Shareholders,

I am pleased to present the annual report and audited financial statements of the Company for the year ended December 31, 2021. The significant aspects for evaluation of Company's performance, its results and financial/ material highlights underlining the fiscal year have been thoroughly elaborated in the Director's report.

Company enjoys the rare luxury of immaculate individuals serving as Board members having international educational backgrounds, illustrious careers and diversified experience/ competencies ranging across various segments and specialized telecom acumen strategically safeguarding stakeholders' interests and optimization of their wealth.

The Company has implemented a strong governance framework that supports effective and prudent management, which is instrumental in achieving long-term success. The Board of Directors have reviewed the Annual Report and financial statements, which are fair, balanced and comprehensive. The Board has policies and procedures that ensure a professional corporate environment that promotes timely disclosure, accountability, high ethical standards, and compliance with applicable laws, regulations and corporate governance. During the year under review, the Board has effectively discharged its responsibility towards the Company.

I take this opportunity to extend my heartfelt gratitude towards Board, the management and our employees for strenuous efforts &in recognition of their astounding achievements thereof culminating in a fruitful year.

I remain confident that WorldCall Telecom Limited shall endeavor to remain at par with continually changing technological realm and eventually excel in IT/ Telecom Sector.

Muhammad Shoaib
Chairman, Board of Directors
WorldCall Telecom Limited

Lahore, Pakistan
July 16, 2022

DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED DECEMBER 31, 2021

DEAR SHAREHOLDERS,

We are pleased to present the standalone and consolidated Financial Statements of WorldCall Telecom Limited for the year ended December 31, 2021.

ECONOMIC OVERVIEW

Since imposing a widespread lockdown in response to the first COVID-19 wave, Pakistan has been effectively using localized lockdowns to curb the infection spread, allowing economic activity to largely continue. Expansion of the national cash transfer program, a mass vaccination campaign, accommodative macroeconomic policies, and supportive measures for the financial sector, all helped mitigate the adverse effects of the pandemic. As a result, growth of real GDP at constant factor 2015-16 prices rebounded to 5.6 percent in FY21, after contracting by 1.0 percent in FY20. Nevertheless, long-standing structural weaknesses of the economy and low productivity growth pose risks to a sustained recovery. Strong aggregate demand pressures, in part due to previously accommodative fiscal and monetary policies, paired with the continued less conducive external environment for exports have contributed to a record-high trade deficit, weighing on the Rupee and the country's limited external buffers.

During July-December 2021 (H1 FY22), indicators have mostly signaled positive economic momentum. With continued improvement in community mobility and still robust official remittance inflows, private consumption is estimated to have strengthened. Similarly, investment is also expected to have increased with strong growth of machinery imports and government development expenditure. Government consumption also grew strongly with vaccine procurement. On the production side, agricultural output, mainly rice and sugarcane increased, reflecting better weather conditions. Similarly, large-scale manufacturing growth rose to 7.5 percent y-o-y in H1 FY22, higher than the 1.5 percent for H1 FY21. In contrast, business and consumer confidence have fallen since June 2021, partly due to concerns about higher inflation and interest rates.

Headline inflation rose to an average of 9.8 percent y-o-y in H1 FY22 from 8.6 percent in H1 FY21, driven by surging global commodity prices and a weaker exchange rate. Similarly, core inflation has been increasing since September 2021. Accordingly, the State Bank of Pakistan has been unwinding its expansionary monetary stance since September 2021, raising the policy rate by a cumulative 275 basis points (bps) and banks' cash reserve requirement by 100 bps. Despite inflows such as Eurobonds, Sukuks and IMF led funded program, foreign exchange reserves had fallen to US$13.5 billion by March 25, 2022, equivalent to 2.0 months of imports of goods and services. Meanwhile, the Rupee depreciated by 14.3 percent against the U.S. dollar from July 2021 to End-March 2022.

Fiscal deficit has widened owing to higher spending on vaccine procurement, settlement of power sector arrears, and development projects. To complement the tighter monetary policy, the Government approved a Supplementary Finance Bill in January 2022, withdrew tax exemptions, and cut back on federal development spending, while protecting social sector spending. Rising food and energy inflation is expected to diminish the real purchasing power of households, disproportionally affecting poor and vulnerable households that spend a larger share of their budget on these items. In response, the Government introduced a targeted food subsidy program (Ehsaas Rashan Riyat) in February 2022.

On the back of high base effect, recent macroeconomic adjustment measures and stronger inflation, real GDP growth is expected to slow to 4.3 percent in FY22 and to 4.0 percent in FY23. However thereafter, economic growth is projected to recover to 4.2 percent in FY24, supported by the implementation of structural reforms to support macroeconomic stability and dissipating global inflationary pressures. Inflation is estimated to rise to 10.7 percent in FY22 but moderate over the forecast horizon. Macroeconomic adjustment measures and the weaker currency are expected to tame imports mostly in FY23. The outlook is predicated on the IMF-EFF program remaining on-track.

Macroeconomic risks are strongly tilted to the downside. They include faster-than-expected tightening of global financing conditions, further increases in world energy prices, and the possible risk of a return of stringent COVID-19 related mobility restrictions. Domestically, political tensions and policy slippages can also lead to protracted macroeconomic imbalances.

FINANCIAL PERFORMANCE REVIEW

WorldCall Telecom Limited (WTL) financial statements consist of the financial statements of the parent company on a standalone basis, as well as the consolidated financial statements.

WorldCall Telecom Limited – Standalone Financial Statements

Summary of financial results on standalone basis for the year ended December 31, 2021 is as follows:

Particulars	December 31, 2021	December 31, 2020
	Rs. in million	
Revenue - net	2,114	3,140
Direct Cost (Excluding Depreciation and Amortization)	(1,744)	(1,875)
Other Income	287	610
EBITDA	(91)	1,199
Depreciation and Amortization	(1,076)	(953)
Finance Cost	(303)	(536)
Profit / (Loss) after tax	(1,506)	146

The company has reported a net loss of Rs. 1,506 million for the year ended December 31, 2021 as compared to net loss of PKR 146 million in the year 2020. Despite the traditional accounting approach, there's a pressing need to look beyond the figures and annotate financials in a rational/ entrepreneurial mindset which would give way to stark realization that despite reporting loss bigger in quantum to the previous fiscal year, this enterprise is actually growing both horizontally and vertically. Continuum of cash generation through conglomerate ventures and reinvesting the same in R & D, lucrative undervalued business endeavors and expansion/ upgradation of existing network/ infrastructure has reaped phenomenal results diluting the catastrophic after effects of pandemic materially. To sum up, Company is well and truly on course to completely revamp business operations and grow exponentially. Worldcall stands resolute in its commitment to evolve into technology driven business enterprise and with the blessings of Almighty, deliver as per expectations of its stakeholders. Futuristic platforms through parking of capital in startups merged into technological realm of group's vision statement will translate and start showing in financial performance of the year 2022.

WorldCall Telecom Limited – Consolidated Financial Statements

Consolidated financial statements comprise the financial results of WorldCall Telecom Limited (Parent Company) consolidated with Route 1 Digital (Private) Limited (Subsidiary Company). Route 1 Digital is a private limited Company incorporated in Pakistan on December 21, 2016 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The primary business is to carry out the business of all transport services, sharing motor vehicle transportation with another or others, and consultancy in the field of information technology, software development and all activities ancillary thereto. The subsidiary is domiciled in Pakistan and its registered office & principal place of business is situated at the Plot # 112-113, Block – S, Quaid-e-Azam Industrial, Kot Lakhpat, Lahore.

DIVIDEND

Considering the cash flow situations, expansion plans and certain restrictions in place on distribution of dividends agreed with the lenders, directors have not recommended any dividend payout or bonus shares for the year.

Earnings per Share

The company recognized loss per share of Rupee 0.51 on a standalone basis. On a consolidated basis, the loss per share was Rs. 0.51.

FUTURE OUTLOOK

The Company taking precedence from unprecedented success last year kept embarking on unpenetrated potentially promising business endeavors. This transitional shift in business ideology is evident from business collaborations to synergize resources and technical acumen, MOUs for promotion of education and skill development in rural underprivileged areas to provide equal opportunities platform that transcends inherent limitations. Management of the Company remains unperturbed by the net losses reported as EBITDA is positive reinforced by the capitalist approach adopted through strategic alliances and well thought out investments in startups. Their beliefs are founded on Company's manifested legacy of opening new avenues for revenue generation through technological innovation, pattern analysis in IT/ Communication sector gauged through changes in global macroeconomic variables and deployment of dedicated resources for R & D. These systematic and methodical investments over the course of last fiscal year and counting continue to denominate in alternative revenue streams and motivate management to dig deeper. Although contributing lion's share to FDI in the country, IT/ Telecom sector assumes the undeserving role of unexplained neglect, suffers at the hands of divergent regulatory policies where on the contrary it needs stringent facilitation to take the nation forward by persistent and upwards contribution towards national exchequer.

AUDITORS' REPORT

The External Auditors have given their unqualified opinion on the financial statements of the parent company, on standalone basis, for the year ended December 31, 2021 wherein they have given a 'Material Uncertainty relating to Going Concern' para on going concern indicating that the Company has accumulated losses of Rs. 14,023 million and current liabilities exceeds current assets by Rs. 6,324 million. These conditions, along with other factors like declining revenue and contingencies and commitments as mentioned in note 22 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's management however has carried out a going concern assessment of the Company and believes that the going concern assumption used for the preparation of these financial statements is appropriate.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

In compliance with the provisions of the Listing Regulations of Pakistan Stock Exchange, the Board members are pleased to place the following statements on record:

- The financial statements for the year ended December 31, 2021 present fairly the state of affairs, the results of the operations, cash flow and changes in equity;
- Proper books of accounts have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended December 31, 2021 and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements;
- The systems of internal control is sound in design and has been effectively implemented and monitored;
- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations as on December 31, 2021;
- The key operating and financial data for last six years is given in this report;
- Information regarding outstanding taxes & levies / default is given in notes to the financial statements for the year ended December 31, 2021.

BOARD OF DIRECTORS COMPOSITION

Currently the Board comprises of seven directors excluding our Chief Executive Officer (CEO), Mr. Babar Ali Syed. All of them possess diversified experience and distinguished skill set with industry specific core competencies safeguarding vested interests of stakeholders and the Company. Out of them two directors are independent in accordance with the criterion laid down in Code of Corporate Governance.

During the year under review, (01) meeting (s) of the Board of Directors were held from January 1, 2021 to December 31, 2021. The attendance of the Board members at the meetings was as follows:

Board Composition	Attendance at Meetings
CHIEF EXECUTIVE OFFICER	
Mr. Babar Ali Syed	1/1
EXECUTIVE DIRECTOR	
Mr. Muhammad Azhar Saeed	1/1
NON-EXECUTIVE DIRECTORS	
Mrs. Hina Babar	1/1
Mr. Tariq Hasan	1/1
Mr. Mansoor Ali	1/1
Mr. Faisal Ahmed	1/1
INDEPENDENT DIRECTORS	
Mr. Muhammad Shoaib (Chairman - Board)	1/1
Mr. Mubasher Lucman (Chairman - Audit Committee)	1/1

Management of the Company has devised a fair and transparent policy for fixing of remuneration of Non – Executive and Independent Directors. Remunerations are being set keeping in mind packages prevalent in industry for the same, relevant experience, educational background, technical acumen, valuable input to the strategic vision of the Company and futuristic insight to steer the Company towards accomplishments of its set goals and targets.

DIRECTORS 'TRAINING

Two of our Directors, Mr. Muhammad Azhar Saeed (CFO) and Mr. Mansoor Ali (Director) have already obtained the prescribed certifications under the Directors Training Program (DTP). Further during the year under review Company arranged DTP for CEO, Mr. Babar Ali Syed, Chairman AC/ Independent Director, Mubasher Lucman and Non-Executive Director Mr. Faisal Ahmed. All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies.

BOARD COMMITTEES

The Board has the following committees:

Audit Committee
Human Resource and Remuneration Committee
Executive Committee

Through its committees, the Board provides detailed oversight in some of the key areas of business and the performance of CEO. The Board regularly reviews the respective charters / terms of references (TORs) of these committees.

Audit Committee

Audit Committee comprises four members out of which three are non-executive directors and Chairman is Independent director in accordance with compliance to Code of Corporate Governance (CCG) 2019. Audit Committee meetings preceded each Board of Directors' meeting held to review financial statements during which audit reports, compliance with Code of Corporate Governance (CCG) requirements were reviewed by the committee members. These meetings also included meetings held with external auditors before and after completion of audit for the year ended December 31, 2021 and other statutory meetings as required by the CCG. The composition of Audit Committee is as follows:

Committee Composition	Designation	Attendance at Meetings
Mr. Mubasher Lucman	Chairman	1
Mr. Faisal Ahmed	Member	1
Mr. Mansoor Ali	Member	1
Mrs. Hina Babar	Member	1

The Audit Committee operates under TORs duly approved by the Board. TORs of the Audit Committee address the requirements of the Code of Corporate Governance issued by the SECP and includes the requirements of best practices. The Committee is accountable to the Board for the recommendation of appointment of external auditors, directing and monitoring the audit function and reviewing the adequacy and quality of the audit process. The Committee also monitors the performance of Internal Audit Department which adopts risk based approach for planning & execution of assurance & consulting assignments to ensure value addition and improving company's operations. Further, the Committee ensures that the Company has an effective internal control framework. Objectives of these controls include safe-guarding of assets, maintaining of proper accounting records complying with legislation, ensuring the reliability of financial information and efficiency & effectiveness of operations. The Chief Internal Auditor reports directly to the Chairman of the Audit Committee.

Human Resource and Remuneration (HR & R) Committee

Human Resource & Remuneration Committee consist of five members. Chairman of the HR & R Committee is an independent director in adherence to Code of Corporate Governance Guidelines issued on September 25, 2019. The Committee holds meetings to discuss the matters falling under its ambit generally and terms of reference specifically. One meeting was held during the year on August 31, 2021 which was attended by all the members as follows:

Committee Composition	Designation
Mr. Muhammad Shoaib	Chairman
Mr. Babar Ali Syed	CEO
Mr. Muhammad Azhar Saeed	Member
Mrs. Hina Babar	Member
Mr. Mansoor Ali	Member

The HR & R Committee is responsible to review the human resource architecture of the Company and adhere to the requirements laid down in its Terms of References as per Code of Corporate Governance. The committee exists to address and improve the crucial area of human resource development. Its aim is to assist the Board primarily by apprising the management in devising HR policies aligned with the best prevailing in industry. These span not limited to performance management, HR staffing, compensation and benefits. Selection, evaluation and compensation/ appraisal of CEO, CFO, Company Secretary and Head of Internal Audit is also undertaken, reviewed and recommended to the Board by HR & R Committee.

Executive Committee (EC)

Executive Committee consists of four members. The Committee holds meetings to discuss the matters falling under its Terms of Reference. One meeting was held during the period for recommendation on size of the Board to be reconstituted upon “Election of Directors” on February 26, 2021. Following are the details about existing members.

Committee Composition	Designation
Mr. Muhammad Shoaib	Chairman
Mr. Babar Ali Syed	CEO
Mr. Muhammad Azhar Saeed	Member
Mr. Faisal Ahmed	Member

The Committee is entrusted with the tasks of proactive oversight, appraise performance of the Company to assist Board and, to review and approve business plans and budgets, follow-up the achievements of the Company's strategic intent as approved by the Board, review and recommend investment proposals, recommend for approval both short term and long term finance options, ensure adherence to administrative and control policies adopted by the Board and monitoring compliance thereof. The Committee is also responsible for dealing on the Board's behalf with matters of an urgent nature when the Board of Directors is not in session, in addition to other duties delegated by the Board.

AUDITORS

The auditors Messer's Nasir Javaid Maqsood Imran, Chartered Accountants have a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan. They also possess satisfactory rating from Audit Oversight Board (AOB). The present auditors, Nasir Javaid Maqsood Imran Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

HOLDING COMPANY

WorldCall Telecom Limited is a subsidiary of WorldCall Services (Pvt) Limited (Holding Company). The holding company owns majority shares of WorldCall Telecom Limited.

WorldCall Services is a private limited company in Pakistan incorporated under the Companies Act 2017. The objectives of the Company include carrying on and undertaking the business of providing payphone services and generating revenue from communication services in Pakistan.

CHAIRMAN'S REVIEW

The accompanying Chairman's review provides inside out synopsis on performance of the Company during the year and future outlook. The directors of the Company endorse contents of the review.

PATTERN OF SHAREHOLDOING

The pattern of shareholding as on December 31, 2021 and its disclosure as required by the Act and Code of Corporate Governance is annexed with this report.

There was no other reported transaction of sale or purchase of shares of the Company by Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Chief Internal Auditor, Chief Operating Officer and their spouses or minor children during the year under review, except as given in Pattern of Shareholding.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in their Listing Regulations relevant for the year ended December 31, 2021 have been adopted by the Company and have been duly complied with. A statement of this fact is annexed to the report.

MATERIAL CHANGES

There have been no material changes since year end December 31, 2020 till date of the report except as disclosed in this annual report and the company has not entered into any commitment which would affect its financial position at the date except for those mentioned in audited financial statements of the company for the year ended December 31, 2021.

STATUTORY COMPLIANCE

During the year the company has complied with all applicable provisions, filed all returns / forms and furnished all the relevant particulars as required under the Companies Act 2017 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

CODE OF CONDUCT

The Board has adopted Code of Conduct as a framework to exhibit sound and ethical behavior in internal dealings and dealing with customers, suppliers, regulators and other stakeholders. The Board has taken steps to disseminate the Code throughout the company along with supporting policies and procedures while this Code is available on the employee's web portal as well.

RELATED PARTY TRANSACTIONS

All transactions with related parties including pricing policies applied upon recommendation of Audit Committee and as disclosed in notes to the annual audited financial statements thereon are reviewed and approved by the Board.

WEB PRESENCE

Updated information regarding the company can be accessed at Company's website: www.worldcall.com.pk. The website contains the latest financial results of the company along with company's profile. To facilitate its customers, the Company also has its commercial website: www.worldcall.net.pk that contains information about product and services offered by the Company including but not limited to immediate dissemination of ongoing business developments.

CORPORATE SOCIAL RESPONSIBILITY

The company believes in its social responsibility and performed the same through environmental protection measures, community investment and associates welfare schemes, consumer protection measures, industrial relations, occupational safety and health, business ethics and national cause donation.

HEALTH AND SAFETY ENVIRONMENT

The Company conducts its business responsibly on account of health, safety and protection from environmental aspects of its associates and the society by complying with all applicable Government and internal health, safety and environmental requirements.

EMPLOYEE OF THE MONTH AWARDS

The Company is committed to ensure that high achievers performing tasks to the utter satisfaction of their superiors and prosperity of the company are treated with dignity & respect and kept well motivated. We believe in long term association with the employees and duly reward exceptional efforts on successful accomplishment of their KPIs. It has been a regular monthly feature for past few years of handing out awards/ monetary benefits to employees who stand out.

ACKNOWLEDGEMENT

The Board of Directors hereby express their explicit encouragement for the persistent support and undying trust of our valuable customers, suppliers, contractors and stakeholders. Without them Company would not have achieved what they now prize and their preferred choice of WTL as go to entertainment provider keeps us on our toes, motivated and provide us with an uplift to strive for more and better.

We take this opportunity to acknowledge the skill application and innovative, out of the box ideas of our dedicated workforce which have propelled the Company to new era of digitalization fully equipped and ready to cash on. Their attention to detail and loyalty to their work remain top notch assets for the Company. Concentrated efforts of our core team blended with the futuristic insight of strategic team ensure we remain one step ahead of our competitors and ever abreast with technological advancements. The Company remains hugely indebted to all of its employees for making us achieve what we aspire. Members of the Board deeply acknowledge the critical role played by Audit, Human Resource and Executive Committees and remain in persistent awe of their statutory significance by spearheading the management on multiple platforms not limited to internal financial controls, compliance/ governance and fairness & transparency.

A huge shout-out to our sponsoring shareholders for financially steering the strategic vision envisaged and facilitating business collaborations. Stupendous faith shown by our Sponsors in potential of the Company has been instrumental in ensuring that we live up to our manifested legacy of robustness.

For and on behalf of the Board of Directors

Babar Ali Syed
Chief Executive Officer

Lahore, Pakistan
July 16, 2022

ضابطہ اخلاق

بورڈ نے کوڈ آف کنڈکٹ کو ایک فریم ورک کے طور پر اپنایا ہے تا کہ اندرونی لین دین اور صارفین، سپلائرز، ریگولیٹرز اور دیگر اسٹیک ہولڈرز کے ساتھ معاملات میں درست اور اخلاقی رویے کو ظاہر کیا جا سکے۔

بورڈ نے معاون پالیسیوں اور طریقہ کار کے ساتھ ساتھ پوری کمپنی میں کوڈ کو پھیلانے کے لیے اقدامات کیے ہیں جبکہ یہ کوڈ ملازم کے ویب پورٹل پر بھی دستیاب ہے۔

متعلقہ پارٹی لین دین

متعلقہ فریقوں کے ساتھ تمام لین دین بشمول آڈٹ کمیٹی کی سفارش پر لاگو قیمتوں کی پالیسیاں اور جیسا کہ اس پر سالانہ آڈٹ شدہ مالیاتی گوشواروں کے نوٹوں میں انکشاف کیا گیا ہے بورڈ کے ذریعہ جائزہ لیا جاتا ہے اور اس کی منظوری دی جاتی ہے۔

ویب کی موجودگی

کمپنی کے حوالے سے تازہ ترین معلومات کمپنی کی ویب سائٹ www.worldcall.com.pk پر حاصل کی جا سکتی ہیں۔ ویب سائٹ کمپنی کے پروفائل کے ساتھ کمپنی کے تازہ ترین مالیاتی نتائج پر مشتمل ہے۔ اپنے صارفین کی سہولت کے لیے، کمپنی کے پاس اپنی تجارتی ویب سائٹ www.worldcall.net.pk بھی ہے جس میں کمپنی کی جانب سے پیش کردہ پروڈکٹ اور خدمات کے بارے میں معلومات شامل ہیں جن میں جاری کاروباری پیشرفت کو فوری طور پر پھیلانا بھی شامل ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی اپنی سماجی ذمہ داری پر یقین رکھتی ہے اور ماحولیاتی تحفظ کے اقدامات، کمیونٹی انویسٹمنٹ اور ایسوسی ایٹس کی فلاح و بہبود کی اسکیموں، صارفین کے تحفظ کے اقدامات، صنعتی تعلقات، پیشہ ورانہ حفاظت اور صحت، کاروباری اخلاقیات اور قومی مقصد کے عطیات کے ذریعے یہ کام انجام دیتی ہے۔

صحت اور حفاظتی ماحول

کمپنی تمام قابل اطلاق حکومت اور داخلی صحت، حفاظت اور ماحولیاتی تقاضوں کی تعمیل کرتے ہوئے اپنے ساتھیوں اور معاشرے کی صحت، حفاظت اور ماحولیاتی پہلوؤں سے تحفظ کے لیے ذمہ داری کے ساتھ اپنا کاروبار کرتی ہے۔

مہینے کے بہترین ملازم کا ایوارڈ

کمپنی اس بات کو یقینی بنانے کے لیے پرعزم ہے کہ اعلیٰ کارنامے انجام دینے والے اعلیٰ افسران کے مکمل اطمینان اور کمپنی کی خوشحالی کے ساتھ عزت و احترام کے ساتھ پیش آئے اور ان کی حوصلہ افزائی کی جائے۔ ہم ملازمین کے ساتھ طویل المدت وابستگی پر یقین رکھتے ہیں اور ان کے KPIs کی کامیاب تکمیل پر غیر معمولی کوششوں کا معقول صلہ دیتے ہیں۔ پچھلے کچھ سالوں سے یہ ایک باقاعدہ ماہانہ خصوصیت رہا ہے جو نمایاں کام کرنے والے ملازمین کو ایوارڈز/ مالی فوائد دے رہے ہیں۔

اعتراف

بورڈ آف ڈائریکٹرز اس طرح ہمارے قیمتی صارفین، سپلائرز، ٹھیکیداروں اور اسٹیک ہولڈرز کی مسلسل حمایت اور لازوال اعتماد کے لیے اپنی واضح حوصلہ افزائی کا اظہار کرتا ہے۔ ان کے بغیر کمپنی وہ حاصل نہیں کر پاتی جواب وہ انعام دیتی ہے اور تفریحی فراہم کنندہ کے طور پر ڈبلیو ٹی ایل کا ان کا ترجیحی انتخاب ہمیں اپنی انگلیوں پر قائم رکھتا ہے، حوصلہ افزائی کرتا ہے اور ہمیں زیادہ سے زیادہ بہتر کے لیے کوشش کرنے کے لیے ترقی فراہم کرتا ہے۔

ہم اس موقع سے فائدہ اٹھاتے ہوئے اپنی سرشار افرادی قوت کے اسکل ایپلیکیشن اور اختراعی خیالات کو تسلیم کرتے ہیں جنہوں نے کمپنی کو ڈیجیٹلائزیشن کے نئے دور کی طرف مکمل طور پر لیس کیا ہے اور اس پر عمل کرنے کے لیے تیار ہے۔ تفصیل پر ان کی توجہ اور اپنے کام سے وفاداری کمپنی کے لیے اعلیٰ ترین اثاثے ہیں۔ سٹریٹیجک ٹیم کی مستقبل کی بصیرت کے ساتھ مل کر ہماری بنیادی ٹیم کی مرتکز کوششیں اس بات کو یقینی بناتی ہیں کہ ہم اپنے حریفوں سے ایک قدم آگے رہیں اور ہمیشہ تکنیکی ترقی کے ساتھ ہم آہنگ رہیں۔ کمپنی اپنے تمام ملازمین کی بے حد مقروض ہے جس نے ہمیں وہ حاصل کرایا جس کی ہم خواہش رکھتے ہیں۔ بورڈ کے ممبران آڈٹ، ہیومن ریسورس اور ایگزیکٹو کمیٹیوں کی طرف سے ادا کیے گئے اہم کردار کو دل کی گہرائیوں سے تسلیم کرتے ہیں اور متعدد پلیٹ فارمز پر انتظامیہ کو اندرونی مالیاتی کنٹرول، تعمیل/ گورننس اور شفافیت تک محدود نہیں رکھتے ہوئے ان کی قانونی اہمیت کے بارے میں مستقل طور پر خوف میں رہتے ہیں۔

ہمارے اسپانسر کرنے والے حصص یافتگان کو مالی طور پر اسٹریٹجک وژن کو آگے بڑھانے اور کاروباری تعاون کو آسان بنانے کے لیے ایک بہت بڑا نعرہ۔ کمپنی کی صلاحیت میں ہمارے سپانسرز کی طرف سے دکھایا گیا زبردست اعتماد اس بات کو یقینی بنانے میں اہم کردار ادا کرتا ہے کہ ہم اپنی مضبوطی کی واضح میراث پر قائم رہیں۔

بورڈ آف ڈائریکٹرز کے لئے اور اس کی طرف سے

بابر علی سید
چیف ایگزیکٹو آفیسر

لاہور، پاکستان
16 جولائی، 2022

(نوٹ:۔ اُردو متن میں کسی ابہام کی صورت میں انگریزی متن کو ترجیح دی جائے۔)

HR&R کمیٹی کمپنی کے انسانی وسائل کے ڈھانچے کا جائزہ لینے اور کوڈ آف کارپوریٹ گورننس کے مطابق اس کی شرائط کے حوالہ جات میں بیان کردہ تقاضوں پر عمل کرنے کی ذمہ دار ہے۔ یہ کمیٹی انسانی وسائل کی ترقی کے اہم شعبے کو حل کرنے اور بہتر بنانے کے لیے موجود ہے۔اس کا مقصد بنیادی طور پر انتظامیہ کو صنعت میں مروجہ بہترین کے ساتھ منسلک HR پالیسیوں کو وضع کرنے میں آگاہ کرکے بورڈ کی مدد کرنا ہے۔ یہ مدت کارکردگی کے انتظام، HR عملے، معاوضے اور فوائد تک محدود نہیں ہے۔سی ای او، سی ایف او، کمپنی سکریٹری اور اندرونی آڈٹ کے سربراہ کا انتخاب، تشخیص اور معاوضہ/تشخیص بھی HR اور R کمیٹی کے ذریعے بورڈ کو کیا جاتا ہے، اس کا جائزہ لیا جاتا ہے اور اس کی سفارش کی جاتی ہے۔

ایگزیکٹو کمیٹی (EC)

ایگزیکٹو کمیٹی چار ارکان پر مشتمل ہے۔کمیٹی اپنے ٹرمز آف ریفرنس کے تحت آنے والے معاملات پر بات کرنے کے لیے اجلاس منعقد کرتی ہے۔26 فروری 2021 کو "ڈائریکٹرز کے انتخاب" کے موقع پر بورڈ کے سائز کے بارے میں سفارشات کے لیے ایک میٹنگ منعقد کی گئی۔موجودہ اراکین کے بارے میں تفصیلات درج ذیل ہیں۔

کمیٹی کمپوزیشن	عہدہ
جناب محمد شعیب	چیئرمین
جناب بابر علی سید	سی ای او
جناب محمد اظہر سعید	ممبر
جناب فیصل احمد	ممبر

کمیٹی کو فعال نگرانی کے کام سونپے گئے ہیں، بورڈ کی مدد کے لیے کمپنی کی کارکردگی کا اندازہ لگانا اور کاروباری منصوبوں اور بجٹوں کا جائزہ لینا اور منظور کرنا، بورڈ کی طرف سے منظور شدہ کمپنی کے اسٹریٹجک ارادے کی کامیابیوں کو فالو اپ کرنا، سرمایہ کاری کا جائزہ لینا اور تجویز کرنا۔تجاویز، قلیل مدتی اور طویل مدتی مالیاتی اختیارات دونوں کی منظوری کے لیے تجویز کرتی ہیں، بورڈ کی طرف سے اختیار کردہ انتظامی اور کنٹرول پالیسیوں کی پابندی کو یقینی بنانا اور ان کی تعمیل کی نگرانی کرنا۔کمیٹی بورڈ کی جانب سے بورڈ کی طرف سے تفویض کردہ دیگر فرائض کے علاوہ، بورڈ آف ڈائریکٹرز کے اجلاس میں نہ ہونے پر فوری نوعیت کے معاملات سے نمٹنے کی بھی ذمہ دار ہے۔

آڈیٹرز

انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (آئی سی اے پی) کے کوالٹی کنٹرول ریویو پروگرام کے تحت آڈیٹرز میسر کے ناصر جاوید مقصود عمران، چارٹرڈ اکاؤنٹنٹس کی درجہ بندی تسلی بخش ہے اور ضابطہ اخلاق سے متعلق انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کے رہنما اصولوں کی تعمیل کرتے ہیں۔انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان نے اپنایا۔ان کے پاس آڈٹ اوورسائیٹ بورڈ (AOB) سے بھی تسلی بخش درجہ بندی ہے۔موجودہ آڈیٹرز، ناصر جاوید مقصود عمران چارٹرڈ اکاؤنٹنٹس، ریٹائر ہونے اور اہل ہونے کے بعد، خود کو دوبارہ تقرری کے لیے پیش کرتے ہیں۔

ہولڈنگ کمپنی

ورلڈ کال ٹیلی کام لمیٹڈ ورلڈ کال سروسز (پرائیویٹ) لمیٹڈ (ہولڈنگ کمپنی) کا ذیلی ادارہ ہے۔ہولڈنگ کمپنی ورلڈ کال ٹیلی کام لمیٹڈ کے اکثریتی حصص کی مالک ہے۔

ورلڈ کال سروسز پاکستان میں ایک پرائیویٹ لمیٹڈ کمپنی ہے جسے کمپنیز ایکٹ 2017 کے تحت شامل کیا گیا ہے۔کمپنی کے مقاصد میں پے فون سروسز فراہم کرنے کے کاروبار کو جاری رکھنا اور پاکستان میں مواصلاتی خدمات سے آمدنی پیدا کرنا شامل ہے۔

چیئرمین کا جائزہ

اس کے ساتھ موجود چیئرمین کا جائزہ کمپنی کی سال بھر کی کارکردگی اور مستقبل کے نقطہ نظر کا اندرونی خلاصہ فراہم کرتا ہے۔کمپنی کے ڈائریکٹرز جائزے کے مواد کی توثیق کرتے ہیں۔

شیئر ہولڈونگ کا پیٹرن

31 دسمبر 2021 تک شیئر ہولڈنگ کا پیٹرن اور اس کا افشاء جیسا کہ ایکٹ اور کوڈ آف کارپوریٹ گورننس کی ضرورت ہے اس رپورٹ کے ساتھ منسلک ہے۔

زیر جائزہ سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر، کمپنی سیکرٹری، چیف فنانشل آفیسر، چیف انٹرنل آڈیٹر، چیف آپریٹنگ آفیسر اور ان کے شریک حیات یا نابالغ بچوں کے ذریعہ کمپنی کے حصص کی فروخت یا خریداری کا کوئی دوسرا لین دین نہیں ہوا، سوائے اس کے کہ شیئر ہولڈنگ کے پیٹرن میں دیا گیا ہے۔

کارپوریٹ گورننس کے ضابطہ کی تعمیل

پاکستان اسٹاک ایکسچینج کی جانب سے 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے متعلقہ فہرست سازی کے ضابطوں میں کوڈ آف کارپوریٹ گورننس کے تقاضوں کو کمپنی نے اپنایا ہے اور ان کی مناسب تعمیل کی گئی ہے۔اس حقیقت کا بیان رپورٹ کے ساتھ منسلک ہے۔

مادی تبدیلیاں

سال کے آخر 31 دسمبر 2020 سے رپورٹ کی تاریخ تک کوئی مادی تبدیلیاں نہیں ہوئی ہیں سوائے اس سالانہ رپورٹ کے جس کا انکشاف کیا گیا ہے اور کمپنی نے کوئی ایسا عہد نہیں کیا ہے جس سے اس تاریخ پر اس کی مالی پوزیشن متاثر ہوتی ہو سوائے آڈٹ شدہ مالیات میں مذکور کے۔31 دسمبر 2021 کو ختم ہونے والے سال کے لیے کمپنی کے بیانات۔

قانونی تعمیل

سال کے دوران کمپنی نے تمام قابل اطلاق شرائط کی تعمیل کی ہے، تمام ریٹرن/ فارمز داخل کیے ہیں اور کمپنیز ایکٹ 2017 اور اس سے منسلک قوانین، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے ضوابط اور فہرست سازی کی ضروریات کے تحت تمام متعلقہ تفصیلات فراہم کی ہیں۔

کمپنی کی انتظامیہ نے غیرا ایگزیکٹواور آزاد ڈائریکٹرز کے معاوضے کےتعین کے لیے ایک منصفانہ اورشفاف پالیسی وضع کی ہے۔معاوضےاسی کے لیےصنعت میں مروجہ پیکیجز،متعلقہ تجربے،تعلیمی پس منظر،تکنیکی ذہانت،کمپنی کےاسٹریٹجک وژن کے لیے قابل قدران پٹ اور کمپنی کواس کے مقررکردہ اہداف اوراہداف کی تکمیل کی طرف لے جانے کے لیے مستقبل کی بصیرت کومدنظررکھتے ہوئے مقرر کیے جارہے ہیں۔

ڈائریکٹرز کی تربیت

ہمارے دوڈائریکٹرز، جناب محمداظہرسعید(سی ایف او)اور جناب منصورعلی(ڈائریکٹر) پہلے ہی ڈائریکٹرزٹریننگ پروگرام(ڈی ٹی پی) کےتحت مقررہ سرٹیفیکیشن حاصل کر چکے ہیں۔اس کے علاوہ زیرنظرسال کے دوران کمپنی نےسی ای او جناب بابرعلی سید،چیئرمین اےسی/انڈیپنڈنٹ ڈائریکٹر،مبشرلقمان اورنان ایگزیکٹوڈائریکٹر جناب فیصل احمد کے لیےڈی ٹی پی کا انتظام کیا۔تمام ڈائریکٹرزکارپوریٹ باڈیز کے ڈائریکٹرز کےطورپراپنےفرائض اورذمہ داریوں سے پوری طرح واقف ہیں۔

بورڈ کی کمیٹیاں

بورڈنے مندرجہ ذیل کمیٹیوں کی تشکیلِ نوقائم کیں ہیں:

- ☆ آڈٹ کمیٹی
- ☆ ہیومن ریسورس اورریمونیریشن کمیٹی
- ☆ ایگزیکٹوکمیٹی

ان کمیٹیوں کے ذریعے بورڈ کاروبار کےاہم شعبوں اورCEO کی کارکردگی پرفعال نگرانی رکھے ہوئے ہے۔بورڈ مسلسل ان کمیٹیوں سے متعلق چارٹر/حوالہ جات کی شرائط(TORs)پرنظررکھے ہوئے ہے۔

آڈٹ کمیٹی

آڈٹ کمیٹی چارارا کین پرمشتمل ہےجن میں سے تین نان ایگزیکٹوڈائریکٹرہیں اورکوڈآف کارپوریٹ گورننس(CCG) 2019 کی تعمیل کے مطابق چیئرمین آزادڈائریکٹر ہے۔کمیٹی کے ارکان کے ذریعہ آڈٹ رپورٹس،کوڈآف کارپوریٹ گورننس(CCG) کےتقاضوں کی تعمیل کا جائزہ لیا گیا۔ان میٹنگوں میں 31دسمبر2021 کوختم ہونے والےسال کے آڈٹ کی تکمیل سے پہلےاور بعد میں بیرونی آڈیٹرز کے ساتھ ہونے والی میٹنگیں اورسی سی جی کی ضرورت کے مطابق دیگرقانونی میٹنگیں بھی شامل تھیں۔آڈٹ کمیٹی کی تشکیل حسب ذیل ہے:

کمیٹی کمپوزیشن	عہدہ	حاضریوں کی تعداد
مبشرلقمان	چیئرمین	1/1
فیصل احمد	ممبر	1/1
منصورعلی	ممبر	1/1
مسزحنابابر	ممبر	1/1

آڈٹ کمیٹی بورڈ کےمنظورشدہ ٹی اوآرز کےتحت کام کرتی ہے۔آڈٹ کمیٹی کےٹی اوآرزایس ای سی پی کے جاری کردہ کوڈآف کارپوریٹ گورننس کےتقاضوں کوپوراکرتے ہیں اوربہترین طریقوں کےتقاضوں کوبھی شامل کرتے ہیں۔کمیٹی بیرونی آڈیٹرزکی تقرری کی سفارش،آڈٹ کے کام کی ہدایت اورنگرانی اورآڈٹ کےعمل کی مناسبیت اورمعیارکاجائزہ لینے کے لیے بورڈ کے سامنے جوابدہ ہے۔کمیٹی اندرونی آڈٹ ڈپارٹمنٹ کی کارکردگی کی بھی نگرانی کرتی ہے جو قیمت میں اضافےاور کمپنی کےکاموں کوبہتر بنانے کے لیے یقین دہانی اورمشاورتی اسائنمنٹس کی منصوبہ بندی اورعمل درآمد کے لیےخطرے پرمبنی نقطہ نظر اپناتا ہے۔مزید،کمیٹی اس بات کویقینی بناتی ہے کہ کمپنی کے پاس ایک موثراندرونی کنٹرول فریم ورک ہے۔ان کنٹرولز کے مقاصد میں اثاثوں کی حفاظت،قانون سازی کے مطابق اکاؤنٹنگ کے مناسب ریکارڈ کوبرقراررکھنا،مالیاتی معلومات کی وثوسنیتااورآپریشنزکی کارکردگی اورتاثیرکویقینی بنانا شامل ہیں۔چیف انٹرنل آڈیٹر براہ راست آڈٹ کمیٹی کے چیئرمین کورپورٹ کرتا ہے۔

ہیومن ریسورس اینڈریموزیشن(HR&R) کمیٹی

ہیومن ریسورس اورمعاوضہ کمیٹی پانچ ارکان پرمشتمل ہے۔HR&R کمیٹی کے چیئرمین25 ستمبر2019 کوجاری کردہ کوڈآف کارپوریٹ گورننس گائیڈ لائنز کی تعمیل میں ایک آزادڈائریکٹر ہیں۔کمیٹی عام طورپراپنے دائرہ کارمیں آنے والےمعاملات اورخاص طورپرحوالہ جات کی شرائط پرتبادلہ خیال کرنے کے لیے اجلاس منعقدکرتی ہے۔سال کے دوران ایک میٹنگ 31اگست 2021 کوہوئی جس میں تمام ممبران نے شرکت کی:

کمیٹی کمپوزیشن	عہدہ
جناب محمدشعیب	چیئرمین
جناب بابرعلی سید	سی ای او
جناب محمداظہرسعید	ممبر
مسزحنابابر	ممبر
جناب منصورعلی	ممبر

آڈیٹرز کی رپورٹ

31 دسمبر 2021 کواختتام پزیرسال کیلئے بیرونی آڈیٹرز نے کمپنی کی علیحدہ مالی اسٹیٹمنٹس پر اپنی unqualified رائے کا اظہار کیا ہے۔انہوں نے اس معاملے پرزوردیا ہے جس میں انہوں اختتام پذیر سال کے دوران 14,023 ملین روپے کا خسارہ برداشت کیا ہے۔اورموجودہ قرضے اس کے موجودہ اثاثوں سے 6,324 ملین روپے سے بڑھ گئے ہیں۔یہ حالات بمع دیگر معاملات جونوٹ 2.2 میں درج ہیں،مادی غیر یقینی کی صورت حال کوظاہر کرتے ہیں جوکمپنی کے کاروبار کوجاری رکھنے کی اہلیت کوشک میں ڈال دیتی ہے۔

تاہم کمپنی کی انتظامیہ نے کمپنی کی تشویش کا جائزہ لیا ہے اوران کا ماننا ہے کہ ان مالی بیانات کی تیاری کے لئے استعمال شدہ تشویش مفروضہ مناسب ہے۔

کاروباری اور مالیاتی رپورٹنگ فریم ورک پر بیان

اسٹاک ایکسچینج کے لسٹنگ قواعد کے قوانین کے مطابق بورڈ کے اراکین مندرجہ ذیل تفصیلات بیان کرنے پرفخرمحسوس کرتے ہیں:

☆ 31 دسمبر 2021ءکواختتام پذیرسال کے لئے مالیاتی اسٹیٹمنٹس اپنے دائرہ کار،اس کے کام کے نتائج،کیش فلواور ایکویٹی میں تبدیلیوں کومنصفانہ طور پر بیان کرتی ہیں۔

☆ کھاتہ داری کی کتابیں مناسب طریقے سے برقراررکھی گئی ہیں۔

☆ 31 دسمبر 2021ءکواختتام پذیرسال کے لئے مالیاتی اسٹیٹمنٹس کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کامسلسل اطلاق کیا گیا ہے۔اوراکاؤنٹنگ تخمینے مناسب اور قابل فیصلوں کومدنظر رکھ کرلگائے گئے ہیں۔

☆ مالیاتی اسٹیٹمنٹس کی تیاری کے لئے بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈ (IFRS)،جس کا اطلاق پاکستان میں ہوتا ہے،کومدنظر رکھا گیا ہے۔

☆ اندرونی کنٹرول بہت اعلیٰ ہے اوراس پرمؤثر طریقے سے عمل درآمد اور نگرانی ہورہی ہے۔

☆ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی روانگی نہیں ہوئی ہے،جیسا کہ 31 دسمبر، 2021 تک فہرست کے ضوابط میں تفصیل ہے۔

☆ کارپوریٹ گورننس کی بہترین عمل داری کوئی ابہام نہیں جیسا کہ لسٹنگ ریگولیشنز میں بتایا گیا ہے۔

☆ 31 دسمبر 2021ءکواختتام پذیرسال کے لئے واجب الاداٹیکس اور لیوی/ڈیفالٹ کی معلومات مالیاتی اسٹیٹمنٹس کے Notes میں بیان کی گئی ہیں۔

بورڈ آف ڈائریکٹرز کی تشکیل

بورڈ میں ہمارے چیف ایگزیکٹوآفیسر (CEO) جناب بابرعلی سید کوچھوڑ کرسات ڈائریکٹرز شامل ہیں۔ان سب کے پاس متنوع تجربہ اورممتاز مہارت ہے جواسٹیک ہولڈرز اور کمپنی کے ذاتی مفادات کی حفاظت کے لیے صنعت کی مخصوص بنیادی صلاحیتوں کے ساتھ ہے۔ان میں سے دوڈائریکٹرزکوڈ آف کارپوریٹ گورننس میں طے شدہ معیار کے مطابق آزاد ہیں۔

زیرنظر سال کے دوران،یکم جنوری 2021 سے 31 دسمبر 2021 تک بورڈ آف ڈائریکٹرز کی (01) میٹنگ ہوئی۔میٹنگز میں بورڈ ممبران کی حاضری حسب ذیل تھی:

بورڈ کمپوزیشن	حاضریوں کی تعداد
چیف ایگزیکٹوڈائریکٹرز	
جناب بابرعلی سید	1/1
ایگزیکٹوڈائریکٹرز	
جناب محمد اظہر سعید	1/1
نان ایگزیکٹوڈائریکٹرز	
مسز حنا بابر	1/1
جناب طارق حسن	1/1
جناب منصورعلی	1/1
مسٹر فیصل احمد	1/1
آزادڈائریکٹر	
جناب محمد شعیب	1/1
مبشر لقمان	1/1

ورلڈکال ٹیلی کام لمیٹڈ-علیحدہ معاشی بیانئے

31دسمبر2021 کوختم ہونے والے سال کے لیےعلیحدہ معاشی بیانئے کے مالیاتی نتائج کا خلاصہ حسب ذیل ہے۔

Particulars	December 31, 2021	December 31, 2020
	Rs. in million	
Revenue - net	2,114	3,140
Direct Cost (Excluding Depreciation and Amortization)	(1,744)	(1,875)
Other Income	287	610
EBITDA	(91)	1,199
Depreciation and Amortization	(1,076)	(953)
Finance Cost	(303)	(536)
Profit / (Loss) after tax	(1,506)	146

کمپنی نے روپے کے خالص نقصان کی اطلاع دی ہے۔31دسمبر2021 کوختم ہونے والے سال کے لیے1,506 ملین روپے2020 میں146PKR ملین کے خالص نقصان کے مقابلے میں۔ اکاؤنٹنگ کے روایتی نقطہ نظر کے باوجود، اعدادوشمار سے آگے دیکھنےاورایک عقلی/کاروباری ذہنیت میں مالیات کی تشریح کرنے کی سخت ضرورت ہے۔واضح طور پراحساس کا راستہ فراہم کریں کہ پچھلے مالی سال کے مقابلےکوانٹم میں بڑےنقصان کی اطلاع دینے کے باوجود، یہ انٹر پرائز دراصل افقی اورعمودی طور پرترقی کر رہا ہے۔اجتماعی منصوبوں کے ذریعےنقدی کی پیداوار کاتسلسل اورR&D میں اسی کی دوبارہ سرمایہ کاری، منافع بخش کم قیمت کاروباری کوششوں اورموجودہ نیٹ ورک/انفراسٹرکچر کی توسیع/اپ گریڈیشن نے مادی طور پر وبائی امراض کے بعد ہونے والے تباہ کن اثرات کوکم کرتے ہوئے غیر معمولی نتائج حاصل کیے ہیں۔خلاصہ یہ ہے کہ کمپنی مکمل طور پر کاروباری کارروائیوں کوبہتر بنانے اور تیزی سے ترقی کرنے کے لیے اچھی اور صحیح معنوں میں جاری ہے۔Worldcall ٹیکنالوجی سے چلنے والے کاروباری ادارے میں ترقی کرنے اوراللہ تعالیٰ کی برکتوں سے اپنے اسٹیک ہولڈرز کی توقعات کے مطابق ڈیلیور کرنے کے اپنے عزم میں پرعزم ہے۔سٹارٹ اپس میں سرمائے کے ذریعے مستقبل کے پلیٹ فارم گروپ کے وژن سٹیٹمنٹ کے تکنیکی دائرے میں ضم ہوجائیں گےاورسال2022 کی مالی کارکردگی میں ظاہر ہونا شروع ہوجائیں گے۔

ورلڈکال ٹیلی کام لمیٹڈ- یکجا مالی بیانات

مجموعی مالیاتی بیانات روٹ 1 ڈیجیٹل (پرائیویٹ) لمیٹڈ (سبسیڈری کمپنی) کے ساتھ مل کر ورلڈکال ٹیلی کام لمیٹڈ (پیرنٹ کمپنی) کے مالی نتائج پر مشتمل ہیں۔روٹ 1 ڈیجیٹل ایک پرائیویٹ لمیٹڈ کمپنی ہے جسے پاکستان میں21دسمبر2016 کومنسوخ شدہ کمپنیز آرڈیننس،1984 (اب کمپنیز ایکٹ،2017) کے تحت شامل کیا گیا تھا۔بنیادی کاروبار تمام ٹرانسپورٹ خدمات کا کاروبار کرنا، موٹر گاڑیوں کی نقل وحمل کو کسی دوسرے یا دوسرے کے ساتھ بانٹنا، اور انفارمیشن ٹیکنالوجی، سافٹ ویئر کی ترقی اوراس سے متعلق تمام سرگرمیوں کے شعبے میں مشاورت کرنا ہے۔ذیلی ادارہ پاکستان میں مقیم ہےاوراس کا رجسٹرڈ دفتر اور کاروبار کی اصل جگہ پلاٹ#112-113، بلاک-ایس، قائداعظم انڈسٹریل اسٹیٹ، کوٹ لکھپت، لاہور میں واقع ہے۔

ڈیوڈینڈ

کیش فلو حالات کی صورتحال، توسیعی منصوبوں اورقرض دہندگان کے ساتھ متفقہ ڈیویڈنڈ کی تقسیم پر کچھ پابندیوں کو مدنظر رکھتے ہوئے، ڈائریکٹرز نے سال کے لیے کسی بھی ڈیویڈنڈ کی ادائیگی یا بونس شیئرز کی سفارش نہیں کی ہے۔

فی حصص آمدنی

کمپنی نے انفرادی طور پر0.51 روپے فی حصص کے نقصان کوتسلیم کیا۔مستحکم بنیادوں پر فی حصص0.51 روپے کا نقصان تھا۔

مستقبل کا نقطۂ نظر

کمپنی نے گزشتہ سال بے مثال کامیابی سے سبقت حاصل کرتے ہوئے ناقابل تسخیر ممکنہ طور پر امید افزا کاروباری کوششوں کا آغاز کیا۔کاروباری نظریے میں یہ عبوری تبدیلی وسائل اور تکنیکی مہارت کو ہم آہنگ کرنے کے لیے کاروباری تعاون سے ظاہر ہوتی ہے، دیہی پسماندہ علاقوں میں تعلیم کے فروغ اور ہنرمندی کی ترقی کے لیےMOUs تاکہ مساوی مواقع کا پلیٹ فارم مہیا کیا جاسکے جو موروثی حدود سے بالاتر ہو۔کمپنی کی انتظامیہ رپورٹ کردہ خالص نقصانات سے پریشان نہیں ہے کیونکہ EBITDA کو سٹریٹجک اتحاد اور سٹارٹ اپس میں سوچی سمجھی سرمایہ کاری کے ذریعے اپنائے گئے سرمایہ دارانہ نقطہ نظر سے تقویت ملی ہے۔ان کے اعتقادات کی بنیاد کمپنی کی تکنیکی جدت طرازی کے ذریعے آمدنی پیدا کرنے کے لیے نئی راہیں کھولنے کی واضح وراثت پر ہے، آئی ٹی/مواصلاتی شعبے میں پیٹرن کے تجزیے کا اندازہ عالمی میکرو اکنامک متغیرات میں تبدیلی اورR&D کے لیے وقف وسائل کی تعیناتی کے ذریعے کیا گیا ہے۔یہ منظّم اور طریقہ کار سرمایہ کاری پچھلے مالی سال کا کورس اور گنتی متبادل آمدنی کے سلسلے میں جاری ہے اور انتظامیہ کو گہرائی میں کھودنے کی ترغیب دیتی ہے۔اگرچہ ملک میں ایف ڈی آئی میں بڑا حصہ ڈالنے کے باوجود، آئی ٹی/ٹیلی کام کا شعبہ غیر واضح طور پر نظر انداز کرنے کا غیر مستحق کردار ادا کرتا ہے، مختلف ریگولیٹری پالیسیوں کی وجہ سے نقصان اٹھاتا ہے جہاں اس کے برعکس اسے مسلسل اوراوپر کی طرف اپنا حصہ ڈال کر قوم کو آگے لے جانے کے لیے سخت سہولت کی ضرورت ہے۔

ورلڈ کال ٹیلی کام لمیٹڈ

حصص یافتگان کو ڈائریکٹرز کی رپورٹ

31 دسمبر 2021 کو اختتام پذیر سال کیلئے

معزز شیئر ہولڈرز

ہم کمپنی کے 31 دسمبر 2021 کے سالانہ آڈٹ کردہ علیحدہ اور مجموعی مالیاتی کارکردگی کا جائزہ پیش کرنے میں فخر محسوس کرتے ہیں۔

اقتصادی جائزہ

COVID-19 کی پہلی لہر کے جواب میں وسیع پیمانے پر لاک ڈاؤن نافذ کرنے کے بعد سے، پاکستان انفیکشن کے پھیلاؤ کو روکنے کے لیے مقامی لاک ڈاؤن کو مؤثر طریقے سے استعمال کر رہا ہے، جس سے معاشی سرگرمیاں بڑے پیمانے پر جاری رہ سکتی ہیں۔ قومی نقد رقم کی منتقلی کے پروگرام کی توسیع، ایک بڑے پیمانے پر ویکسینیشن مہم، موافق میکرو اکنامک پالیسیاں، اور مالیاتی شعبے کے لیے معاون اقدامات، سبھی نے وبائی امراض کے منفی اثرات کو کم کرنے میں مدد کی۔ نتیجے کے طور پر، 2015-16 کی قیمتوں میں مستقل عنصر پر حقیقی GDP کی نمو مالی سال 20 میں 1.0 فیصد کم ہونے کے بعد، مالی سال 21 میں 5.6 فیصد تک پہنچ گئی۔

اس کے باوجود، معیشت کی دیرینہ ساختی کمزوریاں اور کم پیداواری نمو ایک پائیدار بحالی کے لیے خطرات لاحق ہیں۔ مضبوط مجموعی طلب کے دباؤ، جزوی طور پر پہلے کی موافقت پذیر مالیاتی اور مالیاتی پالیسیوں کی وجہ سے، برآمدات کے لیے مسلسل کم سازگار بیرونی ماحول کے ساتھ جوڑ بنانے کے باعث، روپے اور ملک کے محدود بیرونی بفرز پر بھاری تجارتی خسارے میں اضافہ ہوا ہے۔

جولائی تا دسمبر 2021 (FY22H1) کے دوران، زیادہ تر مثبت اقتصادی رفتار کا اشارہ دیا ہے۔ کمیونٹی کی نقل و حرکت میں مسلسل بہتری اور مضبوط سرکاری ترسیلات زر کے ساتھ، نجی کھپت میں مضبوطی کا تخمینہ لگایا گیا ہے۔ اسی طرح مشینری کی درآمدات اور حکومتی ترقیاتی اخراجات میں زبردست اضافہ کے ساتھ سرمایہ کاری میں بھی اضافہ متوقع ہے۔ ویکسین کی خریداری کے ساتھ حکومت کی کھپت میں بھی زبردست اضافہ ہوا۔ پیداوار کی طرف، زرعی پیداوار، خاص طور پر چاول اور گنے میں اضافہ ہوا، جو بہتر موسمی حالات کی عکاسی کرتا ہے۔ اسی طرح بڑے پیمانے پر مینوفیکچرنگ کی نمو FY22H1 میں بڑھ کر 7.5 فیصد ہو گئی، FY21H1 کے 1.5 فیصد سے زیادہ۔ اس کے برعکس، جون 2021 سے کاروباری اور صارفین کے اعتماد میں کمی آئی ہے، جس کی ایک وجہ افراط زر اور شرح سود میں اضافے کے خدشات ہیں۔

ہیڈ لائن افراط زر FY22H1 میں اوسطاً 9.8 فیصد y-o-y تک بڑھ گئی جو FY21H1 میں 8.6 فیصد تھی، جس کی وجہ عالمی اجناس کی قیمتوں میں اضافہ اور زر مبادلہ کی کمزور شرح ہے۔ اسی طرح، بنیادی افراط زر ستمبر 2021 سے بڑھ رہا ہے۔ اس کے مطابق، اسٹیٹ بینک آف پاکستان ستمبر 2021 سے اپنے توسیعی مالیاتی موقف کو ختم کر رہا ہے، جس سے پالیسی کی شرح میں مجموعی طور پر 275 بیسز پوائنٹس (bps) اور بینکوں کے کیش ریزرو کی ضرورت میں 100 کا اضافہ ہو رہا ہے۔ بی پی ایس یورو بانڈز، سکوک اور آئی ایم ایف کی زیر قیادت فنڈ ڈ پروگرام جیسے انفلوز کے باوجود، 25 مارچ 2022 تک زر مبادلہ کے ذخائر 13.5 بلین امریکی ڈالر تک گر چکے تھے، جو کہ 2.0 ماہ کی اشیا اور خدمات کی درآمدات کے برابر ہے۔ دریں اثنا، جولائی 2021 سے مارچ 2022 کے آخر تک امریکی ڈالر کے مقابلے روپے کی قدر میں 14.3 فیصد کمی ہوئی۔

ویکسین کی خریداری، پاور سیکٹر کے بقایا جات کی ادائیگی اور ترقیاتی منصوبوں پر زیادہ اخراجات کی وجہ سے مالیاتی خسارہ بڑھ گیا ہے۔ سخت مانیٹری پالیسی کی تکمیل کے لیے، حکومت نے جنوری 2022 میں ایک ضمنی مالیاتی بل کی منظوری دی، ٹیکس میں چھوٹ واپس لے لی، اور سماجی شعبے کے اخراجات کی حفاظت کرتے ہوئے وفاقی ترقیاتی اخراجات میں کمی کی۔ خوراک اور توانائی کی بڑھتی ہوئی افراط زر سے گھرانوں کی حقیقی قوت خرید میں کمی آنے کی توقع ہے، جس سے غریب اور کمزور گھرانوں پر غیر متناسب اثر پڑے گا جو اپنے بجٹ کا بڑا حصہ ان اشیاء پر خرچ کرتے ہیں۔ اس کے جواب میں، حکومت نے فروری 2022 میں ٹارگٹڈ فوڈ سبسڈی پروگرام (احساس راشن رعایت) متعارف کرایا۔

حالیہ معاشی ایڈجسٹمنٹ کے اقدامات اور مضبوط افراط زر کی وجہ سے، حقیقی جی ڈی پی کی نمو مالی سال 22 میں 4.3 فیصد اور مالی سال 23 میں 4.0 فیصد رہنے کی توقع ہے۔ تاہم اس کے بعد، مالی سال 24 میں معاشی نمو 4.2 فیصد تک بحال ہونے کا تخمینہ لگایا گیا ہے، جس میں میکرو اکنامک استحکام اور عالمی افراط زر کے دباؤ کو ختم کرنے کے لیے ڈھانچہ جاتی اصلاحات کے نفاذ کی حمایت حاصل ہے۔ مالی سال 22 میں افراط زر کی شرح 10.7 فیصد تک بڑھنے کا تخمینہ ہے لیکن پیشن گوئی کے افق پر معتدل ہے۔ میکرو اکنامک ایڈجسٹمنٹ کے اقدامات اور کمزور کرنسی سے زیادہ تر FY23 میں درآمدات پر قابو پانے کی توقع ہے۔ آؤٹ لک کی پیشین گوئی IMF-EFF پروگرام پر ہے جو آن ٹریک پر ہے۔

میکرو اکنامک خطرات منفی پہلو کی طرف مضبوطی سے جھکے ہوئے ہیں۔ ان میں عالمی مالیاتی حالات کی توقع سے زیادہ تیزی سے سختی، عالمی توانائی کی قیمتوں میں مزید اضافہ، اور COVID-19 سے متعلق نقل و حرکت کی سخت پابندیوں کی واپسی کا ممکنہ خطرہ شامل ہے۔ گھریلو طور پر، سیاسی تناؤ اور پالیسیوں میں طویل معاشی عدم توازن کا باعث بن سکتی ہے۔

مالی کارکردگی کا جائزہ

ورلڈ کال ٹیلی کام لمیٹڈ (WTL) کے مالی بیانات میں معیاری بنیادوں پر پیرنٹ کمپنی کی مالی اعانت کے ساتھ ساتھ مستحکم مالی بیانات شامل ہوتے ہیں۔

SIX YEAR FINANCIAL PERFORMANCE
INCOME STATEMENTS

	Dec'21	Dec'20	Dec'19	Dec'18	Dec'17	Dec'16
		-----Rupees in Thousands-----				
Revenue - net	2,114,223	3,140,134	3,881,844	4,386,953	2,321,750	1,819,706
Direct cost excluding depreciation and amortization	(1,744,366)	(1,874,837)	(2,385,421)	(3,059,519)	(1,947,727)	(1,848,172)
Operating cost	(407,865)	(409,828)	(592,239)	(725,928)	(615,280)	(641,925)
Other income	287,379	609,538	1,144,581	1,573,111	8,145,200	192,335
Other expenses	(339,985)	(265,912)	(495,520)	(244,749)	(243,767)	(286,743)
Profit / (Loss) before Interest, Taxation, Depreciation and Amotization	(90,614)	1,199,095	1,553,245	1,929,868	7,660,176	(764,799)
Depreciation and amortization	(1,075,992)	(953,359)	(1,254,179)	(1,126,175)	(1,067,169)	(1,232,683)
Finance cost	(303,130)	(536,025)	(493,839)	(233,493)	(347,694)	(566,329)
Profit / (Loss) before Taxation	(1,469,736)	(290,289)	(194,773)	570,200	6,245,313	(2,563,811)
Taxation	(36,514)	143,952	267,071	(123,305)	(143,553)	1,299,074
Net Profit / (Loss) for the Year	(1,506,250)	(146,337)	72,298	446,895	6,101,760	(1,264,737)
Earnings / (Loss) per share - basic (Rupees)	(0.51)	(0.06)	0.04	(0.18)	6.18	(1.72)
Earnings / (Loss) per share - diluted (Rupees)	(0.51)	(0.06)	0.03	(0.18)	1.86	(1.72)

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 OF WORLDCALL TELECOM LIMITED FOR THE YEAR ENDED DECEMBER 31, 2021

The company has complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are 7 as per the following,-
   a) Male: 6
   b) Female: 1

2. The composition of the Board is as follows:

CATEGORY	NAMES
Independent Director	Mr. Muhammad Shoaib Mr. Mubasher Lucman
Executive Director	Mr. Muhammad Azhar Saeed (CFO)
Non-Executive Directors	Mr. Hina Babar Mr. Mansoor Ali Mr. Faisal Ahmed Mr. Tariq Hasan–(Nominee Pak-Oman Inv. Bank)

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to *****frequency, recording and circulating minutes of meeting of the Board. *****Board has met for the first quarter of the year on 10th July 2021.Overall one board meetings were held during the year.

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has previously arranged Directors' Training Program (DTP) for Mr. Muhammad Azhar Saeed and Mr. Mansoor Ali. Further during the year under review Company arranged DTP for CEO, Mr. Babar Ali Syed, Chairman AC/ Independent Director, Mubasher Lucman and Non-Executive Director Mr. Faisal Ahmed. All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies.

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below-

a. Executive Committee (Name of members and Chairman)

- Mr. Muhammad Shoaib (Chairman)
- Mr. Babar Ali Syed (Member)
- Mr. Muhammad Azhar Saeed (Member)
- Mr. Faisal Ahmed (Member)
- Mr. Muhammad Zaki Munawar (Secretary)

b. Audit Committee (Name of members and Chairman)

- Mr. Mubasher Lucman (Chairman)
- Mr. Faisal Ahmed (Member)
- Mrs. Hina Babar (Member)
- Mr. Mansoor Ali (Member)
- Mr. Ansar Iqbal (Secretary)

c. HR and Remuneration Committee (Name of members and Chairman)

- Mr. Muhammad Shoaib (Chairman)
- Mr. Babar Ali Syed (Member))
- Mr. Muhammad Azhar Saeed (Member)
- Mrs. Hina Babar (Member)
- Mr. Mansoor Ali (Member)
- Mr. Muhammad Zaki Munawar (Secretary)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following, -

a. Executive Committee: 26 February 2021
b. Audit Committee: **Quarterly
c. HR and Remuneration Committee: Annual

**Audit committee has met for the first quarter of the year on 22March, 2021. Overall four audit committee meetings were held during the year.

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

19. There is no non – compliance with requirements, other than regulations 3,6,7,8, 27, 32, 33 and 36.

Muhammad Shoaib
Chairman, Board of Directors
WorldCall Telecom Limited

Lahore,
Date: 16 July 2022

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WORLDCALL TELECOM LIMITED
REVIEW REPORT ON STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **"WorldCall Telecom Limited"** (the Company) for the year ended **December 31, 2021** in accordance with the requirement of regulation 36 of the Regulations.

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

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

The Regulations requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017.

We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with requirements contained in the Regulations as applicable to the Company for the year ended **December 31, 2021**.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Sr. #	Paragraph Reference	Description
1.	7	The Board did not have meeting in respect of first quarter until as late as July 10, 2021 and after that no board meeting has been held during the year.
2.	9	As at 30 June 2021, 75% of the members of the Board of Directors had not acquired the prescribed certification under any director training program.

Date: August 22, 2022
Islamabad
UDIN: CR202110163IgRsUBibl

Nasir Javaid Maqsood Imran
Chartered Accountants
Imran ul Haq

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORLDCALL TELECOM LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Worldcall Telecom Limited ("the Company"), which comprise the statement of financial position as at December 31, 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, 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 profit or loss, the statement of comprehensive income, the statement of changes in equity 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 December 31, 2021 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Material Uncertainty Relating to Going Concern

We draw attention to Note 2.2 in the annexed financial statements, which states that the Company has incurred a loss after taxation of Rs. 1,506.250 million during the year ended December 31, 2021 (2020: Rs. 146.337 million) which includes the impact of write back of liabilities for Rs. 95.522 million (2020: Rs. 518.09 million). As at December 31, 2021, the accumulated loss of the Company stands at Rs. 14,023.097 million (2020: Rs. 12,801.935 million) and its current liabilities exceed its current assets by Rs. 6,323.662 million (2020: Rs. 5,931.129 million). These conditions, along with the other factors like declining revenue and contingencies and commitments as mentioned in note 21, indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Our opinion is not qualified in respect of this matter.

Emphasis of Matter Paragraph

We draw attention to note 28 to the accompanying financial statements, wherein the Company recognize deferred tax asset of Rs. 2,369.6 million, the realization of which would depend on generation of sufficient profits in the future as projected by the management. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section and Emphasis of Matter paragraph, we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the Key Audit Matters:

Sr. #	Key Audit Matters	How the matters were addressed in our audit
1.	**Revenue Recognition** The Company has reported revenue amounting to Rs 2,114 Million for the year ended December 31, 2021 for details refer note 38 to the financial statements. There is a risk around the accuracy and completeness of revenue recorded. The complex billing system that involves processing a large volume of data making it inherent industry risk. We identified recognition of revenue as a key audit matter because (i) revenue is one of the key performance indicator of the Company (ii) it gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets and (iii) recognition and measurement of revenue and contract related assets may involve significant judgement as per IFRS-15 'Revenue from Contracts from Customers'	Our audit procedures to assess the recognition of revenue amongst others, include the following: ▪ Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue ▪ Comparing a sample of transactions comprising of various revenue streams recorded during the year with relevant underlying supporting documents and cash receipts where applicable ▪ We evaluated the relevant IT systems and the design of controls, and tested the operating effectiveness of controls over the: • capturing and recording of revenue transactions; • authorization of rate changes and the input of this information to the billing systems; and

		• calculation of amounts billed to customers. We also tested a sample of customer bills and checked these to cash received from customers. ▪ Assessing the appropriateness of accounting policies for revenue recognition and relevant contract assets and liabilities for compliance with applicable financial reporting framework including their correct application to the amounts recognized during the year ▪ Inspecting journal entries relating to revenue recognized during the year and the corresponding underlying documentation for those journal entries which were considered to be material or met certain specified risk-based criteria; and ▪ Considering the appropriateness of disclosures in the financial statements
2.	**Recoverability of Trade Debts** As at December 31, 2021, the Company's gross trade debtors were Rs 3,462.22 Million against which allowances for doubtful debts of Rs 3,005.68 Million were recorded for details refer note 32 of the financial statements. We identified the recoverability of trade debtors as a key audit matter because it involves significant management judgment in assessing the amount likely to be received and estimates in determining the allowance of expected credit loss.	Our audit procedures to assess the valuation of trade debts amongst others included the following: ▪ Obtaining an understanding of and testing the design and implementation of management's key internal controls relating to credit control, debt collection and making allowances for doubtful debts; ▪ credit control, debt collection and making allowances for doubtful debts; ▪ Agreeing, on a sample basis, the balances used in management's estimate of expected credit loss with the books of account of the Company; ▪ Testing the assumptions and estimates made by management for the allowances for doubtful debts; and ▪ Evaluating that the allowance for doubtful debt is in accordance with the requirements of applicable financial reporting framework.
3.	**Contingencies** There are a number of threatened and actual legal, regulatory and tax cases against the Company for details refer note 21 of the financial statements. The contingencies require management to make judgments and estimates in relation to the interpretation of laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies Involvement of subjectivity, inherent uncertainty and the time period such matters may take to resolve, the management judgments and estimates in relation to such contingencies may be complex and can significantly impact the financial statements. For such reasons we have considered contingencies as a key audit matter	Our key audit procedures includes: ▪ Discussing the process of identifying and recording contingencies in the financial statements with the management; ▪ Review of the correspondence of the Company with the relevant tax authorities including judgement and orders passed by the competent authorities; ▪ Discussing with the Company's in-house tax expert to assess and validate management's conclusion; ▪ Obtaining and reviewing external confirmations from Company's legal counsels and tax advisors for their views on case status and ▪ Assess adequacy of disclosures in the financial statements

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 annual report including, in particular, the Chairman's Review, Director's Report and Financial Highlights, but does not include the financial statements and our auditor's 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

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 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, 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 the financial statements of the current year 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.

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 profit or loss, the statement of comprehensive income, the statement of changes in equity 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).

The engagement partner on the audit resulting in this independent auditor's report is Imran-ul-Haq.

Nasir Javaid Maqsood Imran
Chartered Accountants

Date: August 22, 2022
Islamabad
UDIN: AR202110163IKWYE6PA3

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

	Note	2021	2020
		-----------(Rupees in '000)-----------	
SHARE CAPITAL AND RESERVES			
Authorized share capital		29,000,000	29,000,000
Ordinary share capital	5	12,495,571	11,863,206
Preference share capital	6	1,576,870	1,963,178
Dividend on preference shares	7	571,600	715,652
Capital reserves	8	353,853	449,551
Accumulated loss		(14,023,097)	(12,801,935)
Surplus on revaluation of fixed assets	9	2,027,672	2,318,768
		3,002,469	4,508,420
NON-CURRENT LIABILITIES			
Term finance certificates	10	1,204,445	1,433,280
Long term financing	11	182,264	68,635
Sponsor's loan	12	1,676,880	1,345,289
License fee payable	13	45,513	45,513
Post employment benefits	14	193,756	203,133
Long term deposit	15	93,215	86,103
Lease liabilities	16	195,016	172,671
		3,591,089	3,354,624
CURRENT LIABILITIES			
Trade and other payables	17	6,006,492	6,230,153
Accrued mark up	18	415,372	278,318
Current and overdue portion of non-current liabilities	19	842,866	590,872
Short term borrowings	20	411,912	487,360
Unclaimed dividend		1,807	1,807
Provision for taxation - net		344,437	331,715
		8,022,886	7,920,225
Contingencies and Commitments	21	-	-
TOTAL EQUITY AND LIABILITIES		14,616,444	15,783,269
NON-CURRENT ASSETS			
Property, plant and equipment	22	5,794,029	6,204,805
Right of use assets	23	3,694,104	3,680,465
Intangible assets	24	997,491	1,402,655
Investment properties	25	51,218	49,958
Long term investment	26	-	50,000
Long term trade receivable	27	-	-
Deferred taxation	28	2,369,644	2,389,069
Long term deposits	29	10,735	17,221
		12,917,221	13,794,173
CURRENT ASSETS			
Stores and spares	30	30,355	32,595
Stock-in-trade	31	209,401	204,777
Trade debts	32	456,651	807,879
Loans and advances	33	251,570	209,200
Deposits and prepayments	34	554,696	533,457
Short term investments	35	54,340	51,674
Other receivables	36	109,002	93,074
Cash and bank balances	37	33,208	56,440
		1,699,223	1,989,096
TOTAL ASSETS		14,616,444	15,783,269

The annexed notes from 1 to 55 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Revenue	38	2,114,223	3,140,134
Direct costs excluding depreciation and amortization	39	(1,744,366)	(1,874,837)
Operating costs	40	(407,865)	(409,828)
Other income	41	287,379	609,538
Other expenses	42	(339,985)	(265,912)
Profit/(Loss) before Interest, Taxation, Depreciation and Amortization		(90,614)	1,199,095
Depreciation and amortization	43	(1,075,992)	(953,359)
Finance cost	44	(303,130)	(536,025)
Loss before Taxation		(1,469,736)	(290,289)
Taxation	45	(36,514)	143,952
Net Loss for the Year		(1,506,250)	(146,337)
Loss per Share - basic (Rupees)	46	(0.51)	(0.06)
Loss per Share - diluted (Rupees)	46	(0.51)	(0.06)

The annexed notes from 1 to 55 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	--------------(Rupees in '000)-------------	
Net Loss for the Year	(1,506,250)	(146,337)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
- Remeasurement of post employment benefit obligations - net of tax	9,526	16,447
- Surplus on revaluation of right of use assets - net of tax	-	1,491,000
- Changes in fair value of financial assets through other comprehensive income - net of tax	6,307	13,095
Item that may be subsequently reclassified to profit or loss:	-	-
Other Comprehensive Income - net of tax	15,833	1,520,542
Total Comprehensive Income/(Loss) for the Year - net of tax	(1,490,417)	1,374,205

The annexed notes from 1 to 55 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

Particulars	Ordinary Share Capital	Preference Share Capital	Dividend on Preference Shares	Capital Reserves			Revenue Reserve (Accumulated Loss)	Surplus on Revaluation of Fixed Assets	Total
				Fair Value Reserve	Exchange Translation Reserve	Total Capital Reserves			
	(Rupees in '000)								
Balance as at December 31, 2019	11,615,252	2,114,651	772,136	(26,310)	502,763	476,453	(13,186,813)	1,247,166	3,038,845
Net loss for the year	-	-	-	-	-	-	(146,337)	-	(146,337)
Other comprehensive income for the year - net of tax	-	-	-	13,095	-	13,095	16,447	1,491,000	1,520,542
Total comprehensive income for the year - net of tax	-	-	-	13,095	-	13,095	(129,890)	1,491,000	1,374,205
Adjustment of surplus on retirement of intangible asset	-	-	-	-	-	-	360,483	(255,943)	104,540
Incremental depreciation / amortization for the year on surplus on revaluation of fixed assets	-	-	-	-	-	-	154,285	(154,285)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(9,170)	(9,170)
Conversion of preference shares and dividend thereon	2,077,115	(151,473)	(56,484)	-	(39,997)	(39,997)	-	-	1,829,161
Discount on issuance of ordinary shares	(1,829,161)	-	-	-	-	-	-	-	(1,829,161)
Total transactions with owners, recognized directly in equity	247,954	(151,473)	(56,484)	-	(39,997)	(39,997)	-	-	-
Balance as at December 31, 2020	**11,863,206**	**1,963,178**	**715,652**	**(13,215)**	**462,766**	**449,551**	**(12,801,935)**	**2,318,768**	**4,508,420**
Net loss for the year	-	-	-	-	-	-	(1,506,250)	-	(1,506,250)
Other comprehensive income for the year - net of tax	-	-	-	6,307	-	6,307	9,526	-	15,833
Total comprehensive loss for the year - net of tax	-	-	-	6,307	-	6,307	(1,496,724)	-	(1,490,417)
Incremental depreciation / amortization for the year on surplus on revaluation of fixed assets	-	-	-	-	-	-	275,562	(275,562)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(15,534)	(15,534)
Conversion of preference shares and dividend thereon	5,297,339	(386,308)	(144,052)	-	(102,005)	(102,005)	-	-	4,664,974
Discount on issuance of ordinary shares	(4,664,974)	-	-	-	-	-	-	-	(4,664,974)
Total transactions with owners, recognized directly in equity	632,365	(386,308)	(144,052)	-	(102,005)	(102,005)	-	-	-
Balance as at December 31, 2021	12,495,571	1,576,870	571,600	(6,908)	360,761	353,853	(14,023,097)	2,027,672	3,002,469

The annexed notes from 1 to 55 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		--------------(Rupees in '000)--------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	47	(277,559)	783,035
Increase / (Decrease) in non-current liabilities:			
- License fee payable		-	(192,064)
Decrease / (Increase) in non-current assets:			
- Long term deposits		6,486	(311)
		(271,073)	590,660
Post employment benefits paid		(1,843)	(989)
Finance cost paid		(8,882)	(69,366)
Income tax paid		(23,790)	(20,580)
Net Cash generated from / (used in) Operating Activities		(305,588)	499,725
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(41,737)	(17,547)
Dividend income		-	63
Short Term Investment		3,641	-
Income on deposit and savings accounts		26,924	38,426
Proceeds from disposal of Inventory		18,050	-
Proceeds from disposal of property, plant and equipment		53,577	561
Net Cash Generated from / (Used in) Investing Activities		60,455	21,503
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term finance certificates		(27,958)	-
Repayment of long term financing		(16,033)	(32,828)
Sponsor's loan		311,254	(243,253)
Short term borrowings - net		1,255	(185,836)
Repayment of lease liability		(46,617)	(42,954)
Net Cash (Used in) / Generated from Financing Activities		221,901	(504,871)
Net Increase in Cash and Cash Equivalents		(23,232)	16,357
Cash and cash equivalents at the beginning of the year		56,440	40,083
Cash and Cash Equivalents at the End of the Year		33,208	56,440

The annexed notes from 1 to 55 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER	**DIRECTOR**	**CHIEF FINANCIAL OFFICER**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1

The Company and its Operations

1.1 Worldcall Telecom Limited ("the Company") is a public limited Company incorporated in Pakistan on March 15, 2001 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange. The Company commenced its operations on December 01, 2004 and is engaged in providing Wireless Local Loop ("WLL") and Long Distance & International ("LDI") services in Pakistan; re-broadcasting international/national satellite/terrestrial wireless and cable television and radio signals; interactive communication and to establish, maintain and operate the licensed telephony services. The Company is domiciled in Pakistan and its registered office cum principal place of business is situated at Plot # 112-113, Block S, Quid-e-Azam Industrial Estate, Kot Lakh Pat, Lahore.

Worldcall Services (Pvt.) Limited (the "Parent Company"), incorporated in Pakistan, owns 26.75% (2020: 36.87%) ordinary shares of the Company. Aggregate holding of Worldcall Services (Private) Limited through other associates is 41.44% (2020: 42.14%) (refer to note 4.23.1)

1.2 Geographical location and address of all business units of the Company are as follows:

Business unit	Address
Main Offices	Plot # 112-113, Block S, Quid-e-Azam Industrial Estate, Kot Lakh Pat, Lahore.
Regional offices	41 N, Gulberg II, Lahore. Y-194/1, Commercial Phase-III, DHA, Lahore. Ali Tower, 105-BII, MM Alam Road, Lahore. Shop # 35,34, J-I Market, WAPDA Town, Lahore. House # 81, FG Colony, Hassan Garhi Shami Road, Peshawar.
Warehouse	Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore. Plot # F15/F16, Ground Portion situated at P&T Colony, Gizri Road, Clifton, Karachi.
Headends	Office # 315, Plot # G-7, Block-9, K.D.A Scheme # 5, Kehkashan Clifton, Karachi. Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakh Pat, Lahore. P-1410-11-B, People's Colony-1, Faisalabad. Plot # 321, St # 04, Sector I-9/3, Islamabad.

Note 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 Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The financial statements provide comparative information in respect of the previous year. These financial statements are the separate financial statements of the Company in which investment in subsidiary is reported on the basis of cost less impairment losses, if any. In addition to these separate financial statements, the Company also prepares consolidated financial statements.

2.2 **Going concern assumption**

2.2.1 The Company has incurred a loss Rs 1,506.250 million during the year ended December 31, 2021 (2020: Rs. 146.337 million). As at December 31, 2021, the accumulated loss of the Company stands at Rs. 14,023.097 million (December 31, 2020: Rs. 12,801.935 million) and its current liabilities exceed its current assets by Rs. 6,323.662 million (December 31, 2020: Rs. 5,931.129 million). These conditions, along with the other factors like declining revenue and contingencies and commitments as mentioned in note 21, indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company's management has carried out an assessment of going concern status of the Company and believes that preparation of these financial statements on going concern assumption is appropriate. The management has placed reliance on the following factors:

2.2.2 Net Liabilities Position - Risk Mitigation

As mentioned above, there is a net current liability position of approximately Rs. 6.324 billion as on the reporting date, which has the following major components:

Description	Note	Rs in million
Short term Borrowings	2.2.2.1	412
Pakistan Telecommunication Authority (PTA)	2.2.2.2	2,331
Claims of Parties Challenged	2.2.2.3	957
Regularly revolving creditors	2.2.2.4	155
Contract liabilities	2.2.2.5	571
Provision for taxation	2.2.2.6	344
		4,770

The management believes that certain balances included in the above amounts do not represent immediately payable liabilities as detailed below:

2.2.2.1 The Company is in negotiation with banks for roll over of these facilities (note 20). Moreover, short term borrowings include funds obtained from sponsor / related parties to the tune of Rs. 66.1 million.

2.2.2.2 Liabilities towards PTA as incorporated in these financial statements stand at approximately Rs. 2.3 billion which are not immediately payable owing to non-fulfillment of certain conditions relating to the demand of such amounts. These conditions relate to the industry circumstances and Court Orders.

2.2.2.3 This amount represents the amounts owed to certain parties whose claims have been challenged by the Company in various judicial forums for the breach and non-performance of their contractual obligations. Based on the merits of Company's position, the management believes that such amounts may not be immediately payable under the circumstances.

2.2.2.4 The amount payable to creditors amounting Rs. 155 million represents routine trade credits extended by regular parties and these balances are of revolving nature. Thus, no immediate net cash outlay would be required.

2.2.2.5 Contract liabilities represents advances received from customers and this will be adjusted against future services. Based on which no cash outflow will occur.

2.2.2.6 The Company does not anticipate cash outlays on account of Provision for Taxation, since it has sufficient brought forward losses.

2.2.3 Continued Support from a Majority Shareholder

The Company's majority shareholder, Worldcall Services (Private) Limited (WSL) has given assurance to provide continued cash flow support to the Company through its letter to the Company's Board of Directors.

2.3 Presentation currency

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

2.4 Adoption of new and revised standards, amendments and interpretations:

2.4.1 New accounting standards / amendments and IFRSs interpretations that are effective for the year ended December 31, 2021.

The following standards, amendments and interpretations thereto as notified under the Companies Act, 2017 are either not relevant to the Company's operations or are not likely to have significant impact on the Company's financial statements.

• **COVID-19-Related Rent Concessions (Amendment to IFRS 16)** – Effective from accounting period beginning on or after January 01, 2021 the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020 with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021;

- there is no substantive change to the other terms and conditions of the lease.

• **Interest Rate Benchmark Reform – Phase 2** which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

2.4.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

Amendments to the following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and interpretations thereto are not yet effective and management is currently in the process of assessing its impact on the Company's financial statements:

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)- Effective from accounting period beginning on or after January 01, 2022. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

2.4.3 Annual improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

• IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 percent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

• IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

• Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

• Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

• Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

• Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

– the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

• requiring companies to disclose their material accounting policies rather than their significant accounting policies;

• clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

• clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted:

• Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

• Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses.

Note 3
Basis of Measurement

These financial statements have been prepared under the historical cost convention, as modified by revaluation of investment properties; property, plant and equipment; intangible assets, short term investments measured at fair value, and recognition of certain other assets and liabilities at their present value.

3.1 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and related assumptions 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which revisions are made. Revision to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years. Significant management estimates in these financial statements relate to useful lives, revalued amounts, and residual values of property, plant and equipment; fair value of intangible assets; possible impairment of assets; taxation; provision against balance receivables; provision for post employment benefits and provisions against contingencies. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these financial statements.

Note 4
Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented.

4.1 Share capital

Ordinary shares and preference shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

4.2 Post employment and other benefits

The main features of the schemes operated by the Company for its employees are as follows:

4.2.1 Defined benefits plan

The Company operates an unfunded defined benefits gratuity plan for all permanent employees as per the Company's policy. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuations carried out annually under the projected unit credit method and are charged to the statement of profit or loss account. All actuarial gains and losses are recognized in other comprehensive income as and when they occur.

4.2.2 Accumulating compensated absences

Employees are entitled to 20 days' earned leave annually. Un-utilized earned leave can be accumulated up to a maximum of 20 days and utilized at any time subject to the approval. Earned leaves in excess of 20 days shall lapse. An employee will be entitled to encash the accumulated earned leaves at the time of leaving Company's service on last drawn gross salary basis. Provisions are made annually to cover the obligation for accumulating compensated absences on the basis of actuarial valuation and are charged to the statement of profit or loss account.

4.3 Leases

For contracts entered into, or modified, on or after January 1, 2020; the Company assesses whether a contract contains a lease or not at the inception of a contract. Inception date is the earlier of lease agreement and the date of commitment by both lessor and the lessee to the terms and conditions of the lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company reassesses whether a contract is, or contains, a lease further when the terms and conditions of the contract are modified.

For contracts that contain both lease and non-lease components, the Company has elected, for each class of underlying asset, not to separate the non-lease components and account for lease and non-lease components as a single lease component. For more than one lease components in a contract, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand alone prices.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain to not to exercise that option.

The Company reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in the determination of the lease term.

The Company revises the lease term if there is a change in the non-cancellable period of a lease.

4.3.1 Company as a lessee

4.3.1.1 Recognition

The Company recognizes a right-of-use asset and a lease liability at the commencement date. A commencement date is the date on which the lessor makes an underlying asset available for use by the lessee (the Company).

The Company presents right-of-use assets which do not meet the definition of investment property as a separate line item in the statement of financial position and lease liabilities as a separate line item in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of all underlying assets that have a lease term of 12 months or less and leases for which the underlying asset, when new, is of low-value as per the threshold set by the Company. The Company recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

4.3.1.2 Initial measurement

Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate if the implicit rate is not readily available. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments comprise fixed payments less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to be payable by the Company under residual value guarantees; the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

Right-of-use asset

The Company initially measures the right-of-use asset at cost. This cost comprises the amount of lease liability as initially measured, plus any lease payments made on or before the commencement date, less lease incentives received, initial direct costs and estimated terminal costs (i.e. dismantling or other site restoration costs required by the terms and conditions of the lease contract).

4.3.1.3 Subsequent measurement

Lease liability

After the commencement date, the Company re-measures the lease liability to reflect the affect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the statement of profit or loss account, unless these are included in the carrying amount of another asset.

Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

Lease liability payable in foreign currency is translated to local currency of the Company i.e. PKR at the reporting date. Any foreign exchange differences arising on translation of lease liability are recognized in profit or loss.

Right-of-use asset

After the commencement date, the Company measures the right-of-use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability.

The Company applies fair value model to right-of-use assets that meet the definition of investment property and apply revaluation model to right-of-use assets that relate to a class of property, plant and equipment to which the Company applies the revaluation model.

The Company depreciates the cost of right-of-use asset, net of residual value, from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. However, if the lease contract transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise the purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

Depreciation is charged to the statement of profit or loss account at rates given in note 22.

4.3.2 Company as a lessor

The Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Lease classification is made at the inception date and is reassessed only of there is a lease modification. Changes in estimates or changes in circumstances do not give rise to a new classification of a lease for accounting purposes.

4.3.2.1 Finance leases

At the commencement date, the Company recognizes assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the sum of the followings discounted at the interest rate implicit in the lease:

a) the lease payments receivable by the Company under a finance lease; and

b) any unguaranteed residual value accruing to the Company.

Initial direct costs, other than those incurred as a manufacturer or dealer lessor, are included in the initial measurement of the net investment in the lease and reduce the amount of income recognized over the lease term.

Lease payments, for the right to use the underlying asset during the lease term that are not received at the commencement date, included in the measurement of the net investment in the lease comprise fixed payments less any lease incentives payable; variable lease payments that depend on an index or a rate; any residual value guarantees provided to the Company by the lessee, a party related to the lessee or a third party unrelated to the Company that is financially capable of discharging the obligations under the guarantee; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and payments for penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

Company as a Manufacturer of Dealer Lessor

At the commencement date, the Company recognizes the following for each of its finance leases:

a) revenue being the lower of fair value of the underlying asset and the present value of the lease payments accruing to the Company, discounted using a market rate of interest;

b) the cost of sale being the cost, or carrying amount if different, of the underlying asset less the present value of the unguaranteed residual value; and

c) selling profit or loss in accordance with its policy for outright sales to which IFRS 15 applies. The Company recognizes selling profit or loss on a finance lease at the commencement date, regardless of whether the Company transfers the underlying asset as described in IFRS 15.

Subsequent measurement of finance leases:

The Company recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Company's net investment in the lease. The Company applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income.

The Company regularly reviews estimated unguaranteed residual values used in computing the investment in the lease. If there has been a reduction in the estimated unguaranteed residual value, the Company revises the income allocation over the lease term and recognizes immediately any reduction in respect of amounts accrued.

Lease modifications:

The Company accounts for a lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease and which would have resulted in the classification of lease as an operating lease had the modification been in effect at the inception date, the Company accounts for the lease modification as a new lease from the effective date of the modification and measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification.

4.3.2.2 Operating leases

The Company recognizes lease payments from operating leases as income on straight line basis. The Company applies another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognize those costs as an expense over the lease term on the same basis as the lease income.

The Company accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

4.4 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 shall be required to settle the obligation and the amount has been reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.5 Taxation

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

4.5.1 Current

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

The charge for current tax is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax.

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments.

Current tax for current and prior periods, to the extent unpaid, is recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

The Company offsets current tax assets and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

4.5.2 *Deferred*

Deferred tax is accounted for in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax losses and tax credits can 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 utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates and tax laws that have been enacted or have been notified for subsequent enactment by the reporting date.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit (tax loss) of the periods in which the temporary differences are expected to reverse.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4.6 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.

A contingent liability is also disclosed 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.

4.7 Property, plant and equipment

4.7.1 *Operating fixed assets*

Owned assets except plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss. Plant and equipment are stated at revalued amount less accumulated depreciation and any identified impairment loss. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of assets do not differ materially from their fair values. Revalued amounts are determined by an independent professional valuer on the basis of open market value of the asset based on estimated gross replacement cost, depreciated to reflect the residual service potential of the asset having paid due regard to age, condition and obsolescence. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and any identified impairment loss. Cost in relation to self constructed assets includes direct cost of material, labour and other allocable expenses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its intended working condition and location. Cost in relation to certain assets also includes cost of borrowing during construction period in respect of loans taken for specific projects.

Increases in the carrying amount of assets arising on revaluation of property, plant and equipment are credited to surplus on revaluation of fixed assets through other comprehensive income. Decreases that offset available surplus are charged against this surplus and all other decreases are charged to the statement of profit or loss account. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the statement of profit and loss account) and depreciation based on the asset's original cost - incremental depreciation on revalued assets is transferred from surplus on revaluation of fixed assets to retained earnings (accumulated loss). All transfers from surplus on revaluation of fixed assets are net of applicable deferred taxation.

Depreciation on owned assets is charged to the statement of profit or loss account on straight line method so as to write off the cost or revalued amount of an asset over its estimated useful life.

Depreciation on additions is charged from the month in which the assets are available for use while no depreciation is charged in the month in which the assets are disposed off. Rates of depreciation are disclosed in Note 22.1.

Depreciation method, residual value and useful lives of assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with items will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of profit or loss account during the period in which they are incurred.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense. Related surplus/loss on revaluation are transferred directly to retained earnings (accumulated loss).

4.7.2 *Capital work-in-progress*

Capital work-in-progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during construction and installation. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when the assets are available for use.

4.7.3 *Major spare parts and stand-by equipment*

Major spare parts and stand-by equipment qualify as property, plant and equipment when the Company expects to use them during more than one year. Transfers are made to operating fixed assets category as and when such items are used.

4.8 Intangible assets

4.8.1 *Goodwill*

Goodwill represents the difference between the cost of acquisition (fair value of consideration paid) and the fair value of the net identifiable assets acquired. Goodwill is tested annually for impairment. Any impairment is immediately recognized as an expense and is not subsequently reversed.

4.8.2 *Other intangible assets*

Other intangible assets except for licenses and software are stated at cost less accumulated amortization and any identified impairment loss. Licenses and software are stated at revalued amount less accumulated amortization and any identified impairment loss. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair values. Revalued amounts are determined by independent professional valuers on the basis of current market prices with reference to an active market. Any accumulated amortization at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of licenses and software are credited to surplus on revaluation of fixed assets through other comprehensive income. Decreases that offset available surplus are charged against this surplus, all other decreases are charged to the statement of profit or loss account. Each year the difference between amortization based on revalued carrying amount of the asset (the amortization charged to the statement of profit or loss account) and amortization based on the assets' original cost - incremental amortization on revalued assets is transferred from surplus on revaluation of fixed assets to retained earnings (accumulated loss). All transfers from surplus on revaluation of fixed assets are net of applicable deferred taxation.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is charged to the statement of profit or loss account as and when incurred. Amortization on other intangible assets is charged to the statement of profit or loss account on straight-line method at the rates given in note 24. Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

Gain or loss arising on disposal of intangible assets is determined as a difference between net disposal proceeds and carrying amount of the assets and is recognized as income or expense. Related surplus on revaluation is transferred directly to retained earnings (accumulated loss).

4.9 Investment properties

Properties which are held to earn rentals or for capital appreciation or for both are classified as investment properties. Investment properties are initially recognized at cost, being the fair value of the consideration given. Subsequently these are stated at fair value. The fair value is determined annually by an independent professional valuer based on market values; being the estimated amount for which a property could be exchanged on the date of valuation between knowledgeable willing parties in an arm's length transaction. Any gain or loss arising from a change in fair value is charged to the statement of profit or loss account.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in surplus on revaluation of fixed assets. Upon disposal of the item, the related surplus on revaluation is transferred to retained earnings (accumulated loss). Any loss arising in this manner is immediately charged to the statement of profit or loss account.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.

4.10 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use - are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on fixed assets that offset available revaluation surplus are charged against this surplus, all other impairment losses are charged to the statement of profit or loss account. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. Where impairment loss is recognized, the depreciation / amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its remaining useful life.

4.11 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on a regular basis.

4.11.1 Long term investments in equity instruments of subsidiaries

In these separate financial statements investment in subsidiaries is initially measured at cost. Subsequent to initial measurement, these investments are measured at cost less any identified impairment loss in the Company's financial statements. At each reporting date, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are charged to the statement of profit or loss account. Investments in subsidiaries, that suffer an impairment, are reviewed for possible reversal of impairment at each reporting date. Impairment losses charged to profit or loss on investments in subsidiaries are reversed through the statement of profit or loss account.

4.12 Stores and spares

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other related charges incurred thereon. Provision is made in the financial statements for obsolete and slow moving stores and spares based on management estimate.

4.13 Stock-in-trade

All stocks except for stock in transit, are stated at lower of cost and net realizable value. Cost is determined on weighted average basis. Items in transit are valued at cost comprising invoice value plus other related charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. If the net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

4.14 Financial instruments

4.14.1 Financial assets

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at the time of initial recognition.

a) *Financial assets at amortized cost*

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

b) *Financial assets at fair value through other comprehensive income*

A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) *Financial assets at fair value through profit or loss*

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Company can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income unless these are held for trading in which case these have to be measured at fair value through profit or loss. The equity investments of the Company held in short term investments are classified at fair value through profit or loss because they are frequently traded.

Reclassification

When the Company changes its business model for managing financial assets, it reclassifies all affected financial assets accordingly. The Company applies the reclassification prospectively from the reclassification date.

In case of reclassification out of the amortized cost measurement category to fair value through profit or loss measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in statement of profit or loss account.

In case of reclassification out of fair value through profit or loss measurement category to the amortized cost measurement category, fair value of the financial asset at the reclassification date becomes its new gross carrying amount.

In case of reclassification out of the amortized cost measurement category to fair value through other comprehensive income measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through other comprehensive income measurement category to the amortized cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through profit or loss measurement category to the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

In case of reclassification out of fair value through other comprehensive income measurement category to the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Initial recognition and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Company commits to purchase or sell the asset.

Except for trade receivables, financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the statement of profit or loss account. Dividend income from financial assets is recognized in the statement of profit or loss account when the Company's right to receive payments is established. Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15. Where the Company uses settlement date accounting for an asset that is subsequently measured at amortized cost, the asset is recognized initially at its fair value on the trade date.

Subsequent measurement

For the purpose of measuring financial assets after initial recognition, these are classified into the following categories:

- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income; and
- financial assets at fair value through profit or loss.

Financial assets carried at amortized cost are subsequently measured using the effective interest method. Gain or loss on financial assets not part of hedging relationship is recognized in profit or loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss.

Financial assets 'at fair value through other comprehensive income' are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the statement of profit or loss account. Dividends on equity instruments are credited to the statement of profit or loss account when the Company's right to receive payments is established.

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the statement of profit or loss account in the period in which these arise.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Derecognition

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  a) the Company has transferred substantially all the risks and rewards of the asset; or
  b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the consideration received is recognized in the statement of profit or loss account.

If the Company transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

Impairment of financial assets

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Company recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract. In case of financial assets measured at fair value through other comprehensive income, loss allowance is recognized in other comprehensive income and carrying amount of the financial asset in the statement of financial position is not reduced.

The Company measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. The Company has established a provision matrix that is based on the its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions under IFRS 15 and lease receivables.

The Company recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the profit or loss account.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

4.14.2 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost except for financial liabilities at fair value through profit or loss; financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; financial guarantee contracts; commitments to provide a loan at a below-market interest rate; and contingent consideration recognized in a business combination.

The Company does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are credited in the statement of profit or loss account .

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The amount of change in the fair value that is attributable to changes in the credit risk of financial liability is presented in other comprehensive income and the remaining amount of change in the fair value of the liability is presented in profit or loss account.

All other liabilities

All other financial liabilities are measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss account.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of profit or loss account. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss account.

If the Company repurchases a part of a financial liability, the Company allocates the previous carrying amount of the financial liability between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognized is recognized in profit or loss account.

4.14.3 Offsetting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position 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 asset and settle the liability simultaneously.

4.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

4.16 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Exchange gains and losses are charged / credited to the statement of profit or loss account.

4.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are charged to profit or loss account in the period in which they are incurred.

4.18 Balances from Contract with Customers

Contract costs

The Company capitalizes the incremental costs of obtaining and fulfilling a contract, if they are expected to be recovered. The capitalized cost is amortized over the average customer life and recognized as direct costs. Applying the practical expedient, the Company recognizes the incremental cost of obtaining and fulfilling a contract as expense when incurred if the amortization period of assets is less than one year.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due. Contract assets are transferred to trade debts when the rights become unconditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer. Contract liabilities are recognized as revenue when the Company discharges its obligation under the contract.

4.19 Revenue recognition

Revenue is measured at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognized over the time and on a point of time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. Goods or services are transferred when the customer obtains control of the assets. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate elements.

Revenue is recognized in accordance with the aforementioned principle in the following manner:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price of the contract
- Allocate the transaction price to each of the separate performance obligations in the contract
- Recognize the revenue when (or as) the entity satisfies a performance obligation

Nature and timing of satisfaction of performance obligations in respect of different sources of revenue is as follows:

- Revenue from terminating minutes is recognized at the time the call is made over the network of the Company.
- Capacity/media sold under IRU arrangement is recognized upfront if it is determined that the arrangement is a finance lease.
- Revenue from granting of Indefeasible Right of Use (IRU) of dark fiber upto 20 years or more is recognized at the time of delivery and acceptance by the customer.
- Subscription revenue from Cable TV, EVDO, internet over cable, cable connectivity and channels subscription fee is recognized on provision of services.
- Connection and membership fee is recognized at the time of sale of connection.
- Sale of goods is recognized on dispatch of goods to customer.
- Advertisement income is recognized on the basis of spots run when commercials are aired on the network.
- Interest income is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return i.e. using the effective interest method.
- Revenue from metro fiber solutions/sale is recognized on delivery of goods / services.
- Dividend income is recognized when the right to receive payment is established.
- All other revenues are recorded on accrual basis.

4.20 Dividend and other appropriations

Dividend distribution to the Company's members and other appropriations are recognized as a liability in the Company's financial statements in the period in which these are approved.

4.21 Fair value measurement

The Company measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each reporting date.

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 in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects the effect of non-performance risk. When applicable, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within different levels of the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

Fair value hierarchy categorizes into following three levels the inputs to valuation techniques used to measure fair value:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 — Unobservable inputs for the asset or liability.

The fair value hierarchy prioritizes the inputs to valuation techniques, not the valuation techniques used to measure fair value.

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

The management usually engages external valuers for valuation of plant and equipment, licenses and softwares. Selection criteria of such values comprise market knowledge, reputation, independence and whether professional standards are maintained.

When there is no quoted price in an active market, the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to the statement of profit or loss account on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Property, plant and equipment under revaluation model	Note 22.1.3
- Right of use assets	Note 23.2
- Intangible assets under revaluation model	Note 24.1
- Investment properties	Note 25
- Financial instruments (including those carried at amortized cost)	Note 50.4

4.22 Earnings per Share

The Company presents basic and diluted earnings per share (EPS). Basis EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.23 Related parties

Related parties comprise the parent Company, associated companies / undertakings, directors of the Company and their close relatives and key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective notes to these financial statements. Following are the key related parties of the Company:

Name of Related party	Basis of Relationship	% of Holding in the Company
Ferret Consulting - F.Z.C	Common directorship	14.65%
Worldcall Services (Private) Limited	Parent company (note 4.23.1)	26.75%
AMB Management Consultants (Private) Limited	Common directorship	0.03%
Worldcall Business Solutions (Private) Limited	Common key management personnel	0%
Worldcall Cable (Private) Limited	Common directorship	0%
Route 1 Digital (Private) Limited	Wholly owned subsidiary	0%
Worldcall Ride Hail (Private) Limited	Common directorship	0%
Acme Telecom (Private) Limited	Common directorship	0%
Mr. Babar Ali Syed	CEO	0.00002%
Mr. Muhammad Azhar Saeed	Director / CFO	0.00002%
Mr. Muhammad Shoaib	Director	0.00697%
Mr. Faisal Ahmed	Director	0.00002%
Mr. Mansoor Ali	Director	0.00003%
Mrs. Hina Babar	Director	0.00003%
Mr. Mubasher Lucman	Director	0.00002%
Mr. Tariq Hasan	Director	0.00002%

Ferret Consulting is incorporated in United Arab Emirates. Basis for association of the Company with Ferret is common directorship.

4.23.1 Worldcall Services (Private) Limited, through other associates namely Ferret Consulting F.Z.C and AMB Management Consultants (Private) Limited, in aggregate holds 41.44% (2020: 42.14%) ordinary shares in the Company.

Note 5
Ordinary Share Capital

2021	2020		Note	2021	2020
No. of Shares				(Rupees in '000)	
344,000,000	344,000,000	Ordinary shares of Rs. 10 each fully paid in cash		3,440,000	3,440,000
309,965,789	309,965,789	Ordinary shares of Rs. 10 each issued in accordance with the scheme of merger		3,099,658	3,099,658
98,094,868	98,094,868	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		980,949	980,949
108,510,856	108,510,856	Ordinary shares of Rs. 10 each issued against convertible loan		1,085,109	1,085,109
2,335,627,756	1,805,893,836	Ordinary shares of Rs. 10 each issued against convertible preference shares	5.1	23,356,278	18,058,939
				31,961,994	26,664,655
		Less: Discount on issue of shares	5.6	(19,466,423)	(14,801,449)
3,196,199,269	2,666,465,349			12,495,571	11,863,206

5.1 During the year, 38,000 (2020: 14,900) convertible preference shares and accumulated preference dividend thereon amounting to Rs. 144.052 million (2020: Rs. 56.484 million) have been converted into ordinary shares in accordance with the agreed terms and conditions detailed in Note 6.2.

5.2 The terms of agreement between the Company and certain lenders impose certain restrictions on distribution of dividends by the Company.

5.3 Worldcall Services (Private) Limited, parent of the Company, holds 854,914,152 shares (2020: 983,117,312 shares) representing 26.75% (2020: 36.87%) shareholding in the Company. Out of these shares, 46.7 million shares are pledged to secure TFC liability which will be released with quarterly scheduled principal repayments proportionately (refer to note 10).

5.4 Ferret Consulting F.Z.C., an associate of the Company, holds 468,284,463 shares (2020: 139,750,543 shares) representing 14.65% (2020: 5.24%) shareholding in the Company.

5.5 AMB Management Consultants (Private) Limited, an associate of the Company, holds 914,053 shares (2020: 914,053 shares) representing 0.028% (2020: 0.03%) shareholding in the Company.

5.6 Reconciliation of discount on issue of shares is as follows:

	2021	2020
Opening balance	14,801,449	12,972,288
Add: Discount on issuance of ordinary shares during the year	4,664,974	1,829,161
Closing balance	19,466,423	14,801,449

5.7 Reconciliation of ordinary share capital is as follows:

	2021	2020
Opening balance	26,664,655	24,587,540
Add: Shares issued during the year	5,297,339	2,077,115
Closing balance	31,961,994	26,664,655

5.8 All ordinary shares rank equally with regard to residual assets of the Company. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. Voting and other rights are in proportion to the shareholding.

5.9 Shareholders of the Company resolved in annual general meeting held on April 30, 2019 that the authorized capital of the Company be increased from Rs. 21 billion to Rs. 29 billion divided into 2.9 billion ordinary shares of Rs. 10 which may be utilized to issue ordinary shares of Rs. 10 each and / or preference shares of Rs. 10 each of the Company as the Board of Directors of the Company may decide from time to time in accordance with the Companies Act, 2017. Regulatory requirements as to the alteration of Memorandum and Articles of Association and legal formalities have yet to be fulfilled.

5.10 During the year due to conversion of preference shares the number of issued and paid up share capital exceeds the authorized capital of the Company, for which regulatory filing with SECP and legal formalities are required to be fulfilled and the management has assured to complete the same at the earliest".

Note 6
Preference Share Capital

	Note	2021	2020	2021	2020
		No. of Shares		(Rupees in '000)	
Opening balance		193,700	208,600	1,963,178	2,114,651
Less: Preference shares converted into ordinary shares during the year	6.3	(38,000)	(14,900)	(386,308)	(151,473)
		155,700	193,700	1,576,870	1,963,178

6.1 These preference shares are US Dollars denominated, non-voting, cumulative and convertible preference shares ("CPS", or "preference shares") having a face value of USD 100 each.

6.2 The conversion option is exercisable by the holder at any time after the 1st anniversary of the issue date but not later than the 5th anniversary. On 5th anniversary, CPS will be mandatorily converted into ordinary shares. CPS shall be converted at the conversion ratio defined in the agreement at 10% discount on share price after first anniversary and thereby increased by 10% additional discount for each completed year of anniversary.

6.3 In accordance with the terms detailed in Note 6.2 above, certain preference shareholders have exercised conversion option. Thus, their CPS and accrued preference dividend thereon have been converted into ordinary shares as reflected in Note 5.1 and Note 6.2.

6.4 CPS holders are entitled to non-cash dividend which shall be calculated @ 5.9% per annum on each of the preference shares or the dividend declared by the Company for ordinary shareholders, whichever is higher till date of maturity.

6.5 Ferret Consulting F.Z.C., an associate of the Company, holds 103,200 preference shares (2020: 141,200 preference shares) in the Company.

6.6 Mandatory date of conversion of CPS has expired during 2018 and the Company has failed to redeem the un-converted preference shares in a timely fashion as required by its Articles of Association.

6.7 The preference shareholders in an Extraordinary General Meeting held on January 4, 2019 and ordinary shareholders in annual general meeting held on April 30, 2019 have given their assent for the conversion of preference shares at nominal value of Rs. 10 each and for amendments in the Memorandum and Articles of Association of the Company. Resultantly, preference shares along with dividend accrued thereon shall be converted on any date from the mandatory conversion date, at par value of Rs. 10 each. However, the shares for which notices have been received before mandatory conversion date would be converted on the terms prevalent on the date of notice. During the year preference shares owned by Ferret Consulting FZC (related party) has been converted in to ordinary shares at the discounted price of Rs. 1.1937 per share as the notice for conversion for such shares was received before the mandatory conversion date.

Note 7

Dividend on Preference Shares

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Dividends on preference shares	7.1	571,600	715,652

7.1 This represents accumulated dividend on preference shares which is not payable in cash rather it will be converted into ordinary shares as and when the preference shares are converted into ordinary shares.

7.2 During the year, cumulative preference dividend amounting to Rs. 144.052 million (2020: Rs. 56.484 million) was converted into ordinary shares as a result of conversion option exercised by certain preference shareholders in accordance with the terms and conditions given in Note 6.2 above.

Note 8

Capital Reserves

	2021	2020
	--------------(Rupees in '000)--------------	
Fair value reserve	(6,908)	(13,215)
Exchange translation reserve	360,761	462,766
	353,853	449,551

These reserves are not distributable by the Company. Fair value reserve represents change in fair values of short term investments and exchange translation reserve represents translational exchange loss on dividend accrued on issued preference shares.

Note 9

Surplus on Revaluation of Fixed Assets

	2021	2020
	--------------(Rupees in '000)--------------	
Opening balance - net of tax	2,318,768	1,247,166
Surplus on revaluation arisen during the year	-	2,100,000
Related deferred taxation	-	(609,000)
	-	1,491,000
Adjustment of related deferred tax due to change in tax rate and proportion of normal sales	-	(9,170)
Transfer to retained earnings on retirement of intangible assets	(15,534)	(255,943)
Transfer to retained earnings in respect of net incremental depreciation / amortization net of deferred tax	(275,562)	(154,285)
Closing balance - net of tax	2,027,672	2,318,768

9.1 This represents surplus, net of tax, over book value resulting from the revaluation of plant and equipment, right of use assets, licenses and softwares as adjusted by incremental depreciation / amortization arising on revaluation. Revaluation surplus cannot be distributed to shareholders as dividend.

Latest revaluation was carried out by an approved independent valuer, M/s Arch-E'-Decon, on December 31, 2020 using current market price / replacement cost methods, wherever applicable. That has resulted in revaluation surplus of Rs. 2.1 billion. Incremental depreciation charged on revalued assets is taken to the statement of changes in equity to record realization of surplus to the extent of incremental depreciation. Incremental depreciation represents the difference between the actual depreciation / amortization on revalued assets based on revalued amounts and the equivalent depreciation / amortization based on the historical cost of these assets.

Note 10

Term Finance Certificates

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Opening balance		1,287,110	1,287,110
Less: Payments made during the year		(27,958)	-
		1,259,152	1,287,110
Less: Current and overdue portion	19	(432,016)	(320,076)
		827,136	967,034
Add: Deferred mark-up	10.1	377,309	466,246
		1,204,445	1,433,280

Term finance certificates (TFCs) have a face value of Rs. 5,000 per certificate. These TFCs carry mark up at the rate of six months average KIBOR plus 1.0% per annum (2020: six month average KIBOR plus 1.0% per annum), payable quarterly. The mark up rate charged during the year on the outstanding balance ranged from 8.30% to 8.84% (2020: 8.30% to 14.91%) per annum.

IGI Holding Limited (previously IGI Investment Bank Limited) is the Trustee (herein referred to as the Trustee) under the Trust Deed.

The liability of these TFCs has been rescheduled in December 2012 and then on April 03, 2015. During the year 2018, third rescheduling of these TFCs was successfully executed through signing of the Third Supplemental Trust Deed between the Trustees and the Company.

In accordance with the 3rd Supplemental Trust Deed executed during the year 2018, the outstanding principal is repayable by way of quarterly staggered instalments with downward revision in mark-up of 0.60% i.e. revised mark-up of six months average KIBOR + 1%. The outstanding mark-up payable as at the date of restructuring and up to December 20, 2018 is agreed to be deferred and shall be paid from March 20, 2021 in quarterly instalments. 50% of the mark-up accrued for the period between December 20, 2018 to December 20, 2020 shall be paid on regular quarterly basis commencing from March 20, 2019 and the remaining 50% shall be deferred and paid from March 20, 2021. Mark-up deferred has been measured at present value. Under the revised term sheet, these TFCs are due to mature on September 20, 2026.

The other main terms included appointment of one representative as a nominee director nominated by the Trustee which has been complied with. Further, 175 million sponsor's shares were pledged for investors which was to be released with quarterly scheduled principal repayments proportionately starting from June 2019. The pledged shares have not been released in proportion to the payments made during the year.

During the year due to non-payment of due instalments, Trustee enforced the letter of pledge and called 128.2 million shares from sponsors account out of which 13.6 million shares were sold for the amount of Rs. 45.9 million (Rs. 27.9 million settled against principal and Rs. 17.9 million against accrued mark-up) during the year. After sale remaining number of shares held by trustees and pledged are 161.3 million shares.

The Company has not paid due quarterly instalments of June 2019 to December 2021 amounting Rs. 320 million. In case of failure to make due payments by the Company, Trustee can instruct the security agent to enforce the letter of pledge and sell the quantum of the pledged shares to generate the amount required for the settlement of the outstanding redemption amount.

These TFCs are secured against first pari passu charge over the Company's present and future fixed assets including equipment, plant and machinery, fixtures excluding land and building with 25% margin in addition to all rights, benefits, claims and interests procured by the Company under:

a) LDI and WLL license issued by PTA to the Company; and
b) Assigned frequency spectrum as per deed of assignment.

		Note	2021	2020
			--------------(Rupees in '000)--------------	
10.1	**Deferred mark-up**			
	Deferred mark-up	10.1.1	746,494	746,494
	Impact of discounting	10.1.2	(116,084)	(156,621)
			630,410	589,873
	Less: Current portion		(253,101)	(123,627)
			377,309	466,246
10.1.1	Reconciliation of deferred mark-up is as follows:			
	Opening balance		746,494	667,277
	Add: Mark-up deferred during the year		-	79,217
			746,494	746,494

	Note	2021	2020
		--------------(Rupees in '000)--------------	
10.1.2 Reconciliation is as follows:			
Opening balance		156,621	187,207
Add: Discounting impact of deferred mark-up	41.1	-	16,681
		156,621	203,888
Less: Unwinding impact of discounted deferred mark-up	44.1	(40,537)	(47,267)
		116,084	156,621

Note 11

Long Term Financing

	Note	2021	2020
		--------------(Rupees in '000)--------------	
From Banking Companies (secured)			
Allied Bank Limited	11.1	83,228	68,635
Bank Islami Limited	11.2	99,036	-
		182,264	68,635
		182,264	68,635
11.1 Allied Bank Limited			
Opening balance		91,509	106,550
Repayments		(16,033)	(15,041)
		75,476	91,509
Less: Current and overdue portion	19	(20,032)	(43,909)
		55,444	47,600
Add: Deferred mark-up		32,630	25,647
Less: Discounting of deferred mark-up		(4,846)	(4,612)
		27,784	21,035
		83,228	68,635
11.1.1 Reconciliation of deferred mark-up is as follows:			
Opening balance		25,647	15,098
Add: Mark-up deferred during the year		6,983	10,549
		32,630	25,647
11.1.2 Reconciliation is as follows:			
Opening balance		4,612	5,768
Add: Discounting impact of deferred mark-up	41.1	1,636	1,897
		6,248	7,665
Less: Unwinding impact of discounted deferred mark-up		(1,402)	(3,053)
		4,846	4,612

This represents balance transferred as a result of restructuring of short term running finance (RF) facility to Term Loan Facility and subsequently amended on September 30, 2021. Principal will be repaid in 37 stepped up monthly instalments starting from August 2021 till August 2024. Mark-up will be accrued and will be serviced in 12 equal monthly instalments, starting from September 20, 2024. Effective mark-up rate applicable will be 3 Month KIBOR + 85 bps. The mark up charged during the year on the outstanding balance ranged from 8.14% to 8.63% (2020: 8.10% to 14.40%) per annum. The facility is secured against 1st joint pari passu charge on present and future current and fixed assets excluding building of the Company for Rs. 534 million and right to set off on collection account.

		Note	2021	2020
			--------------(Rupees in '000)--------------	
11.2	**Bank Islami Limited**			
	Opening balance		-	-
	Transfer from running finance		81,308	-
	Repayments		-	-
			81,308	-
	Less: Current and overdue portion	19	(18,068)	-
			63,240	-
	Add: Deferred mark-up		46,015	-
	Less: Discounting of deferred mark-up		(10,219)	-
			35,796	-
			99,036	-
11.2.1	Reconciliation of deferred mark-up is as follows:			
	Opening balance		-	-
	Add: Mark-up deferred during the year		46,015	-
			46,015	-
11.2.2	Reconciliation is as follows:			
	Opening balance		-	-
	Add: Discounting impact of deferred mark-up	41.1	12,456	-
			12,456	-
	Less: Unwinding impact of discounted deferred mark-up		(2,237)	-
			10,219	-

This represents balance transferred as a result of restructuring of short term running finance (RF) facility to Term Loan Facility on 12th January 2021. Principal will be repaid in 54 stepped up monthly instalments starting from January 2022 till June 2026. Mark-up will be accrued and will be serviced in 24 equal monthly instalments, starting from July 01, 2024. Effective mark-up rate applicable will be 6 Month KIBOR (Floor 7.5% & Capping 17%). The mark up charged during the year on the outstanding balance ranged from 7.5% to 7.67% per annum. The facility is secured against 1st joint pair passu charge on present and future current and fixed assets excluding land & building & licences/receivable of LDI & WLL) of the Company for Rs. 880 million with 25% margin, pledge of various listed securities of the Company having carrying value Rs. 52.27 Million and various personal proeprties of Directors.

Note 12
Sponsor's Loan

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Sponsor's Loan - unsecured			
- Interest bearing	12.1	533,850	482,400
- Non-interest bearing	12.2	1,143,030	862,889
		1,676,880	1,345,289

		2021	2020
12.1	Opening balance	482,400	466,050
	Exchange loss	51,450	16,350
		533,850	482,400

This represents USD denominated loan obtained from Worldcall Services (Private) Limited, the Parent Company. It carries mark up at 12 months KIBOR plus 1%. The mark up rate charged during the year on the outstanding balance is 8.67% (2020: 14.46%) per annum. The amount is not payable over the period of next 1 year.

12.2 This represents interest free loan obtained from Worldcall Services (Private) Limited, the Parent Company. The amount is not payable over the period of next 1 year.

This loan has been carried at amortized cost and the relevant difference is being charged to the statement of profit or loss account.

	2021	2020
	--------------(Rupees in '000)--------------	
Opening balance	978,084	1,221,337
Less: Net receipt/(payments) during the year	311,254	(243,253)
Amount of loan	1,289,338	978,084
Impact of discounting	(146,308)	(115,195)
	1,143,030	862,889

Note 13
License Fee Payable

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Opening balance		45,513	1,021,500
Settled against retirement of WLL License		-	(975,987)
	13.1	45,513	45,513

13.1 This represents balance amount of license fee payable to Pakistan Telecommunication Authority (PTA) for WLL licenses. The Company had filed an application with PTA for grant of moratorium over payment of balance amount of WLL license. However, PTA rejected the Company's application and demanded its payment. Being aggrieved by this, the Company filed an appeal before Islamabad High Court ("IHC") against PTA's order. Meanwhile, the Ministry of Information Technology ("Ministry") through its letter dated August 30, 2011, allowed to the operators, the staggering for settlement of Access Promotion Contribution ("APC") and Initial Spectrum Fee ("ISF") dues and required PTA to submit an instalment plan for this purpose after consultations with the operators. In respect of an appeal filed by the Company, IHC took notice of the Ministry's letter and directed PTA through its order dated January 20, 2015, to expeditiously proceed with the preparation and submission of the said instalment plan. As of the date, no such instalment plan has been submitted by PTA.

PTA has withdrawn the frequencies 3.5 Ghz, 479 Mhz, 450 Mhz and 1900 Mhz . PTA in haste and unilaterally has withdrawn 3.5 Ghz and 479 Mhz frequencies which have already been paid in full till 2024. Through said decision PTA has also withdrawn 1900 Mhz frequency spectrum which was already withdrawn by PTA/FAB in 2015 (11th year) until which the spectrum is fully paid on the basis of actual period of usage by the Company, The WLL License provides for such eventuality that when frequency spectrum is withdrawn, the licensee is to be compensated for the balance life of the frequency spectrum, therefore, after withdrawal of spectrum, there is no outstanding amount to be paid related to 1900 Mhz frequency spectrum.

As a consequence of above , the outstanding liability for 1900 Mhz is reduced to zero on the basis that 1900 Mhz frequency has been fully paid for until 2015 (11th year). Similarly, liability for 450Mhz frequency spectrum be reduced on prorata after withdrawal. Owing to these circumstances, the management does not expect the liability to materialize fully in the near future for detail refer note 21.2.7.

Note 14
Post Employment Benefits

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Obligations for defined benefit scheme - gratuity	14.1.1	183,306	190,765
Accumulating compensated absences	14.2.1	10,450	12,368
		193,756	203,133

14.1 Obligations for defined benefit scheme - gratuity

Latest actuarial valuation of the gratuity scheme was conducted as on December 31, 2021 using the following assumptions: Results of actuarial valuation are as under:

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Discount rate for interest cost - per annum		9.75%	11.25%
Discount rate for year end obligations - per annum		11.75%	9.75%
Expected rate of increase in salary level - per annum		10.75%	8.75%
Weighted average duration of defined benefit obligation		9 Years	9 Years
Expected mortality rate for active employees		SLIC (2001-2005) Mortality Rates Table	
Actuarial cost method		Projected Unit Credit Method	

14.1.1 Movement in net liability for defined benefit scheme obligation

	Note	2021	2020
Opening balance		190,765	196,776
Charge for the year - Statement of Profit or Loss Account	14.1.2	40,003	46,871
Net remeasurements for the year - Other comprehensive income		(13,418)	(23,166)
Transferred to trade and other payables		(32,433)	(28,810)
Payments made during the year		(1,611)	(906)
Closing balance		183,306	190,765

14.1.2 Charge for the year

The amounts recognized in the Statement of Profit or Loss Account against defined benefit scheme are as follows:

	2021	2020
	--------------(Rupees in '000)--------------	
Current service cost	23,074	26,408
Interest cost	16,929	20,463
	40,003	46,871

14.1.3 The Company does not maintain any plan assets covering its post-employment benefits payable. The comparative statement of present value of defined benefit obligations is as under:

	2021	2020	2019	2018	2017
	- (Rupees in '000) -				
Present value of defined benefit obligation	183,306	190,765	196,776	222,507	236,014
Fair value of plan asset	-	-	-	-	-
Net deficit	183,306	190,765	196,776	222,507	236,014

14.1.4 Estimated charge for the year 2022

	Rupees in '000'
Current service cost	19,131
Interest cost	20,155
	39,286

14.1.5 Year end sensitivity analysis on defined benefits obligations

Reasonably possible changes as at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

	2021
	Rupees in '000
Discount rate + 100 bps	(168,958)
Discount rate - 100 bps	199,659
Salary increase + 100 bps	(199,936)
Salary increase - 100 bps	168,462

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

14.1.6 Allocation of charge for the year

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Direct costs excluding depreciation and amortization	39	19,619	21,630
Operating costs	40	20,384	25,241
		40,003	46,871

14.2 Accumulating compensated absences

Latest actuarial valuation of the leave encashment scheme was conducted as on December 31, 2021 using the following assumptions:

Discount rate for interest cost - per annum	9.75%	11.25%
Discount rate for year end obligations - per annum	11.75%	9.75%
Expected rate of increase in salary level - per annum	10.75%	8.75%
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table	
Actuarial cost method	Projected Unit Credit Method	

Results of actuarial valuation are as under:

14.2.1 Movement in net liability for accumulating compensated absences

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Opening balance		12,368	14,020
Charge for the year - Statement of Profit or Loss Account	14.2.2	988	520
Transferred to trade and other payables		(2,674)	(2,089)
Payments made during the year		(232)	(83)
Closing balance		10,450	12,368

14.2.2 Charge for the year

The amounts recognized in the Statement of Profit or Loss Account against defined benefit scheme are as follows:

Current service cost	296	418
Interest cost for the year	692	102
	988	520

14.2.3 The Company does not maintain any plan assets covering its post-employment benefits payable. The comparative statement of present value of accumulated compensated absences is as under:

	2021	2020	2019	2018	2017
	- - - - - - - - - - - -	- - - - - - - - - - - -	(Rupees in '000)	- - - - - - - - - - - -	- - - - - - - - - - - -
Present value of defined benefit obligation	10,450	12,368	14,020	18,513	17,199
Fair value of plan asset	-	-	-	-	-
Net deficit	10,450	12,368	14,020	18,513	17,199

14.2.4 Estimated charge for the year 2022	**Rupees in '000'**
Current service cost	133
Interest cost	1,228
	1,361

14.2.5 Year end sensitivity analysis on defined benefit obligation

Reasonably possible changes as at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

	2021
	Rupees in '000'
Discount rate + 100 bps	(9,656)
Discount rate - 100 bps	11,356
Salary increase + 100 bps	(11,338)
Salary increase - 100 bps	9,659

14.2.6 Allocation of charge for the year

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Direct costs excluding depreciation and amortization	39	47	271
Operating costs	40	941	249
		988	520

14.3 Risk associated with defined benefit plans

These defined benefit plans expose the Company to actuarial risks, such as final salary risk, mortality risk and withdrawal risk.

Note 15
Long Term Deposits

This represents the security deposit pursuant to the agreement for selling and distributing the Company's products and services. The contract was renegotiated for next three years commencing from June 10, 2020. This advance have been utilized by the Company before promulgation of Companies Act, 2017.

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Opening balance		86,103	105,000
Add: Unwinding impact under IFRS 9	44.1	7,112	-
Less: Discounting impact under IFRS 9	41.1	-	(18,897)
		93,215	86,103

Note 16
Lease Liabilities

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Opening balance		275,931	239,454
Add: Additions during the year		164,509	48,515
Add: Interest expense	44	42,310	30,916
Less: Lease payments		(46,617)	(42,954)
Less: Lease terminated during the year		(121,467)	-
Gross liability		314,666	275,931
Less: Current and overdue portion	19	(119,650)	(103,260)
Closing balance		195,016	172,671

16.1 Summary of amounts relating to leases charged in different line items of the financial statements is as follows:

	Included in	Note	2021	2020
			--------------(Rupees in '000)--------------	
Carrying amount of ROU assets	SOFP	23	3,694,104	3,680,465
Expense relating to short-term leases	Direct costs	39.3	22,825	12,145
Expense relating to short-term leases	Operating costs	40.2	2,280	8,208
Depreciation charge for ROU assets	Depreciation and amortization	43	258,642	178,692
Interest expense on lease liabilities	Finance cost	44	42,310	30,916
Repayment of lease liability	Financing Activities	Statement of Cash Flows	46,617	42,954

16.2 Maturity analysis of contractually undiscounted cash flows

At December 31, 2021	**Within One Year**	**Between Two to Five Years**	**Later than Five Years**
	--------------(Rupees in '000)--------------		
	123,107	281,086	178,151

16.3 Nature of leasing activities

The Company's leases comprise cables and certain premises for installation of equipment and used as warehouse, guest house and office operations. Periodic rentals are usually fixed over the lease term. However, in some contracts, it is customary for lease contracts to provide escalation in lease payments after specified period of time. These neither contain any variable lease payments nor any lease incentives. The Company is not committed to any lease not yet commenced at the reporting date.

Lease terms, and the remaining lease terms at the date of initial application, vary. Remaining lease term of existing lease contracts for which lease liability is booked ranges from 1 to 12 years.

Note 17

Trade and Other Payables

	Note	2021	2020
		(Rupees in '000)	
Trade creditors	17.1	2,238,758	2,339,340
Accrued and other liabilities	17.2	1,179,004	1,077,740
Payable to PTA against APC charges		1,766,190	1,766,190
Payable against long term investment		44,000	44,000
Contract liabilities		571,135	847,424
Withholding tax		49,969	45,705
Sales tax		122,300	74,618
Security deposits	17.3	35,136	35,136
		6,006,492	6,230,153

17.1 This includes payable to PTA amounting to Rs. 564.55 million (2020: Rs. 622.26 million). Out of this Rs. 497.03 million (2020: Rs. 478.57 million) represents payable regarding Annual Radio Spectrum Fee in respect of WLL licenses. PTA has issued multiple determinations that have been challenged and contested by the Company on legal grounds as well as on account of preoccupation of frequency / spectrums and losses suffered by the Company due to such preoccupancy for which the Company has demanded due compensation from PTA. In all these matters, the Company has filed appeals against PTA's determinations before the honourable Lahore High Court and the honourable Islamabad High Court and stay orders were obtained against the recovery. This matter has been decided in favour of the Company; however, PTA has gone into appeal before the Honourable Supreme Court of Pakistan.

17.2 This includes payable to key management personnel amounting to Rs. 180 million (2020: Rs. 152 million).

17.3 These represent security deposits received from customers. These are interest free and refundable on termination of relationship with the Company. The relationship of these customers with the Company has ended and these deposits are now payable on demand. These have been utilized by the Company before promulgation of Companies Act, 2017.

Note 18

Accrued Mark up

	Note	2021	2020
		(Rupees in '000)	
Short term borrowings		108,574	130,502
Term finance certificates		223,436	129,358
Sponsor's loan	18.1	67,618	17,781
Long term financing		15,744	677
		415,372	278,318

18.1 The reconciliation is as follows:

	2021	2020
Opening balance	17,781	5,285
Add: Mark-up accrued during the year	44,185	71,592
	61,966	76,877
Less: Paid during the year	-	(60,463)
Add: Exchange loss	5,652	1,367
	67,618	17,781

Note 19

Current and Overdue Portion of Non-Current Liabilities

	Note	2021	2020
Term finance certificates	10	432,016	320,076
Mark-up payable on term finance certificate		253,100	123,627
Long term financing	11	38,100	43,909
Lease liabilities	16	119,650	103,260
		842,866	590,872

Note 20

Short Term Borrowings

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Banking companies (secured - interest bearing):			
- Running finances	20.1	345,756	427,419
Related parties (unsecured - interest free):			
- Ferret Consulting F.Z.C.	20.2	66,156	59,941
		411,912	487,360

20.1 Movement in running finance facilities

	Note	2021	2020
Opening		427,419	442,212
Payment/Adjustment during the year		(355)	(14,793)
Transferred to long term financing	20.1.1	(81,308)	-
Closing	20.1.2	345,756	427,419

20.1.1 During the year Company restructured one of its running finance facility with Bank Islami Limited amounting Rs. 81.3 million which is transferred to long term financing due to restructuring for detail refer Note 11.2.2.

20.1.2 Short term running finance facilities available from commercial banks under mark up arrangements amount to Rs. 346.11 million (2020: Rs.427.41 million). Running finance facilities are available at mark up rate from 1M to 3M KIBOR plus 1.5% to 2.5% per annum (2020: 1M to 3M KIBOR plus 1.5% to 2.5% per annum), payable quarterly, on the balance outstanding. The mark up charged during the year on outstanding balances ranged from 8.79% to 11.51% (2020: 8.75% to 16.06%) per annum, effectively. The Company is in negotiation with Banks for roll over of these facilities.

As at the reporting date, the Company had no available yet-to-be-drawn available / committed borrowing facilities.

20.2 This represents interest free USD denominated loan received from M/s Ferret Consulting - F.Z.C to meet working capital requirements. The accumulated balance as at reporting date is USD 371,770 (2020: USD 372,765). In the absence of written agreement, the amount is repayable on demand.

20.3 ***Guarantees***
Of the aggregate facilities of Rs. 418.162 million (2020: Rs.485.126 million) for guarantees, the amount utilized as at December 31, 2021 was Rs. 353.761 million (2020: Rs.353.761 million)

20.4 The facilities in note 20.1 are secured against first pari passu hypothecation charge on all present and future current and fixed assets excluding building, WLL/LDI receivables, first joint pari passu hypothecation charge over all present and future current and fixed assets of the Company with security margin over the facility amount, pledge of shares of listed companies in CDC account of the Company, lien over cash deposit of Rs. 3.9 million, lien over bank deposits of Rs. 30.87 million, first exclusive assignment of all present and future receivables of LDI business arm of the Company, collection accounts with Bank for routing of LDI receivables, counter guarantee of the Company, equitable mortgage over the property of office # 302, 303, 304, 3rd Floor, the Plaza on Plot # G-7, Block-9, KDA Scheme # 5, Kehkashan Clifton, Karachi and equitable mortgage over the property of office # 07, 08, 09 situated on 1st Floor, Ali Tower, MM Alam Road, Gulberg III, Lahore.

Note 21

Contingencies and Commitments

Contingencies

21.1 Billing disputes with PTCL

21.1.1 There is a dispute of Rs. 72.64 million (2020: Rs. 72.64 million) with Pakistan Telecommunication Limited (PTCL) in respect of non-revenue time of prepaid calling cards and Rs. 46.92 million (2020: Rs. 46.92 million) in respect of excess minutes billed on account of interconnect and settlement charges. Similarly, PTCL has charged the Company excess Domestic Private Lease Circuits ("DPLC") and other media charges amounting to Rs. 334.08 million (2020: Rs. 334.08 million) on account of difference in rates, distances and date of activations. The management has taken up these issues with PTCL and considers that these would most likely be decided in Company's favour as there are reasonable grounds to defend the Company's stance. Hence, no provision has been made in these financial statements for the above amounts.

21.2 Disputes with PTA

21.2.1 The Company has filed a suit before Civil Court, Lahore on December 15, 2016 in which it has sought restraining order against PTA demands of regulatory and other dues and claimed set off from damages / compensation claim of the Company on account of auction of preoccupied frequency spectrum. The Company has raised a claim of approximately Rs. 5.3 billion against PTA. The matter is pending adjudication . As per management it is difficult to predict the outcome of the case at this stage.

21.2.2 During the year 2016, PTA again demanded immediate payment of the principal amount of APC amounting to Rs. 1.766 billion along with default surcharge thereon amounting to Rs. 1.654 billion as of July 31, 2016 vide its notice dated December 1, 2016. Through the aforesaid show cause notice, PTA has also shown intentions to impose penal provisions to levy fine up to Rs. 350 million or to suspend or terminate the LDI license by issuance of an enforcement order against the Company. The Company has challenged the show cause notice before the Sindh High Court on December 13, 2016 wherein the Court has passed orders restraining PTA from cancelling the licenses of the Company and from taking any coercive action against it. The matter is at the stage of hearing of applications. Based on the advice of the legal counsel, the Company's management feels that there are strong grounds to defend the Company's stance and the liability will not materialize, hence, no provision has been made in these financial statements for the amounts of default surcharge and fine.

21.2.3 PTA has raised demand amounting to Rs. 29.77 million on account of using extra Radio Spectrum not assigned to the Company. The Company challenged this amount on July 3, 2012 before Islamabad High Court which has allowed appeal of the Company. PTA went into appeal before the Honourable Supreme Court of Pakistan in March 2017 which got dismissed. Now, PTA has filed review application which is still pending. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these financial statements against this demand.

21.2.4 The Company maintains that PTA has allegedly issued an arbitrary order for recovery of annual radio frequency spectrum fee for the year ended 2013 along with late payment charges amounting in total to Rs. 53.795 million. The Company has assailed the order before honourable Lahore High Court on June 28, 2016 on the ground that officers of PTA could not issue such an order as they had not issued the show cause notice. The Honourable High Court has allowed the petition and remanded the case to PTA for decision afresh. In another suit filed by the Company before Honourable Lahore High Court, PTA has also demanded applicable late payment charges on impugned non-payment of annual radio spectrum fee. The question of law has been resolved by the Honourable High Court on March 21, 2018 and it was held that PTA's decision was appealable before PTA. Same was also upheld by the honourable Supreme Court on May 17, 2018. The management has filed appeals before PTA and the appeal was decided against the Company. Subsequent to year end appeal against PTA's order has been filled before the next judicial forum on January 12, 2021. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these financial statements for late payment charges.

Moreover, the Company is confident that incidental liability, if any, will be set off by way of a claim filed against PTA as stated in Note 21.2.1.

21.2.5 The Company has filed a suit before the High Court of Sindh on July 2, 2011 for declaration, injunction and recovery of Rs. 4.944 billion against PTA praying, inter alia, for direction to PTA to determine the Access Promotion Contribution for Fixed Line Local Loop (APCL contribution) and Access Promotion Cost (APC) for Universal Service Fund (USF) strictly in accordance with the formula as per Rule 8(2) and (4) of 2004 Rules and Regulation 7 of 2005 Regulations; restraining PTA from taking coercive actions against the Company to recover the amounts of APCL and APC for USF and direction to PTA to submit accounts and information to the Honourable High Court with regard to collection and, utilization and application of APCL and APC for USF contributions. During the pendency of proceedings, the Court granted interim injunction to the Company and restrained PTA from taking any coercive action against the Company. The said restraining order was dismissed by the learned single judge through a combined order dated July 27, 2018. The said order has been challenged by the Company before the Divisional Bench of the High Court on August 13, 2018 in High Court Appeal No. 222 of 2018. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these financial statements.

21.2.6 PTA has raised demand amounting to Rs. 18.07 million on account of BTS registration and microwave charges for the year 2007 till 2014. The Company challenged this amount in November 2019 before Lahore High Court which is pending adjudication. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these financial statements against this demand.

21.2.7 PTA has filed recovery proceedings against the Company before the District Collector / District Officer Revenue, Lahore for an amount of Rs. 2.648 billion including late payment charges on November 4, 2016 due to non-payment of initial spectrum fee (ISF). The Company has not received any notice from the Revenue department. During the year PTA again issued the notice against non-payment of ISF and increased the claim by Rs. 1.038 billion.

PTA has withdrawn the frequencies 3.5 Ghz, 479 Mhz, 450 Mhz and 1900 Mhz. As per management the ISF for 3.5 Ghz and 479 Mhz is already fully paid till 2024. The outstanding liability for 1900 Mhz is reduced to zero on the basis that 1900 Mhz frequency has been fully paid for until 2015 (actual withdrawal year), Similarly, liability for 450Mhz frequency spectrum be reduced on prorata after withdrawal. Corresponding assets has also been retired. For detail refer note 13.

The Company has filed an appeal with Islamabad High Court on January 12, 2021 against said decision of PTA on similar lines as explained above and the Company's management and legal advisor feels that there are strong grounds to defend the Company's stance and that the principal amount and late payment charges determined unilaterally by PTA will not materialize, hence, no provision has been made in these financial statements.

21.2.8 PTA has demanded amounts of annual license fee (ALF) relating to Non-Voice Communication Network Services (NVCNS) through various demand notices. PTA has filed recovery proceedings against the Company before the District Collector / Deputy Commissioner, Lahore for an amount of Rs. 62.607 million on February 7, 2020 due to non-payment of annual license fee (ALF) relating to Non-Voice Communication Network Services (NVCNS). This includes principal portion of Rs. 31.146 million already recognized in the financial statements and late payment charges amounting to Rs. 31.461 million. The Company has not received any notice from the Revenue department. The Company's management and legal advisor feels that there are strong grounds to defend the Company's stance and that the late payment charges determined unilaterally by PTA will not materialize, hence, no provision has been made in these financial statements.

21.2.9 PTA had demanded an amount of Rs. 350 million in respect of fine and loss of Rs. 531.89 million on account of international telephony traffic. The case was decided by Islamabad High Court in favour of the Company, however, PTA went into appeal before the honourable Supreme Court of Pakistan. The honourable Supreme Court dismissed the appeal of PTA. PTA has now filed review petition No. 708 of 2019 before the Supreme Court of Pakistan on November 23, 2019 which is pending adjudication. The Company has not received any notice in this regard. The Company's management feels that there are strong grounds to defend the Company's stance, hence, no provision has been made in these financial statements.

21.2.10 PTA has issued show cause notice to the Company with the direction to pay annual regulatory dues for the years ended 2011, 2012, 2013 and 2014 cumulative amount of Rs. 119.65 Million along with late payment charges. The Company has filled the appeals against said notices with PTA which dismissed on December 04, 2020. The Company therefore filled the appeal in Sindh High Court on December 31, 2020 to set aside the order passed by PTA. The Court directed PTA not to take any coercive action against the Company. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these financial statements against this demand.

21.2.11 PTA determined the demand amounting to Rs. 223.34 million , on account of annual spectrum fee and other regulatory charges, vide its determination dated February 22, 2010. Being aggrieved, the Company’s management preferred an appeal before the Honourable Lahore High Court ("LHC") on March 20, 2010 against the PTA's determination. LHC granted stay against the recovery subject to payment of Rs. 40 million which was complied by the Company. Based on the advice of the Company's legal counsel, the Company’s management feels that there are strong grounds to defend the Company's position and the ultimate decision would be in the Company's favour.

21.2.12 Other than the amounts recognized in the financial statements and amounts disclosed in the above contingencies, PTA has also demanded amounts of PKR 1.634 billion on account of various charges, default surcharges / penalties / fines. Since the principal amount is disputed, the Company's management feels that there are strong grounds to defend the Company's stance and that the liability determined unilaterally by PTA will not materialize, hence, no provision has been made in these financial statements.

21.3 Taxation issues

21.3.1 Separate returns of total income for the Tax Year 2003 were filed by M/s World call Communications Limited, M/s Worldcall Multimedia Limited, M/s Worldcall Broadband Limited and M/s Worldcall Phone Cards Limited, now merged into the Company. Such returns of income were amended by relevant officials under section 122(5A) of the Income Tax Ordinance, 2001 ("Ordinance") through separate orders. Through such amendment orders, in addition to enhancement in aggregate tax liabilities by an amount of Rs. 9.90 million, tax losses declared by the respective companies too were curtailed by an aggregate amount of Rs. 66.19 million. The Company contested such amendment orders before Commissioner Inland Revenue (Appeals) [CIR(A)] and while amendment order for Worldcall Broadband Limited was annulled, partial relief was extended by CIR(A) in respect of appeals pertaining to other companies. The appellate orders extending partial relief were further assailed by the Company before Appellate Tribunal Inland Revenue (ATIR) in January 2010, which are pending adjudication. The Company's management considers that meritorious grounds exist to support the Company's stances and expects relief from ATIR in respect of all the issues being contested. Accordingly, no adjustments / liabilities on these accounts have been incorporated / recognized in these financial statements.

21.3.2 Through amendment order passed under section 122(5A) of the Ordinance, the Company's return of total income for Tax Year 2006 was amended and declared losses were curtailed by an amount of Rs. 780.46 million. The Company's appeal filed on September 18, 2007 was not entertained by CIR(A) and the amendment order was upheld whereupon the matter was further agitated before ATIR on July 8, 2008, which is pending adjudication. The Company's management expects relief from ATIR in respect of issues involved in the relevant appeal there being valid precedents available on record supporting the Company's stance. Accordingly, no adjustment on this account has been incorporated in these financial statements.

21.3.3 In computer balloting for total audit u/s 177 of the Ordinance, the Company was selected for total audit proceedings for the tax year 2009 and the same has been completed with the issuance of order under section 122(1)/122(5) of the Ordinance creating a demand of Rs. 208.348 million. Against the said impugned order, appeal has been filed before CIR(A) on August 5, 2019 by legal counsel of the Company. Based on the advice of the legal counsel, the Company's management feels that there are strong grounds to defend the Company's stance and the liability will not materialize, hence, no provision has been made in these financial statements.

21.3.4 A demand of Rs. 1.059 billion (including default surcharge of Rs. 325.849 million) was raised against the Company under section 161/205 of the Ordinance for the period relevant to Tax Year 2012 alleging non-compliance with various applicable withholding provisions contained in the Ordinance. The management assailed the subject order on March 28, 2014 in usual appellate course and while first appellate authority decided certain issues in the Company's favour, major issues were remanded back to department for adjudication afresh. Such appellate order was further assailed by the Company before ATIR on May 20, 2014, at which forum, adjudication is pending. Meanwhile, the Department concluded the reassessment proceedings, primarily repeating the treatment earlier accorded, however, based on relief allowed by first appellate authority, demand now stands reduced to Rs. 953.355 million (including default surcharge of Rs. 308.163 million). Such reassessment order was assailed by the Company in second round of litigation and the first appellate authority, through its order dated June 29, 2015, has upheld the Departmental action. The management has contested this order before ATIR on August 20, 2015 for favourable outcome. The Company's management feels that there are strong grounds to defend the Company's stance and the liability will not materialize, hence, no provision has been made in these financial statements.

21.3.5 In computer balloting for total audit u/s 177 of the ITO, 2001, the Company was selected for total audit proceedings for the tax year 2014 and the same has been completed with the issuance of order under section 122(4) of Income Tax Ordinance, 2001 creating a demand of Rs. 49,013,883 and curtailment of losses by Rs. 5,880.753 million. The said demand was curtailed to Rs. 5,749,260 through a revised demand order on account of rectification application filed by the Company. Against the said impugned order, appeal has been filed before CIR(A) on January 24, 2018 by legal counsel of the Company. Based on the advice of the legal counsel, the Company's management feels that there are strong grounds to defend the Company's stance and the liability will not materialize, hence, no provision has been made in these financial statements.

21.3.6 The CIR has raised demand against the Company for super tax for the tax year 2018 amounting to Rs. 43.82 million. The chargeability has been challenged by the Company through writ petition in LHC filed on May 16, 2019. Based on the advice of the legal counsel, the Company's management feels that there are strong grounds to defend the Company's stance and the liability will not materialize, hence, no provision has been made in these financial statements.

21.3.7 A sales tax demand of Rs. 167 million was raised against the Company for recovery of an allegedly inadmissible claim of sales tax refund in Tax Year 2006 filed and sanctioned under section 66 of the Sales Tax Act, 1990. The Company's appeal against such order was allowed to the extent of additional tax and penalties; however, principal amount was held against the Company by the then relevant Customs, Excise and Sales Tax Appellate Tribunal (CESTAT). The Company further assailed the issue on November 10, 2009 before Lahore High Court (LHC) where the litigation is presently pending. While, recovery to the extent of 20% of principal demand of sales tax has been made by the tax authorities, an interim injunction by honourable Court debars the Department for enforcing any further recovery. Since the management considers the refund to be legally admissible to the Company, no liability on this account has been recognized in these financial statements and the amount already recovered has been recorded as being receivable from the tax authorities. It is pertinent to highlight here that adverse judgment earlier passed by CESTAT no longer holds the field as through certain subsequent judgments, controversy has been decided by ATIR (forum now holding appellate jurisdiction under the law) in favour of other taxpayers operating in the Telecom Sector. The Honourable LHC has set aside the judgment of the Tribunal on May 24, 2017 and has remanded the case for decision afresh. The Tribunal is yet to issue notice for the hearing. The Company's management feels that there are strong grounds to defend the Company's stance and the liability will not materialize, hence, no provision has been made in these financial statements.

21.3.8 On September 30, 2016, Punjab Revenue Authority (PRA) issued show cause notice allegedly demanding Rs. 419.821 million for the periods from May 2013 to December 2013. The Company challenged imposition of sales tax on LDI services on the first appellate authority in 2016 and relief granted by CIR(A) through set aside the demand created by PRA with direction of reassessment proceedings. The Company challenged these proceedings through filing a writ petition in LHC heard on February 9, 2017 on the grounds that it was unconstitutional and in violation of fundamental principles of sales tax and international commitments of Government of Pakistan. The writ petition has been allowed with instructions passed by honourable Judge of Lahore High Court Lahore to PRA restraining from passing final order in pursuance of proceedings. The matter has been taken up by other LDI operators against PRA in June 2015 before LHC on the grounds that imposition of sales tax is unconstitutional and in violation of fundamental principles of sales tax and international commitments of Government of Pakistan. The period pertains to ICH time when amount of sales tax was withheld by PTCL. Based on the advice of the Company's tax advisor, the management is of the view that the Company's case is based on meritorious grounds and hence, relief would be secured from the Court. In view of the above, provision for sales tax on LDI services aggregating Rs. 1,742.547 million (2020: Rs. 1,486.159 million) has not been made in these financial statements.

21.4 Others

21.4.1 One of the Company's supplier has filed the suit for recovery on July 12, 2018 before the Civil Court, Lahore of certain moneys alleged to have not been paid by the Company under its agreements with the supplier. The principal claim is Rs. 18 million however the claim is inflated to Rs. 230 million on frivolous basis. The Company denies the claim and is hopeful for positive outcome. The management is of the view that it is unlikely that any claim of said supplier will materialize.

21.4.2 One of the Company's supplier has filed petition on November 21, 2014 before LHC. The supplier has claim of Rs. 216.48 million receivable from the Company. Further details of the litigations have not been disclosed as it may prejudice the Company's position. The Company has denied the veracity of such claims and has also challenged the maintainability of the proceedings. Also, the Company has filed a counter petition during the year 2015 claiming Rs. 315.178 million under the same contract against which the supplier has claimed its dues. The Company had to deposit an amount of Rs. 20 million in the Court in respect of this case. The honourable High Court has already required both Companies to resolve disputes in terms of their Agreement. The matter stands adjourned sine die. Based on the advice of the Company's legal counsel, the management is of the view that it is unlikely that any adverse order will be passed against the Company.

21.4.3 One of Company's supplier and its allied international identities (referred to as suppliers) filed winding up petition dated October 16, 2017 before LHC and claim of Rs. 64.835 million and USD 4.869 million which was dismissed on September 26, 2018. The suppliers have also filed civil suit before Islamabad Civil Court dated September 17, 2018 for recovery of USD 12.35 million and Rs. 68.08 million along with damages of USD 20 million. The learned civil judge accepted the application under Order VII Rule 10 CPC and returned the plaint. The suppliers have now filed an appeal before the Honourable Islamabad High Court, Islamabad against the order passed on July 10, 2019 by the learned civil judge, Islamabad. The Company has already filed suit for recovery of USD 93.3 million against this suppliers for default in performance of agreements before Civil Court, Lahore in August 2017. The Company has also filed another suit before Civil Court, Lahore for recovery of Rs. 1.5 billion for causing damage to the Company for filing frivolous winding up petition. Based on the legal advice, the management is of the view that it is unlikely that any claim of said suppliers will materialize.

21.4.4 The Company acquired Indefeasible Right to Use ("IRU") of media and related Operations and Maintenance Services ("O&M") from one of the Company's suppliers through an agreement entered in August 2011. An agreement between the parties was reached in April 2015 for the payment against O&M services whereby it was decided that monthly payments in respect of O&M will be made by the Company and other deliverables under IRU agreement shall be mutually agreed by June 30, 2016. However, the supplier illegally and violating the terms for the Agreement, disconnected its services to the Company and filed a Civil Suit before the Sindh High Court in October 2016 for recovery of dues amounting to USD 7.03 million equivalent to Rs. 1.09 billion along with mark up @ 15% amounting to USD 1.58 million equivalent to Rs. 245.453 million, allegedly due under the stated agreement. The subject suit is pending adjudication.

The management believes that supplier's claim is invalid since it relates to the un-utilized future period and for the media which has never been provisioned as required under the Agreement and the supplier is/was under contractual obligation to provide (media) to the Company. That, a net sum of USD 2.977 million is due and payable by Supplier to the Company, in respect of reimbursement and refund obligation under and pursuant to the IRU Contract. The net sum is calculated on the basis of actual utilization of the capacity calculated on pro rata basis hence the Company was/is entitled to and Supplier was/is liable to refund USD 2.977 million within 90 days of the termination of the IRU instead of claiming USD 7.03 million. The subject media / services have never been provisioned therefore the Supplier is not entitled to claim any amount for media or services. As the Company holds an indefeasible right to use the supplier's media for the contract duration of 15 years, early and unilateral termination of services by supplier, amounts to a breach.

Under these circumstances, the Company under the express contractual rights have claimed the amounts pertaining to (i) media which has yet not been delivered, and (ii) un-utilized future period on a prorata basis, as required under the terms and conditions of the Agreement. Moreover, the Supplier is also liable to make payments to the Company on account of different services received from the Company. The Company has filed an application before SHC in January 2017 under section 34 of the Arbitration Act, 1940 to refer the matter to Arbitrator as per the dispute resolution mechanism provided in the agreement dated 2011.

During 2019, the supplier has signed an MoU with the Company undertaking to withdraw all legal cases which is in process. Based on the advice of the Company's legal counsel, the management is of the view that it is unlikely that any adverse order pertaining to the Supplier's Claim will be passed against the Company.

21.4.5 As stated in note 5.10, the Company is yet to comply with the requirements of Regulation 11 of the Companies (Further Issue of Shares) Regulations 2020. The Company may be liable to pay penalties.

21.4.6 A total of cases 30 (2020:28) are filed against the Company involving Regulatory, Employees, Landlords and Subscribers having aggregate claim of all cases amounting to Rs. 113.1 million (2020: Rs. 110.76million). Because of number of cases and their uncertain nature, it is not possible to quantify their financial impact. Management and legal advisors of the Company are of the view that the outcome of these cases is expected to be favourable and liability, if any, arising out on the settlement is not likely to be material.

		2021	2020
		--------------(Rupees in '000)--------------	
21.5	Outstanding guarantees and letters of credit	353,761	353,761
Commitments			
21.6	Commitments in respect of capital expenditure	9,696	9,202

Note 22

Property, Plant and Equipment

	Note	2021	2020
		(Rupees in '000)	
Operating fixed assets	22.1	5,781,122	6,193,323
Capital work-in-progress	22.2	12,907	11,482
		5,794,029	6,204,805

22.1 Operating fixed assets

	Note	Building on Freehold Land	Leasehold Improvements	Plant and Equipment	Office Equipment	Computers	Furniture and Fixtures	Vehicles	Laboratory and Other Equipment	Total
Cost / Revalued Amount										
Balance as at December 31, 2019		97,500	162,225	8,325,843	101,778	176,919	33,040	31,864	21,780	8,950,949
Additions during the year		-	-	74,034	94	414	92	-	-	74,634
Disposals / settlement during the year	22.1.7	-	-	(13,333)	-	(515)	-	(415)	-	(14,263)
Balance as at December 31, 2020		**97,500**	**162,225**	**8,386,544**	**101,872**	**176,818**	**33,132**	**31,449**	**21,780**	**9,011,320**
Additions during the year		-	11,858	23,035	3,207	1,600	612	-	-	40,312
Disposals /adjustment during the year	22.1.7	-	-	(122,258)	-	(1,167)	-	(726)	-	(124,151)
Balance as at December 31, 2021		**97,500**	**174,083**	**8,287,321**	**105,079**	**177,251**	**33,744**	**30,723**	**21,780**	**8,927,481**
Depreciation and Impairment										
Balance as at December 31, 2019		24,781	137,058	1,931,640	87,848	175,644	26,734	31,864	19,067	2,434,636
Depreciation for the year		4,875	6,448	367,342	3,189	1,473	1,184	-	120	384,631
Depreciation on disposals		-	-	(556)	-	(299)	-	(415)	-	(1,270)
Balance as at December 31, 2020		**29,656**	**143,506**	**2,298,426**	**91,037**	**176,818**	**27,918**	**31,449**	**19,187**	**2,817,997**
Depreciation for the year		4,875	7,027	396,082	2,036	320	1,097	-	748	412,185
Depreciation on disposals/adjustment	22.1.7	-	-	(81,930)	-	(1,167)	-	(726)	-	(83,823)
Balance as at December 31, 2021		**34,531**	**150,533**	**2,612,578**	**93,073**	**175,971**	**29,015**	**30,723**	**19,935**	**3,146,359**
Net book value as at December 31, 2021		**62,969**	**23,550**	**5,674,743**	**12,006**	**1,280**	**4,729**	**-**	**1,845**	**5,781,122**
Net book value as at December 31, 2020		67,844	18,719	6,088,118	10,835	-	5,214	-	2,593	6,193,323
Annual rate of depreciation (%)		5	10 to 20	5 to 33	10	33.33	10	20	20	

22.1.1 The building of the Company comprises Suit # 302, 303, 304, third floor, The Plaza, G - 7 Block - 9, KDA Scheme # 5, Kehkashan Clifton, Karachi. The building covers an area of 8,017 Sq. Ft.

22.1.2 Following assets acquired with the funds of the Company are not in the possession / control of the Company because of their specific nature as these have to be handed over to customers for their use:

Sr. No.	Description	Net Book Value (Rs. in '000')	Persons in whose possession
1	USB Sticks	-	Customers
2	Customer Premises Equipment (CPE)	219,232	Customers

22.1.3 Latest revaluation has been carried out on December 31, 2020 by an independent professional valuer M/s Arch-E'-Decon that resulted in revaluation surplus of Rs. Nil (October 01, 2018: 1.341 billion). Force sale value of revalued plant and equipment is estimated at December 31, 2021 Rs. 4,539.79 Million (2020: Rs. 4,870.49 Million).

	Fair value measurement of Plant and Equipment using significant unobservable inputs (Level 3)	
	2021	2020
	--------------(Rupees in '000)--------------	
Recurring fair value measurements		
Plant and equipment (owned)	5,674,743	6,088,118

There are no level 1 or 2 assets and hence there were no transfers between levels 1 and 2 during the year.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 items for the year ended December 31, 2021 for recurring fair value measurements:

	LDI and Broadband Operations	WLL Operations	Total
	-------------------- (Rupees in '000)	--------------------	
Balance as at December 31, 2020	5,986,769	101,349	6,088,118
Additions	23,035	-	23,035
Disposals	(40,328)	-	(40,328)
Depreciation	(373,426)	(22,656)	(396,082)
Balance as at December 31, 2021	5,596,050	78,693	5,674,743

Valuation techniques used to derive level 3 fair values

The Company obtains independent valuations for its plant and equipment (owned) at regular intervals. At the end of each reporting period, the management updates its assessment of the fair value of these assets, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates.

Level 3 fair values of plant and equipment (owned) relating to LDI and Broadband operations have been determined using a depreciated replacement cost approach, whereby, the current replacement costs of plant and equipment of similar make / origin, capacity and level of technology have been adjusted using a suitable depreciation rate on account of normal wear and tear and remaining useful lives of assets.

Level 3 fair value of plant and equipment (owned) relating to WLL operations has been mainly derived using the sales comparison approach. Sale prices of comparable assets are adjusted for differences in key attributes such as condition and location of assets.

Valuation inputs and relationship to fair value

Qualitative information about the significant unobservable inputs used in level 3 fair value measurements and their sensitivity analysis is as under:

Description	Significant Unobservable Inputs	Quantitative Data / Range and Relationship to the Fair Value
Plant and Equipment (Owned) - LDI and Broadband Operations	The valuation done on the basis of its respective rating and nameplate data with adjustments for age and remaining lives of assets. Condition based analysis of operating equipment is a key parameter of valuation process. Cost of acquisition of similar plant and equipment with similar level of technology. Suitable depreciation rate to arrive at depreciated replacement value.	The market value has been determined by using cost of acquisition of similar plant and machinery with similar level of technology and applying a suitable depreciation factor based on normal wear and tear and remaining useful lives of plant and machinery. Both Physical and functional depreciation of facility is taken into consideration while determining remaining life. Remaining useful lives have been estimated up to 25 years. The higher the cost of acquisition of similar plant and machinery, higher the fair value of plant and machinery. Further, higher the depreciation rate, the lower the fair value of plant and machinery.
Plant and Equipment (Owned) - WLL Operations	Rating, nameplate data and fundamental technical characteristics of plant and equipment. Prevalent market prices for these assets.	The market value has been determined by applying prevalent market prices to the rating, nameplate data and fundamental technical characteristics of plant and equipment. Higher the market price, higher the fair value.

22.1.4 The carrying amount of temporarily idle property, plant and equipment amounts to Rs. 78.69 million (2020: Rs. 96.369 million).

The cost / revalued amount of fully depreciated property, plant and equipment that is still in use of the Company amounts to Rs. 454.81 million (2020: Rs. 423.31 million).

22.1.5 Property, plant and equipment and current assets having charge against borrowings amount to Rs. 12,801.043 million (2020: Rs. 12,801.043 million).

22.1.6 Had there been no revaluation, the net book value of plant and equipment (owned) would have amounted to Rs. 4,718.69 million (2020: 5,030.29 million).

22.1.7 Disposal of operating fixed assets

Particulars	Name of Buyer along with Relationship with the Company or any Director of the Company (if any)	Cost / Revalued Amount	Accumulated Depreciation and Impairment	Written Down Value	Sale Proceeds / Settlement Value	Gain / (Loss)	Mode of Disposal
		(Rupees in '000)					
Plant and Equipment							
Equipments	Shaheen Insurance Company	111,591	81,241	30,350	53,050	22,700	Insurance Claim
Fiber Cable	Tristar Cable Network (Pvt.) Ltd.	10,667	689	9,978	-	-	Lease of fiber
Assets with book value less than Rs. 500,000	Shaheen Insurance Company	1,893	1,893	-	524	524	Insurance Claim
	2021	**124,151**	**83,823**	**40,328**	**53,574**	**23,224**	
	2020	14,263	1,270	12,993	562	346	

		Note	2021	2020
			--------------(Rupees in '000)--------------	
22.2	**Capital work-in-progress ("CWIP")**			
	Advances to suppliers		6,089	4,664
	Plant and equipment		6,818	6,818
		22.2.1	12,907	11,482

22.2.1 The reconciliation of the carrying amount is as follows:

	2021	2020
Opening balance	54,658	111,745
Additions during the year	21,009	-
Transfers during the year	(19,584)	(57,087)
	56,083	54,658
Provision against advance to suppliers	(43,176)	(43,176)
Closing balance	12,907	11,482

22.3 Last year the Company conducted operational efficiency review of its plant and equipment which resulted in change in the expected useful life of Optical Fiber . The assets that management had expected to use for up to 12 years are now expected to remain useful for 25 years. The change in accounting estimate has been applied as per IAS 8 -Accounting Policies, Changes in Accounting Estimates and Errors, as result of increase in useful life the depreciation expense is reduced by Rs. 279.38 Million per annum.

Note 23

Right of use (ROU) assets

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Opening balance		3,680,465	2,138,001
Add: Additions during the year		364,337	281,156
Add: Revaluation Surplus during the year	23.2	-	1,440,000
Less: Lease terminated during the year		(92,056)	-
Less: Depreciation charge for the year	43	(258,642)	(178,692)
Closing balance		3,694,104	3,680,465
Lease Term (Years)		up to 11 Years	up to 20 Years

There are no variable lease payments in the lease contracts. There were no leases with residual value guarantees or leases not yet commenced to which the Company is committed.

23.1 The right of use assets comprises of following:

	2021	2020
	--------------(Rupees in '000)--------------	
Indefeasible rights of use of Fiber (IRU)	3,467,884	3,491,040
Leasehold property	226,220	189,425
	3,694,104	3,680,465

23.2 Last year, on December 31, 2020 the IRU assets were revalued by an independent professional valuer, M/s Arch-E'-Decon, which resulted in revaluation gain amounting Rs. 1,440 Million. The force sale value of revalued assets at December 31,2021 Rs. 2,774.3 million (2020: Rs. 2,792.83 million). The fair value , of IRU assets is measured using significant unobservable inputs (Level 3). There are no level 1 and level 2 assets and hence no transfers between levels 1 and 2 during the year.

Valuation techniques used to derive level 3 fair values:

The management updates its assessment of the fair value of these assets, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates. 'Level 3 fair values of IRU asset have been determined using a depreciated replacement cost approach, whereby, the current replacement costs of asset of similar make / origin, capacity and level of technology have been adjusted using a suitable depreciation rate on account of normal wear and tear and remaining useful lives of assets.

Valuation inputs and relationship to fair value

The following table summarizes the quantitative and qualitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Significant Unobservable Inputs	Quantitative Data / Range and Relationship to the Fair Value
Indefeasible rights of use of Fiber	The valuation done on the basis of its respective rating and nameplate data with adjustments for age and remaining lives of assets. Condition based analysis of operating equipment is a key parameter of valuation process. Cost of acquisition of similar plant and equipment with similar level of technology. Suitable depreciation rate to arrive at depreciated replacement value.	The market value has been determined by using cost of acquisition of similar plant and machinery with similar level of technology and applying a suitable depreciation factor based on normal wear and tear and remaining useful lives of plant and machinery. Both Physical and functional depreciation of facility is taken into consideration while determining remaining life. Remaining useful lives have been estimated from 1 to 20 years. The higher the cost of acquisition of similar asset, higher the fair value of asset. Further, higher the depreciation rate, the lower the fair value of asset.

23.3 Had there been no revaluation, the net book value of right of use asset would have amounted to Rs. 2,359.35 million (2020: Rs. 2,240.46 million).

Note 24

Intangible Assets

	Note	Licenses	Patents and copyrights	IRU - media cost	Software's	Goodwill	Total
		- - - - (Rupees in '000) - - - -					
Cost / Revalued Amount							
Balance as at December 31, 2019		3,082,755	5,333	784,800	11,280	2,690,403	6,574,571
Elimination of cost on retirement of assets		(2,028,927)	-	-	-	-	(2,028,927)
Revaluation surplus during the year		660,000	-	-	-	-	660,000
Balance as at December 31, 2020		1,713,828	5,333	784,800	11,280	2,690,403	5,205,644
Balance as at December 31, 2021		1,713,828	5,333	784,800	11,280	2,690,403	5,205,644
Amortization and Impairment							
Balance as at December 31, 2019		1,484,832	5,333	466,108	11,280	2,690,403	4,657,956
Elimination of accumulated amortization on retirement of assets	24.5	(1,245,003)	-	-	-	-	(1,245,003)
Amortization for the year		337,768	-	52,268	-	-	390,036
Balance as at December 31, 2020		577,597	5,333	518,376	11,280	2,690,403	3,802,989
Elimination of accumulated amortization on retirement of assets		-	-	-	-	-	-
Amortization for the year		352,897	-	52,268	-	-	405,165
Balance as at December 31, 2021		930,494	5,333	570,644	11,280	2,690,403	4,208,154
Net book value as at December 31, 2020		1,136,231	-	266,424	-	-	1,402,655
Net book value as at December 31, 2021		**783,334**	**-**	**214,156**	**-**	**-**	**997,491**
Annual amortization rate (%)		5 to 20	10	6.67	20	-	

24.1 Last year, on December 31, 2020, licenses and software's were revalued by an independent professional valuer, M/s Arch-E'-Decon, which resulted in revaluation gain amounting Rs. 660 Million. The force sale value of revalued assets at December 31, 2021 Rs. 626.67 million (2020: Rs. 908.98 million). The table below analyses the non-financial assets carried at fair value, by valuation method.

	2021	2020
	--------------(Rupees in '000)--------------	
Recurring fair value measurements of following items of intangible assets		
Licenses	783,334	1,136,231
Software's	-	-
	783,334	1,136,231

There are no level 1 and level 2 assets and hence no transfers between levels 1 and 2 during the year.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for recurring fair value measurements:

	Licenses and Software's	
	2021	2020
	-------------(Rupees in '000)-------------	
Opening balance	1,136,231	1,597,923
Revaluation surplus arising during the year recognized in other comprehensive income	-	660,000
Terminated during the year	-	(783,924)
Amortization charged during the year	(352,897)	(337,768)
Closing balance	783,334	1,136,231

Valuation techniques used to derive level 3 fair values:

The Company obtains independent valuations for its intangible assets (licenses and software) at regular intervals. At the end of each reporting period, the management updates its assessment of the fair value of these assets, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates. Level 3 fair value of licenses and software's has been mainly derived using the sales comparison approach. Auction prices of comparable assets are adjusted for differences in key attributes such as frequency and region of the assets.

Valuation inputs and relationship to fair value

The following table summarizes the quantitative and qualitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Significant Unobservable Inputs	Quantitative Data / Range and Relationship to the Fair Value
Licenses and Software's	Auction prices for recently issued comparable licenses, market value, technical characteristics and continuing use of licenses is considered while revaluing licenses. Market value and assessment of continuing use is considered for revaluation of software.	Intangibles assets has been revalued using market value as benchmark. The market value has been determined by applying recent auction prices to the fundamental technical characteristics of WLL licenses. Higher the auction price, higher the fair value. Fundamental technical characteristics of WLL licenses such as frequency and region.

24.2 Had there been no revaluation, the net book value of licenses and software's would have amounted to Rs. 196.2 Million (2020: Rs. 305.31 million).

24.3 Licenses of the Company are encumbered with IGI Holding Limited, Trustee of TFC holders, as disclosed in Note 10.

24.4 The licenses include license granted by PTA to the Company for providing the LDI telecommunication services in the country. The license has carrying amount of Rs. 293.8 million (2020: Rs. 475.5 million) which is due to expire in July 2024.

24.5 PTA has withdrawn licenses for telecom frequency of 1900Mhz, 450Mhz, 479Mhz, 3.5Ghz and LDI operator license. The LDI services of the Company were restored on January 15, 2021 on the direction of Honourable Sindh High Court. The Company has derecognized asset and related license fee payable related to 1900Mhz, 450Mhz and 479Mhz based on the PTA's order. As per the management the PTA has no legal right to terminate frequency of 3.5Ghz as this was already fully paid and based on the legal counsel opinion Company has not derecognized this frequency and filed appeal for restoration of same refer note 13 for detail.

Note 25

Investment Properties

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Opening balance		49,958	48,800
Fair value adjustment recognized in profit or loss account	25.1	1,260	1,158
Closing balance		51,218	49,958

25.1 As of the reporting date, investment properties comprise land. Latest valuation of these properties was carried out on December 31, 2021 by an approved independent valuer, M/s Gandhara Consultants. The valuation was carried out using sales comparison approach which resulted in fair value gain of Rs. 1.26 million (2020: Rs. 1.16 million).

The Company has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for its repairs, maintenance and enhancements.

Fair value of the investment property of the company is determined using significant other observable inputs [level 2].

25.2 Particulars of investment properties of the Group are as follows:

Sr. No.	Particulars	Location	Area	Forced Sale Value (Rupees in '000)
1	13 Plots	Super Dream, K.T. Bundar Road, Gharo, Sindh	9600 Sq. Yd.	26,342
2	2 Plots	Windmill Villas, K.T. Bundar Road, Gharo, Sindh	1800 Sq. Yd.	3,293
3	6 Plots	Super Highway, Noriabad, Sindh	1200 Sq. Yd.	4,939
4	2 Plots	Peace City Farm Houses, District Rawalpindi	8000 Sq. Yd.	6,400
				40,974

Recurring fair value measurements

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during the year 2021.

Valuation techniques used to derive level 2 fair values

At the end of each reporting period, the management updates its assessment of the fair value of investment properties, taking into account the most recent independent valuation. The management determines the properties' value within a range of reasonable fair value estimates. Level 2 fair value of investment properties has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per square foot.

Note 26

Long Term Investment

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Wholly owned subsidiary Company - at cost [unquoted]			
Route 1 Digital (Private) Limited			
30,000 (2020: 30,000) ordinary shares of Rs. 100 each, equity held 100% (2020: 100%)	**26.2**	-	50,000

26.1 The Company has acquired 100% shares of Route 1 Digital (Private) Limited during the year 2018. The principal place of business of Route 1 Digital (Private) Limited is situated at 2nd Floor, 300-Y Block, Phase III, Défense Housing Authority Lahore, Pakistan. This investment in subsidiary is stated at cost.

26.2 Due to continuous losses the net assets of the subsidiary became negative. Based on negative net assets and subsidiaries inability to implement the business plan the management of the Company charged impairment of Rs. 50 Million.

Note 27

Long Term Trade Receivable

This represents receivable against the sale of "Optical Fiber Cable" stated at amortized cost using effective interest rate of 16% per annum.

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Opening balance		384,642	384,642
Unwinding of discount	41.1	-	-
		384,642	384,642
Less: Impairment allowance	27.1	(384,642)	(384,642)
		-	-

Note 28

Deferred Taxation

	2021	2020
Asset for deferred taxation comprising temporary differences related to:		
-Unused tax losses	3,425,035	3,626,374
-Provision for doubtful debts	871,647	793,637
-Post employment benefits	56,190	58,366
-Provision for stores and spares & stock-in-trade	1,173	15,783
-Provision for doubtful advances and other receivables	82,979	85,035
Liability for deferred taxation comprising temporary differences related to:		
-Surplus on revaluation of assets	(2,067,380)	(2,190,126)
	2,369,644	2,389,069

Deferred tax asset on tax losses available for carry forward has been recognized to the extent that the realization of related tax benefit is probable from reversal of existing taxable temporary differences and future taxable profit. Management's assertion of future taxable profit is mainly based on income due to write back of liabilities and business plan to initiate fiber to home services with monetary support from the majority shareholder as explained in detail in note 2.2 to these financial statements. This business plan is however, subject to uncertainty.

Being prudent, the Company has not recognized deferred tax assets of Rs. 2,864.28 million (2020: Rs. 2,702.427 million) in respect of unused tax losses and unabsorbed depreciation and Rs. 80.05 million (2020: Rs. 139.487 million) in respect of minimum tax available for carry forward under the Income Tax Ordinance, 2001 ("ITO"), as sufficient taxable profits would not be available to utilize these in the foreseeable future. Minimum tax available for carry forward and unused tax losses on which deferred tax asset has not been recognized, would expire as follows:

Accounting year to which minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	Rupees in '000	
2019	58,345	2022
2021	21,705	2024
	80,050	

Accounting year to which unused tax loss relates	Amount of unused tax loss	Accounting year in which unused tax loss will expire
	Rupees in '000	
2016	864,959	2022
2017	1,221,494	2023
2021	668,611	2027
	2,755,064	

	Note	2021	2020
		--------------(Rupees in '000)--------------	
The gross movement in net deferred tax asset during the year is as follows:			
Opening balance		2,389,069	2,725,027
Deferred tax on surplus on revaluation of fixed assets		-	(513,630)
Charged to other comprehensive income		(3,891)	(6,718)
Charged to statement of changes in equity		(15,534)	-
Charged to the statement of profit or loss account	45	-	184,390
Closing balance		2,369,644	2,389,069

Note 29
Long Term Deposits

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Security deposits with:			
- Rented premises		7,357	7,402
- Utilities		960	960
- Others		8,859	8,859
		17,176	17,221
Current portion of deposit		6,441	-
Non Current portion of deposit		10,735	17,221

Note 30
Stores and Spares

Cost		34,399	82,901
Less: Provision for obsolete/slow-moving items	30.1	(4,044)	(50,306)
		30,355	32,595

30.1 Provision for obsolete/slow-moving items

Opening balance		50,306	50,306
Less: Reversal of Provision during the Year	41	(46,262)	-
Closing balance		4,044	50,306

Note 31
Stock-in-Trade

Cost		209,401	209,401
Less: Provision for obsolete/slow-moving stock-in-trade	31.1	-	(4,624)
		209,401	204,777

31.1 Provision for obsolete/slow-moving stock-in-trade

Opening balance		4,624	4,624
Less: Reversal during the year	41	(4,624)	-
Closing balance		-	4,624

Note 32
Trade Debts

Considered good - unsecured		456,651	807,879
Considered doubtful - unsecured		3,005,681	2,762,091
		3,462,332	3,569,970
Less: Impairment allowance	32.1	(3,005,681)	(2,762,091)
		456,651	807,879
32.1 Opening balance		2,762,091	2,533,817
Provision for expected credit losses on trade debts	42	243,590	228,274
Closing balance		3,005,681	2,762,091

Note 33
Loans and Advances

Advances to employees - considered good	33.1	28,975	46,242
Advances to PTA - considered good	33.2	40,000	40,000
		68,975	86,242
Advances to suppliers:			
- Considered good		182,595	122,958
- Considered doubtful		222,848	191,006
		405,443	313,964
Less: Provision for doubtful advances	33.3	(222,848)	(191,006)
		182,595	122,958
		251,570	209,200

33.1 This includes advances given to executives amounting to Rs. 17.837 million (2020: Rs. 15.712 million) out of which Rs. 12.85 million (2020: Rs. 11.76 million) represents advances given to key management personnel of the Company. Maximum aggregate amount outstanding, in respect of related parties, at any time during the year calculated by reference to month-end balances was Rs. 12.85 million (2020: Rs. 11.76 million).

Aging of the balances due from related parties is as follow:

Upto 1 year	1 to 2 years	2 to 3 years	Over 3 years
	-------------- Rupees in '000 --------------		
1,090	1,461	2,721	7,580

These are secured against gratuity and are adjustable against expenses incurred.

33.2 This represents amount paid against demand on account of annual spectrum fee and other regulatory charges for detail refer note 21.2.11. Based on the advice of the Company's legal counsel, the Company's management feels that there are strong grounds to defend the Company's position and the ultimate decision would be in the Company's favour, therefore, this advance is considered unimpaired as at the reporting date.

33.3 Provision for doubtful advances

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Opening balance		191,006	194,698
Charged during the year		31,842	-
Less: Reversal during the year	41	-	(3,692)
Closing balance		222,848	191,006

Note 34

Deposits and Prepayments

Deposit in Escrow Account	34.1	485,822	467,669
Margin and other deposits	34.2	65,570	60,419
Prepayments		3,304	5,369
		554,696	533,457

34.1 This represents balance in savings accounts accumulated in Escrow Account. The telecom operators challenged the legality of Access Promotion Contribution (APC) for Universal Service Fund (USF), as levied by PTA in 2009, and the dispute was finally decided by the honourable Supreme Court in December 2015. During pendency of the court proceedings, International Clearing House (ICH) agreement was signed in 2012, whereby it was decided that regular contributions for APC, based on each operator's share under the ICH agreement, shall be made by LDI operators in an Escrow Account.

The formation of ICH was declared anti-competitive by the Competition Commission of Pakistan, and resultantly PTA issued a policy directive in June 2014 terminating ICH arrangement. Some operators challenged this termination and obtained interim relief from Sindh High Court and Lahore High Court. However, Supreme Court adjudicated the matter in February 2015 in favour of termination of ICH, and pursuant upon this, PTA issued its notification of termination of ICH arrangement. As of now, the mechanism of the adjustment of the amount available in Escrow Account remains to be finalized.

34.2 These include deposits placed with banks against various guarantees. This amount also includes Rs. 20 million deposited in a Court of Law as disclosed in note 21.4.2.

Note 35

Short Term Investments	**2021**	**2020**	**2021**	**2020**
	------No. of Shares ------		-----------(Rupees in '000)-----------	
The Bank of Punjab	10,528	10,528	89	100
Orix Leasing Pakistan Limited	13,737	13,083	295	353
Shaheen Insurance Company Limited	3,136,963	3,136,963	13,332	13,549
First Capital Securities Corporation Limited	3,991,754	3,991,754	7,744	5,509
Pace (Pakistan) Limited	6,171,820	6,959,290	23,683	25,401
Media Times Limited	4,199,500	4,199,500	9,197	6,762
			54,340	51,674

35.1 All shares have a face value of Rs. 10 each. Share having fair value of Rs. 52.27 Million are pledged against long term financing.

35.2 These are designated at fair value through OCI at initial recognition.

Note 36

Other Receivables

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Due from related parties - considered good	36.1	107,685	88,844
Other receivables - considered good		1,317	4,230
Other receivables - considered doubtful		63,289	61,762
		172,291	154,836
Less: Provision for doubtful receivables		(63,289)	(61,762)
		109,002	93,074

36.1 Due from related parties

These relate to normal business of the Company. These amounts are due from the followings:

	2021	2020
	--------------(Rupees in '000)--------------	
Worldcall Business Solutions (Private) Limited	85,992	70,109
Route 1 Digital (Private) Limited	19,081	16,423
Worldcall Ride Hail (Private) Limited	19	17
ACME Telecom (Private) Limited	34	32
Worldcall Cable (Private) Limited	2,416	2,263
	107,542	88,844

Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances was Rs. 107.54 million (2020: Rs. 88.844 million). Interest at the rate of 8.3% (2020: 8.3%) has been calculated on the outstanding balances.

36.1.1 Aging of the balances due from related parties is as follow:

Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years
--------------- Rupees in '000 ---------------			
18,698	20,100	32,524	36,220

Note 37

Cash and Bank Balances

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Cash at bank:			
- Current accounts		14,647	50,477
- Savings accounts	37.1	16,057	2,073
		30,704	52,550
Cash in hand		1,504	2,890
Pay orders in hand		1,000	1,000
		33,208	56,440

37.1 The balances in savings accounts bear mark up at the rates ranging from 5.5% to 7.25% (2020: 6.5 % to 8.4 %) per annum.

Note 38

Revenue

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Telecom	38.1	1,602,429	1,746,411
Broadband	38.2	594,652	696,441
Other		4,696	737,774
Gross revenue		2,201,777	3,180,626
Less: Discount		(2,808)	(5,467)
Less: Sales tax		(84,746)	(35,025)
		2,114,223	3,140,134

38.1 Revenues from Telecom includes revenue from one major customer of the Company amounting Rs. 1,419.77 million (2020: Rs. 1,396.56 Million) out of the Company's total revenues.

38.2 This includes revenue amounting to Rs. 199.828 million (2020: Rs. 249.782 million) in respect of agreement for Indefeasible Right of Use of metro fiber having carrying value of Rs. 9.98 Million (2020: 13.33 Million) with a customer. The agreement grants both parties to the agreement IRU for 20 years i.e. remaining useful life of asset.

Note 39

Direct Cost excluding Depreciation and Amortization

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Salaries, wages and benefits	39.1	152,084	153,844
Interconnect, settlement and other charges		1,221,869	1,332,042
PTCL share cost	39.2	112	406
Bandwidth and other PTCL charges		56,774	51,828
Power consumption and rent	39.3	81,901	75,770
Security services		2,521	3,274
PTA charges	39.4	13,832	10,214
Cable license fee		24,819	25,503
Stores and spares consumed		3,213	5,656
Annual spectrum fee		18,463	34,558
Content cost		4,277	4,605
Network maintenance and insurance		51,942	33,705
Network partner share		2,051	6,526
Fees and subscriptions		47,507	35,936
Revenue share cost		47,814	64,133
Metro fiber cost		9,978	12,778
SMS bundle cost		1,549	1,307
IT application development		-	2,700
Others		3,660	20,052
		1,744,366	1,874,837

39.1 This includes provision for gratuity expense amounting to Rs. 19.61 million (2020: Rs. 21.63 million) and accumulated leave absences amounting to Rs. 0.47 million (2020: Rs. 0.27 million) for the year.

39.2 This represents PTCL share cost determined under Revenue Sharing Agreement for WLL network services.

39.3 This includes expense relating to short term leases / operating lease rentals amounting to Rs. 22.825 million (2020: Rs. 12.145 million).

39.4 This represents PTA charges in respect of the following:

	Note	2021	2020
		--------------(Rupees in '000)--------------	
LDI license	39.4.1	9,155	4,346
Broadband license		4,677	5,755
Annual numbering charges		-	113
		13,832	10,214

39.4.1 This represents LDI license charges in respect of the following:

	2021	2020
Universal Service Fund	5,493	2,608
Research and Development Fund	1,831	869
Annual Regulatory Fee	1,831	869
	9,155	4,346

Note 40

Operating Cost

	Note	2021	2020
		(Rupees in '000)	
Salaries, wages and benefits	40.1	185,732	217,435
Rent, rates and taxes	40.2	3,009	8,586
Travelling and conveyance		27,136	34,463
Legal and professional		24,992	26,460
Utilities		10,814	10,596
Transportation		22,375	25,667
Communications		3,813	5,516
Repairs and maintenance		6,090	5,258
Fees and subscriptions		-	17,725
Marketing, advertisement and selling expenses		764	1,442
Insurance		4,135	5,284
Printing and stationery		2,172	2,372
Business promotion and entertainment		4,916	5,558
Directors' meeting expenses		1,404	4,594
Postage and courier		287	253
Newspapers and periodicals		202	207
Provision for advances to suppliers		31,842	-
Security services		5,240	6,070
Miscellaneous		72,942	32,342
		407,865	409,828

40.1 This includes provision for gratuity expense amounting to Rs. 20.384 million (2020: Rs. 25.241 million) and accumulated leave absences amounting to Rs. 0.941 million (2020: Rs. 0.249 million) for the year.

40.2 This includes expense relating to short term leases / operating lease rentals amounting to Rs. 2.3 million (2020: Rs.8.2 million).

Note 41

Other Income

	Note	2021	2020
		(Rupees in '000)	
Income on deposits, advances and savings accounts		33,592	38,426
Adjustment due to impact of IFRS 9	41.1	45,205	37,475
Scrap Sales		6,320	-
Gain on disposal of property, plant and equipment	22.1.7	23,224	346
Gain on lease termination		29,410	-
Change in fair value of investment properties	25.1	1,260	1,158
Liabilities written back:			
- Excess provisions written back during the year		-	192,063
- Unclaimed liabilities written back during the year	41.2	95,522	326,022
		95,522	518,085
Reversals of provision for:			
- Other receivables	36	1,083	10,293
- Stores and spares	30.1	46,262	-
- Stock in trade	31.1	4,624	-
- Loans and advances	33.3	-	3,692
		51,969	13,985
Dividend income related to investments held at the reporting period		-	63
Miscellaneous		877	-
		287,379	609,538

		Note	2021	2020
			--------------(Rupees in '000)--------------	
41.1	**Breakup is as follows:**			
	Discounting impact of liability for term finance certificates	10.1.2	-	16,681
	Discounting impact of liability for long term finance	11	14,092	1,897
	Discounting impact of long term deposit	15	-	18,897
	Discounting Impact of Sponsor's Loan	13	31,113	-
			45,205	37,475

41.2 This represents long outstanding unclaimed liabilities which have been written back under the local laws.

Note 42

Other Expenses

	Note	2021	2020
Exchange loss - net		10,505	32,998
Auditors' remuneration	42.1	4,640	4,640
Provision for expected credit losses on trade debts	32.1	243,590	228,274
Provision for Other Receivables		3,039	-
Impairment of long term investment	26.2	50,000	-
Loss on disposal of inventory		28,211	-
		339,985	265,912

42.1 Auditors' remuneration

	2021	2020
Statutory audit	2,600	2,600
Half year review	1,000	1,000
Out of pocket expenses	440	440
Certifications	600	600
	4,640	4,640

Note 43

Depreciation and Amortization

	Note	2021	2020
Depreciation	22.1	412,185	384,631
Depreciation on ROU assets	23	258,642	178,692
Amortization	24	405,165	390,036
		1,075,992	953,359

Note 44

Finance Cost

	Note	2021	2020
Mark up on term finance certificates		112,003	158,434
Mark up on long term financing		13,022	11,457
Mark-up on sponsor's loan		44,185	71,592
Mark up on short term borrowings		33,140	50,440
Finance charge on lease liabilities	16	42,310	30,916
Unwinding of discount on liabilities	44.1	51,287	205,873
Bank charges and commission		7,183	7,313
		303,130	536,025

44.1 Breakup is as follows:

	Note	2021	2020
Unwinding impact of sponsor's loan	12.2	-	155,553
Unwinding impact of long term deposit	15	7,112	-
Unwinding impact of liability for Term Finance Certificates	10.1.2	40,537	47,267
Unwinding impact of liability of long term financing		3,638	3,053
		51,287	205,873

Note 45

Taxation

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Current			
- For the year	45.1	32,988	43,576
- Prior years		3,526	(3,138)
		36,514	40,438
Deferred	45.2	-	(184,390)
		36,514	(143,952)

45.1 The provision for current taxation represents minimum / final tax under the provisions of the Income Tax Ordinance, 2001 (ITO), as applicable.

	2021	2020
	--------------(Rupees in '000)--------------	
45.2 Deferred tax income		
Origination and reversal of temporary differences	-	(168,997)
Effect of change in tax rate	-	(15,393)
	-	(184,390)

45.3 The relationship between income tax expense and accounting profit has not been presented in these financial statements as the provision for taxation for the current year is based on minimum tax under the Income Tax Ordinance, 2001.

Note 46

Loss per Share - Basic and Diluted

		2021	2020
		--------------(Rupees in '000)--------------	
46.1 Basic loss per share:			
Loss attributable to ordinary shareholders		(1,506,250)	(146,337)
Weighted average number of ordinary shares	Number in '000	2,931,332	2,477,534
Basic loss earnings per share	Rupees	(0.51)	(0.06)
46.2 Diluted loss per share:			
Loss used to determine diluted loss per share		(1,506,250)	(146,337)
Weighted average number of ordinary shares	Number in '000	2,931,332	2,477,534
Assumed conversion of CPS and dividend thereon into ordinary shares	Number in '000	323,239	503,344
Weighted average number of ordinary shares for diluted loss per share	Number in '000	3,254,571	2,980,878
Diluted loss per share	Rupees	(0.46)	(0.05)

46.2.1 The dilution effect on basic earning per share is due to conversion option on CPS. The basic weighted average number of shares have been adjusted for conversion option available to preference shareholders.

46.2.2 The effect of the conversion of the CPS into ordinary shares is anti-dilutive for the year. Accordingly, the diluted earnings per share was restricted to the basic loss per share.

Note 47

Cash Used in Operations

	2021	2020
	--------------(Rupees in '000)--------------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,469,736)	(290,289)
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	412,185	384,631
- Amortization on intangible assets	405,165	390,036
- Amortization of right of use assets	258,642	178,692
- Provision for expected credit losses on trade debts	243,590	228,274
- Provision for advances to suppliers	31,842	-
- Impairment of long term investment	50,000	-
- Provision for Other Receivable	3,039	-
- Loss on disposal of inventory	28,211	-
- Loss / (Gain) on disposal of property, plant and equipment	(23,224)	(346)
- Loss / (Gain) on lease termination	(29,410)	-
- Revenue from IRU agreement	(199,828)	(249,785)
- Disposal of fiber under IRU arrangement	9,978	12,778
- Excess provisions written back during the year	-	(192,063)
- Unclaimed liabilities written back during the year	(95,522)	(326,022)
- Reversal of provision for other Receivable	(1,083)	(10,293)
- Reversal of provision for stock in trade	(4,624)	-
- Reversal of provision for stores and spares	(46,262)	-
- Reversal of provision for advance to suppliers	-	(3,692)
- Loss/(Gain) on re-measurement of investment properties at fair value	(1,260)	(1,158)
- Post employment benefits	40,991	47,391
- Dividend income on short term investments	-	(63)
- Adjustment due to impact of IFRS 9	(45,205)	(37,475)
- Income on deposits, advances and savings accounts	(26,924)	(38,426)
- Exchange loss on foreign currency loan	51,450	16,350
- Exchange loss on foreign currency accrued mark-up	5,652	1,367
- Exchange (gain)/loss on foreign currency balances - net	(46,597)	15,281
- Imputed interest on lease liability	42,310	30,916
- Unwinding impact of liabilities under IFRS 9	51,287	205,873
- Finance cost	209,522	299,236
	1,323,925	951,502
Operating profit before working capital changes	(145,811)	661,213
(Increase) / decrease in current assets		
- Stores and spares	2,240	7,997
- Trade debts	290,349	(115,916)
- Loans and advances	(74,212)	(16,039)
- Deposits and prepayments	(21,239)	(30,461)
- Other receivables	(17,884)	(9,142)
Increase / (decrease) in current liabilities		
- Unearned Revenue	-	(55,810)
- Trade and other payables	(311,002)	341,193
	(131,748)	121,822
Cash generated from operations	(277,559)	783,035

Note 48

Remuneration of Chief Executive Officer, Directors and Executives

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

	Chief Executive		Non-Executive Directors		Executive Directors		Executives	
	2021	2020	2021	2020	2021	2020	2021	2020
	-------------(Rupees in '000)-------------		-------------(Rupees in '000)-------------		-------------(Rupees in '000)-------------		-------------(Rupees in '000)-------------	
Managerial remuneration	7,200	7,440	6,000	6,200	3,000	3,100	67,050	68,483
Retirement benefits	1,600	1,600	-	-	667	667	9,397	9,660
House rent allowance	2,880	2,976	2,400	2,480	1,200	1,240	26,820	27,393
Utilities	720	744	600	620	300	310	6,705	6,848
Meeting fee allowance	192	655	1,020	3,283	192	655	-	-
	12,592	13,415	10,020	12,583	5,359	5,972	109,972	112,384
Number of persons	1	1	6	6	1	1	34	35

48.1 An executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1,200,000 in a financial year.

48.2 The Chief Executive of the Company is also provided with a Company maintained car.

Note 49

Transaction with Related Parties

Related parties comprise the parent Company, associated companies / undertakings, directors of the Company and their close relatives and key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties. Credit terms with related parties are more than normal business arrangements. Amounts due from and due to related parties are shown under respective notes to these financial statements.

Transactions during the year with local companies

Related party	Relationship	Nature of transaction	2021	2020
			-------------(Rupees in '000)-------------	
Worldcall Services (Private) Limited	Parent Company (note 4.23)	Funds received by the Company during the year	349,274	75,320
		Funds repaid by the Company during the year	54,098	555,155
		Settlement with multimedia	29,340	48,011
		Mark-up on long term borrowings	44,185	71,592
		Exchange loss on mark-up	5,652	1,367
		Exchange loss on interest free loan	51,450	16,350
		Mark-up paid/adjusted during the year	-	60,463
Route 1 Digital (Private) Limited	Wholly Owned Subsidiary (note 4.23)	Interest charged during the year	1,196	1,125
		Expenses borne on behalf of subsidiary	1,462	1,671
Worldcall Business Solutions (Private) Limited	Associate (note 4.23)	Expenses borne on behalf of associate	10,567	12,770
		Interest charged during the year	5,316	4,378

Transactions during the year with local companies

Related party	Relationship	Nature of transaction	2021	2020
			--------------(Rupees in '000)--------------	
Worldcall Cable (Private) Limited	Associate (note 4.23)	Interest charged during the year	153	153
ACME Telecom (Private) Limited	Associate (note 4.23)	Interest charged during the year	2	2
Worldcall Ride Hail (Private) Limited	Associate (note 4.23)	Interest charged during the year	2	1
Key management personnel	Associated persons	Advances against expenses disbursed / (adjusted) - net	962	(3,429)

The amounts above do not include salaries and other related benefits of the Chief Executive Officer, directors and executives of the Company which have been disclosed in note 48.

Transactions during the year with foreign companies

Related party	Relationship	Nature of transaction	2021	2020
			--------------(Rupees in '000)--------------	
Ferret Consulting - F.Z.C	Associate (note 4.23)	Dividend on CPS	144,052	56,484
		Direct Cost-IT Service	6,940	7,200
		Exchange loss	4,604	28,640
		Expenses Charged	2,270	2,125
		Adjustment with third party ACME Tel	(4,675)	337,500

Ferret Consulting is incorporated in United Arab Emirates. Basis for association of the Company with Ferret is common directorship.

Outstanding Balance as at the year end

Worldcall Services (Private) Limited	Sponsor's loan	1,676,880	1,118,386
	Accrued mark-up	67,618	30,277
Ferret Consulting - F.Z.C	Dividend on CPS	375,421	519,473
	Short term borrowings	66,156	59,941
Route 1 Digital (Private) Limited	Investment in subsidiary	-	50,000
	Other receivables	19,081	16,423
Worldcall Business Solutions (Private) Limited	Other receivables	85,992	70,109
ACME Telecom (Private) Limited	Other receivables	34	32
Worldcall Ride Hail (Private) Limited	Other receivables	19	17
Worldcall Cable (Private) Limited	Other receivables	2,416	2,263
Key management personnel	Payable against expenses, salaries and other employee benefits	179,773	152,681
	Advance against expenses	12,845	11,883

Note 50

Financial Risk Management

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between various sources of finance to minimize the risk.

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

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

The Company's overall risk management procedures, to minimize the potential adverse effects of financial market on the Company's performance, are as follows:

50.1 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 affect the Company's income or the value of its holdings of financial instruments.

50.1.1 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 or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to the followings:

	2021	2020
	-----------------USD ('000)-----------------	
Trade debts	12,336	7,479
Trade and other payables	(11,430)	(7,265)
Borrowings	(3,852)	(3,483)
Net exposure	(2,946)	(3,269)
The following significant exchange rates were applied during the year		
Average rate - Rupees per US Dollar (USD)	168.54	157.83
Reporting date rate - Rupees per US Dollar (USD)		
Assets	176.31	160.30
Liabilities	176.73	160.80

At **December 31, 2021**, if the Rupee had weakened / strengthened by 1% against the US dollar with all other variables held constant, pre-tax loss for the year would have been Rs. 5.2 million (2020: Rs. 5.26 million) higher / lower, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

50.1.2 Interest rate risk

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

The Company analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing etc. At the reporting date, the profile of the Company's interest bearing financial instruments was as under:

Floating rate instruments	2021	2020
	--------------(Rupees in '000)--------------	
Financial assets		
Bank balances - saving accounts	16,057	2,073
Deposit in Escrow Account	485,822	467,669
Financial liabilities		
Term finance certificates	(1,259,152)	(1,287,110)
Long term financing	(156,784)	(91,509)
Sponsor's loan	(533,850)	(482,400)
Short term borrowings	(345,756)	(427,419)
	(1,793,663)	(1,818,696)

Fair value sensitivity analysis for fixed rate instruments

The Company does not have any fixed rate financial assets and liabilities at fair value.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date had fluctuated by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 17.94 million (2020: Rs. 18.19 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at the reporting date are outstanding for the entire year.

50.1.3 Other market 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.

Equity price risk arises from investments held by the Company which are classified in the statement of financial position as fair value through other comprehensive income (Note 35). The primary goal of the Company's investment strategy is to maximize investment returns on the surplus cash balance. In accordance with this strategy, investments are designated as available-for-sale and their performance is actively monitored.

Since the investment amount is too low (less than 1% of the Company's total assets), the performance of the investments will not have any material impact on the Company's performance.

50.2 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure.

The Company's credit risk is primarily attributable to deposits with banks, long term trade receivables, trade debts, loans and advances and other receivables. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

50.2.1 Exposure to credit risk

Carrying values of financial assets exposed to credit risk and which are neither past due nor impaired are as under:

	2021	2020
	--------------(Rupees in '000)--------------	
Long term deposits	10,735	17,221
Trade debts	456,651	807,879
Short term deposits	551,392	528,088
Other receivables	109,002	93,074
Long term investment	-	50,000
Short term investments	54,340	51,674
Bank balances	30,704	52,550
	1,212,824	1,600,486

50.2.2 The aging of trade debts as at the reporting date is as follows:

	2021	2020
Not past due	6,532	44,008
Past due 1 - 180 days	85,116	245,406
Past due 181 - 365 days	56,111	39,542
1 - 2 years	517,684	957,141
More than 2 years	2,796,889	2,283,873
	3,462,332	3,569,970

The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and trade debts are subject to specific credit ceilings based on customer credit history.

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it shall not receive the amount due from the particular customer. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amounts written off are credited directly to the statement of profit or loss account.

50.2.3 Credit quality of bank balances

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating Agency	2021	2020
	Long term	Short term			
				(Rupees in '000)	
Allied Bank Limited	AAA	A1+	PACRA	1	1
Askari Bank Limited	AA+	A1+	PACRA	4	12
Bank AL Habib Limited	AA+	A1+	PACRA	4	1
Habib Bank Limited	AAA	A1+	VIS	117	101
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	20	20
JS Bank Limited	AA-	A1+	PACRA	17	17
Bank Islami Pakistan Limited (Formerly KASB Bank Limited)	A+	A1	PACRA	15,445	1,150
MCB Bank Limited	AAA	A1+	PACRA	127	125
National Bank of Pakistan	AAA	A1+	PACRA	6	11
Silk Bank Limited	A-	A2	VIS	13	107
Standard Chartered Bank (Pakistan) Limited	AAA	A1+	PACRA	579	558
Soneri Bank Limited	AA-	A1+	PACRA	6	5
Summit Bank Limited	SUSPENDED	SUSPENDED	VIS	365	753
Telenor Microfinance Bank Limited (Formerly Tameer Microfinance Bank Limited)	A+	A1	PACRA	248	251
United Bank Limited	AAA	A1+	VIS	347	19
Waseela Microfinance Bank Limited)	A	A1	PACRA	318	385
Meezan Bank	AA+	A1+	VIS	13,005	49,034
Dubai Islamic Bank Limited	AA	A1+	VIS	82	-
				30,704	52,550

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

50.3 Liquidity risk

Liquidity risk represents the risk that the Company shall encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The management monitors the forecasts of the Company's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the Company operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities and maintaining debt financing plans. The Company has been facing difficulty in meeting various obligations towards its lenders and creditors. However, the management has devised a strategy for settlement and servicing of its liabilities as detailed in note 2.2. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
	Rupees in '000					
Contractual maturities of financial liabilities as at December 31, 2021:						
Term finance certificates	1,636,461	2,005,646	691,666	329,800	984,180	-
Long term financing	156,784	235,429	38,100	46,068	151,261	-
Sponsor's loan	1,676,880	1,823,188	-	1,823,188	-	-
Long term deposit	93,215	105,000	-	105,000	-	-
Lease liabilities	314,666	582,344	123,107	70,272	210,816	178,149
License fee payable	45,513	45,513	-	-	45,513	-
Short term borrowings	411,912	411,912	411,912	-	-	-
Trade and other payables	5,227,952	5,227,952	5,227,952	-	-	-
Unclaimed dividend	1,807	1,807	1,807	-	-	-
Accrued mark up	415,372	415,371	415,371	-	-	-
	9,980,562	10,854,162	6,909,915	2,374,328	1,391,770	178,149

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
	-----	-----	-----	Rupees in '000	-----	-----
Contractual maturities of financial liabilities as at December 31, 2020:						
Term finance certificates	1,753,356	2,350,027	549,399	345,725	1,183,513	271,390
Long term financing	91,509	124,916	43,909	47,600	33,407	-
Sponsor's loan	1,345,289	1,460,484	-	1,460,484	-	-
Long term deposit	86,103	105,000	-	-	105,000	-
Lease liabilities	275,931	404,186	45,610	76,197	169,201	113,178
License fee payable	45,513	45,513	-	-	45,513	-
Short term borrowings	487,360	487,360	487,360	-	-	-
Trade and other payables	5,227,270	5,208,689	5,208,689	-	-	-
Unclaimed dividend	1,807	1,807	1,807	-	-	-
Accrued mark up	278,318	278,318	278,318	-	-	-
	9,592,456	10,466,300	6,615,092	1,930,006	1,536,634	384,568

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at the reporting date. The rates of interest / mark up have been disclosed in relevant notes to these financial statements.

50.4 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

The carrying values of all financial assets and liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value estimation

Fair value measurements are categorized into Level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and significance of the inputs to the fair value measurement in its entirety, which is as follows: The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs) (level 3).

The following table presents the Company's financial assets that are measured at fair value at December 31, 2021:

	Level 1	Level 2	Level 3	Total
	-----	Rupees in '000	-----	-----
Assets				
Recurring fair value measurements				
Investments at fair value through other comprehensive income	54,340	-	-	54,340

The following table presents the Company's financial assets that are measured at fair value at December 31, 2020:

	Level 1	Level 2	Level 3	Total
	-----	Rupees in '000	-----	-----
Assets				
Recurring fair value measurements				
Investments at fair value through other comprehensive income	51,674	-	-	51,674

There has been no transfers from one level of hierarchy to another level during the year.

50.5 Changes in liabilities arising from financing activities

	January 1, 2021	Cash Flows	Foreign Exchange Movement	Impact of (Discounting) / Unwinding	Other Adjustments	December 31, 2021
	(Rupees in '000)					
Term finance certificates	1,876,983	(27,958)	-	40,537	-	1,889,562
Long term financing	111,388	(16,033)	-	(15,065)	155,139	235,429
Sponsor's loan	1,345,289	311,254	51,450	(31,113)	-	1,676,880
Lease liabilities	275,931	(46,617)	-	-	85,352	314,666
Short term borrowings	487,360	1,255	-	-	(76,703)	411,912
Total liabilities from financing activities	4,096,951	221,901	51,450	(5,641)	163,788	4,528,449

	January 1, 2020	Cash Flows	Foreign Exchange Movement	Impact of (Discounting) / Unwinding	Other Adjustments	December 31, 2020
	(Rupees in '000)					
Term finance certificates	1,767,180	-	-	30,586	79,217	1,876,983
Long term financing	138,279	(32,828)	-	(4,612)	10,549	111,388
Sponsor's loan	1,416,639	(243,253)	16,350	155,553	-	1,345,289
Lease Liabilities	239,454	(42,954)	-	-	79,431	275,931
Short term borrowings	934,046	(185,836)	-	-	(260,850)	487,360
Total liabilities from financing activities	4,495,598	(504,871)	16,350	181,527	(91,653)	4,096,951

Other adjustments include, mark-up deferred / accrued during the year, transfer of short term loan to long term loan due to restructuring/settlement, expenses borne by lender on behalf of the Company.

50.6 Capital Risk Management

The Company's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the Company's business. The Board of Directors monitors the Return on Capital Employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

a) to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

b) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The Company monitors capital on the basis of the debt-to-equity ratio calculated as a ratio of total debt to equity and total debt.

The Company is subject to capital requirements imposed by its lenders. However, the Company has not been able to meet these requirements on account of its financial constraints. The management is confident that after implementation of the strategy detailed in note 2.2, the Company will become compliant with the externally imposed capital requirements.

In line with the industry norm, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including license fee payable) less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position plus net debt. As at the reporting date, the gearing ratio of the Company was worked out as under:

	2021	2020
	Rupees in '000	
Borrowings	4,196,703	3,953,445
Cash and bank balances	(33,208)	(56,440)
Net debt	4,163,495	3,897,005
Equity	3,002,469	4,508,420
Total capital employed	7,165,964	8,405,425
Gearing ratio (%)	58.10%	46.36%

50.7 Financial instruments by categories

Financial assets as at December 31, 2021

	Amortized Cost	At fair value through OCI - equity instruments	At fair value through profit or loss	Total
	---Rupees in '000---			
Long term deposits	10,735	-	-	10,735
Trade debts	456,651	-	-	456,651
Short term deposits	551,392	-	-	551,392
Other receivables	109,002	-	-	109,002
Short term investments	-	54,340	-	54,340
Cash and bank balances	33,208	-	-	33,208
	1,160,988	54,340	-	1,215,328

Financial assets as at December 31, 2020

	Amortized Cost	At fair value through OCI - equity instruments	At fair value through profit or loss	Total
	---Rupees in '000---			
Long term loans	-	-	-	-
Long term deposits	17,221	-	-	17,221
Long term trade receivables	-	-	-	-
Long term investment	50,000			50,000
Trade debts	807,879	-	-	807,879
Short term deposits	528,088	-	-	528,088
Other receivables	93,074	-	-	93,074
Short term investments	-	51,674	-	51,674
Cash and bank balances	56,440	-	-	56,440
	1,552,702	51,674	-	1,604,376

Financial liabilities at amortized cost

	2021	2020
	---(Rupees in '000)---	
Term finance certificates	1,636,461	1,753,356
Long term financing	156,784	91,509
Sponsor's loan	1,676,880	1,345,289
Long term deposit	93,215	86,103
Lease liabilities	314,666	275,931
License fee payable	45,513	45,513
Short term borrowings	411,912	487,360
Trade and other payables	5,227,952	5,227,270
Unclaimed dividend	1,807	1,807
Accrued mark up	415,372	278,318
	9,980,562	9,592,456

50.8 Offsetting financial assets and financial liabilities

(a) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts of recognized financial assets	**Gross amount of recognized financial liabilities off set in the statement of financial position**	**Net amount of financial assets presented in the statement of financial position**	**Related amounts not off set in the statement of financial position**	**Net amount**	**Financial assets not in scope of off setting disclosures**
			(Rupees in '000)			
As at December 31, 2021	**A**	**B**	**C = A + B**	**D**	**E = C + D**	
Long term deposits	-	-	-	-	-	10,735
Trade debts	2,249,087	(1,792,436)	456,651	-	456,651	-
Short term deposits	-	-	-	-	-	551,392
Other receivables	109,002	-	109,002	-	109,002	-
Short term investments	-	-	-	-	-	54,340
Cash and bank balances	-	-	-	-	-	33,208
	2,358,089	**(1,792,436)**	**565,653**	**-**	**565,653**	

	Gross amounts of recognized financial assets	Gross amount of recognized financial liabilities off set in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
			(Rupees in '000)			
As at December 31, 2020	A	B	C = A + B	D	E = C + D	
Long term deposits	-	-	-	-	-	17,221
Trade debts	4,824,230	(4,016,351)	807,879	-	807,879	-
Short term deposits	-	-	-	-	-	528,088
Other receivables	93,074	-	93,074	-	93,074	-
Short term investments	-	-	-	-	-	51,674
Cash and bank balances	-	-	-	-	-	56,440
	4,917,304	(4,016,351)	900,953	-	900,953	

(b) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts of recognized financial liabilities	**Gross amount of recognized financial assets off set in the statement of financial position**	**Net amount of financial liabilities presented in the statement of financial position**	**Related amounts not off set in the statement of financial position**	**Net amount**	**Financial liabilities not in scope of off setting disclosures**
	(Rupees in '000)					
As at December 31, 2021	**A**	**B**	**C = A + B**	**D**	**E = C + D**	
Short term borrowings	-	-	-	-	-	411,912
License fee payable	-	-	-	-	-	45,513
Trade and other payables	6,820,560	(1,592,608)	5,227,952	-	5,227,952	-
Unclaimed dividend						1,807
Accrued mark up	-	-	-	-	-	415,372
Term finance certificates	-	-	-	-	-	1,636,461
Long term financing	-	-	-	-	-	156,784
Sponsor's loan	-	-	-	-	-	1,676,880
Lease liabilities	199,828	(199,828)	-	-	-	-
Long term deposit	-	-	-	-	-	93,215
	7,020,388	**(1,792,436)**	**5,227,952**	**-**	**5,227,952**	

	Gross amounts of recognized financial liabilities	Gross amount of recognized financial assets off set in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
	(Rupees in '000)					
As at December 31, 2020	A	B	C = A + B	D	E = C + D	
Short term borrowings	-	-	-	-	-	487,360
License fee payable	-	-	-	-	-	45,513
Trade and other payables	7,745,897	(2,518,627)	5,227,270	-	5,227,270	-
Unclaimed dividend						1,807
Accrued mark up	-	-	-	-	-	278,318
Term finance certificates	-	-	-	-	-	1,753,356
Long term financing	-	-	-	-	-	91,509
Sponsor's loan	-	-	-	-	-	1,345,289
Lease liabilities	1,497,724	(1,497,724)	-	-	-	-
Long term deposit	-	-	-	-	-	86,103
	9,243,621	(4,016,351)	5,227,270	-	5,227,270	

Note 51

Segment Information

As per IFRS 8, "Operating Segments", operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The Chief Executive Officer (CEO) of the Company has been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

The CEO is responsible for the Company's entire product portfolio and considers business as a single operating segment. The Company's assets allocation decisions are based on a single integrated investment strategy and the Company's performance is evaluated on an overall basis.

The internal reporting provided to the CEO for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Company is domiciled in Pakistan. All of the Company's assets are located in Pakistan as at the reporting date.

Note 52

Number of Employees

	2021	2020
	Number	Number
Employees as at December 31,	406	493
Average number of employees during the year	455	546

Note 53

Impact of Covid 19 on the financial statements

The Company has assessed, and continues to assess, the potential for disruption caused by the COVID-19 pandemic and has put in place plans and measures in order to enable the business to maintain normal operations, to the extent possible, against the backdrop of an evolving situation. The Company has implemented actions to mitigate the impact of COVID-19, including steps to protect the employees in line with guidance from government, and while there remains considerable uncertainty in relation to the COVID-19 pandemic (including its duration, extent and ultimate impact), management believes that the Company's operations will not experience any material impact due to the COVID-19 pandemic. Based on management assessment there is no material financial impact of COVID-19 in these financial statements.

Note 54

Authorization of Financial Statements

These financial statements were approved and authorized for issue on 16 July 2022 by the Board of Directors of the Company.

Note 55

Corresponding Figures

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison although there is no material reclassification during the year.

CHIEF EXECUTIVE OFFICER **DIRECTOR** **CHIEF FINANCIAL OFFICER**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORLDCALL TELECOM LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed consolidated financial statements of WorldCall Telecom Limited and its subsidiary (the Group), which comprises the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the group as at December 31, 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements* section of our report. We are independent of the Group 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.

Material Uncertainty relating to Going Concern

We draw attention to Note 2.2 in the annexed consolidated financial statements, which states that the Group has incurred a loss after taxation of Rs. 1,506.356 million during the year ended December 31, 2021 (2020: Rs. 150.274 million) which includes the impact of write back of liabilities for Rs. 95.522 million (2020: Rs. 518.09 million). As at December 31, 2021, the accumulated loss of the Group stands at Rs. 14,041.887 million (December 31, 2020: Rs. 12,820.619 million) and its current liabilities exceed its current assets by Rs. 6,344.401 million (December 31, 2020: Rs. 5,948.632 million). These conditions, along with the other factors like declining revenue and contingencies and commitments as mentioned in note 21, indicate the existence of material uncertainties that cast significant doubt about the Group's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Our opinion is not qualified in respect of this matter.

Emphasis of Matter Paragraph

We draw attention to note 27 in the annexed consolidated financial statements, wherein the Group recognize deferred tax asset of Rs 2,369.644 million, the realization of which would depend on generation of sufficient profits in the future as projected by the management. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the Material Uncertainty Related to Going Concern section and Emphasis of Matter Paragraph, we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the Key Audit Matters:

Sr. #	Key Audit Matters	How the matters were addressed in our audit
1.	**Revenue Recognition** The Group has reported revenue amounting to Rs 2,114 Million for the year ended December 31, 2021 for details refer note 37 to the consolidated financial statements. There is a risk around the accuracy and completeness of revenue recorded. The complex billing system that involves processing a large volume of data making it inherent industry risk. We identified recognition of revenue as a key audit matter because (i) revenue is one of the key performance indicator of the Group (ii) it gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets and (iii) recognition and measurement of revenue and contract related assets may involve significant judgement as per IFRS-15 'Revenue from Contracts from Customers'	Our audit procedures to assess the recognition of revenue amongst others, include the following: ▪ Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue ▪ Comparing a sample of transactions comprising of various revenue streams recorded during the year with relevant underlying supporting documents and cash receipts where applicable ▪ We evaluated the relevant IT systems and the design of controls, and tested the operating effectiveness of controls over the: • capturing and recording of revenue transactions; • authorization of rate changes and the input of this information to the billing systems; and • calculation of amounts billed to customers. We also tested a sample of customer bills and checked these to cash received from customers.

		We also tested a sample of customer bills and checked these to cash received from customers. ▪ Assessing the appropriateness of accounting policies for revenue recognition and relevant contract assets and liabilities for compliance with applicable financial reporting framework including their correct application to the amounts recognized during the year. ▪ Inspecting journal entries relating to revenue recognized during the year and the corresponding underlying documentation for those journal entries which were considered to be material or met certain specified risk-based criteria; and ▪ Considering the appropriateness of disclosures in the consolidated financial statements.
2.	**Recoverability of Trade Debts** As at December 31, 2021, the Group's gross trade debtors were Rs 3,462.531 Million against which allowances for doubtful debts of Rs 3,005.681 Million were recorded for details refer note 31 of the consolidated financial statements. We identified the recoverability of trade debtors as a key audit matter because it involves significant management judgment in assessing the amount likely to be received and estimates in determining the allowance of expected credit loss.	Our audit procedures to assess the valuation of trade debts amongst others included the following: ▪ Obtaining an understanding of and testing the design and implementation of management's key internal controls relating to credit control, debt collection and making allowances for doubtful debts; ▪ Agreeing, on a sample basis, the balances used in management's estimate of expected credit loss with the books of account of the Group; ▪ Testing the assumptions and estimates made by management for the allowances for doubtful debts; and ▪ Evaluating that the allowance for doubtful debt is in accordance with the requirements of applicable financial reporting framework.
3.	**Contingencies** There are a number of threatened and actual legal, regulatory and tax cases against the Group for details refer note 21 of the consolidated financial statements. The contingencies require management to make judgments and estimates in relation to the interpretation of laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies Involvement of subjectivity, inherent uncertainty and the time period such matters may take to resolve, the management judgments and estimates in relation to such contingencies may be complex and can significantly impact the consolidated financial statements. For such reasons we have considered contingencies as a key audit matter	Our key audit procedures includes: ▪ Discussing the process of identifying and recording contingencies in the consolidated financial statements with the management; ▪ Review of the correspondence of the Group with the relevant tax authorities including judgement and orders passed by the competent authorities; ▪ Discussing with the Group's in-house tax expert to assess and validate management's conclusion; ▪ Obtaining and reviewing external confirmations from Group's legal counsels and tax advisors for their views on case status and ▪ Assess adequacy of disclosures in the consolidated financial statements.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.
The Board of directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 the consolidated financial statements of the current year 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.

The engagement partner on the audit resulting in this independent auditor's report is Imran-ul-Haq.

Nasir Javaid Maqsood Imran
Chartered Accountants

Date: August 23, 2022
Islamabad
UDIN: AR202110163pOKBg5e0o

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

	Note	2021	2020
		-----------(Rupees in '000)-----------	
SHARE CAPITAL AND RESERVES			
Authorized share capital		29,000,000	29,000,000
Ordinary share capital	5	12,495,571	11,863,206
Preference share capital	6	1,576,870	1,963,178
Dividend on preference shares	7	571,600	715,652
Capital reserves	8	353,853	449,551
Accumulated loss		(14,041,887)	(12,820,619)
Surplus on revaluation of fixed assets	9	2,027,672	2,318,768
		2,983,679	4,489,736
NON-CURRENT LIABILITIES			
Term finance certificates	10	1,204,445	1,433,280
Long term financing	11	182,264	68,635
Sponsor's loan	12	1,676,880	1,345,289
License fee payable	13	45,513	45,513
Post employment benefits	14	193,756	203,133
Long term deposit	15	93,215	86,103
Lease liabilities	16	195,016	172,671
		3,591,089	3,354,624
CURRENT LIABILITIES			
Trade and other payables	17	6,008,434	6,231,517
Accrued mark up	18	415,372	278,318
Current and overdue portion of non-current liabilities	19	842,866	590,872
Short term borrowings	20	411,912	487,360
Unclaimed dividend		1,807	1,807
Provision for taxation - net		344,404	331,683
		8,024,795	7,921,557
Contingencies and Commitments	21	-	-
TOTAL EQUITY AND LIABILITIES		14,599,563	15,765,917
NON-CURRENT ASSETS			
Property, plant and equipment	22	5,795,977	6,207,321
Right of use assets	23	3,694,104	3,680,465
Intangible assets	24	997,491	1,448,958
Investment properties	25	51,218	49,958
Long term investment	26	-	-
Long term trade receivable	26	-	-
Deferred taxation	27	2,369,644	2,389,069
Long term deposits	28	10,735	17,221
		12,919,169	13,792,992
CURRENT ASSETS			
Stores and spares	29	30,355	32,595
Stock-in-trade	30	209,401	204,777
Trade debts	31	456,849	808,078
Loans and advances	32	251,608	209,236
Deposits and prepayments	33	554,696	533,457
Short term investments	34	54,340	51,674
Other receivables	35	89,921	76,651
Cash and bank balances	36	33,224	56,457
		1,680,394	1,972,925
TOTAL ASSETS		14,599,563	15,765,917

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Revenue	37	2,114,223	3,140,134
Direct costs excluding depreciation and amortization	38	(1,744,561)	(1,874,998)
Operating costs	39	(409,710)	(411,760)
Other income	40	286,183	608,414
Other expenses	41	(336,288)	(265,952)
Profit before Interest, Taxation, Depreciation and Amortization		(90,153)	1,195,838
Depreciation and amortization	42	(1,076,557)	(954,039)
Finance cost	43	(303,132)	(536,025)
Loss before Taxation		(1,469,842)	(294,226)
Taxation	44	(36,514)	143,952
Net (Loss) / Profit for the Year		(1,506,356)	(150,274)
(Loss) /Earnings per Share - basic (Rupees)	45	(0.51)	(0.06)
(Loss) / Earnings per Share - diluted (Rupees)	45	(0.51)	(0.06)

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

Babar Ali Syed

CHIEF EXECUTIVE OFFICER | **DIRECTOR** | **CHIEF FINANCIAL OFFICER**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	--------------(Rupees in '000)-------------	
Net (Loss) / Profit for the Year	(1,506,356)	(150,274)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
- Remeasurement of post employment benefit obligations - net of tax	9,526	16,447
- Surplus on revaluation of right of use assets - net of tax	-	1,491,000
- Changes in fair value of financial assets through other comprehensive income - net of tax	6,307	13,095
Item that may be subsequently reclassified to profit or loss:	-	-
Other Comprehensive Income - net of tax	15,833	1,520,542
Total Comprehensive Income for the Year - net of tax	(1,490,523)	1,370,268

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

Particulars	Ordinary Share Capital	Preference Share Capital	Dividend on Preference Shares	Capital Reserves			Revenue Reserve (Accumulated Loss)	Surplus on Revaluation of Fixed Assets	Total
				Fair Value Reserve	Exchange Translation Reserve	Total Capital Reserves			
	(Rupees in '000)								
Balance as at December 31, 2020	11,615,252	2,114,651	772,136	(26,310)	502,763	476,453	(13,201,560)	1,247,166	3,024,098
Net profit for the year	-	-	-	-	-	-	(150,274)	-	(150,274)
Other comprehensive income for the year - net of tax	-	-	-	13,095	-	13,095	16,447	1,491,000	1,520,542
Total comprehensive income for the year - net of tax	-	-	-	13,095	-	13,095	(133,827)	1,491,000	1,370,268
Adjustment of Surplus on retirement of intangible assets							360,483	(255,943)	104,540
Incremental depreciation / amortization for the year on surplus on revaluation of fixed assets	-	-	-	-	-	-	154,285	(154,285)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(9,170)	(9,170)
Conversion of preference shares and dividend thereon	2,077,115	(151,473)	(56,484)	-	(39,997)	(39,997)	-	-	1,829,161
Discount on issuance of ordinary shares	(1,829,161)	-	-	-	-	-	-	-	(1,829,161)
Dividend on preference shares for the year	-	-	-	-	-	-	-	-	-
Total transactions with owners, recognized directly in equity	247,954	(151,473)	(56,484)	-	(39,997)	(39,997)	-	-	-
Balance as at December 31, 2020	**11,863,206**	**1,963,178**	**715,652**	**(13,215)**	**462,766**	**449,551**	**(12,820,619)**	**2,318,768**	**4,489,736**
Net loss for the year	-	-	-	-	-	-	(1,506,356)	-	(1,506,356)
Other comprehensive income for the year - net of tax	-	-	-	6,307	-	6,307	9,526	-	15,833
Total comprehensive income for the year - net of tax	-	-	-	6,307	-	6,307	(1,496,830)	-	(1,490,523)
Incremental depreciation / amortization for the year on surplus on revaluation of fixed assets	-	-	-	-	-	-	275,562	(275,562)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(15,534)	(15,534)
Conversion of preference shares and dividend thereon	5,297,339	(386,308)	(144,052)	-	(102,005)	(102,005)	-	-	4,664,974
Discount on issuance of ordinary shares	(4,664,974)	-	-	-	-	-	-	-	(4,664,974)
Total transactions with owners, recognized directly in equity	632,365	(386,308)	(144,052)	-	(102,005)	(102,005)	-	-	-
Balance as at December 31, 2021	12,495,571	1,576,870	571,600	(6,908)	360,761	353,853	(14,041,887)	2,027,672	2,983,679

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER | **DIRECTOR** | **CHIEF FINANCIAL OFFICER**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		--------------(Rupees in '000)--------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	46	(277,557)	784,160
Increase / (Decrease) in non-current liabilities:			
- License fee payable		-	(192,064)
Decrease / (Increase) in non-current assets:			
- Long term deposits		6,486	(311)
		(271,071)	591,785
Post employment benefits paid		(1,843)	(989)
Finance cost paid		(8,882)	(69,366)
Income tax paid		(23,793)	(20,580)
Net Cash generated from / (used in) Operating Activities		(305,589)	500,850
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(41,737)	(17,547)
Dividend income		-	63
Short term investments		3,641	
Income on deposit and savings accounts		26,924	37,301
Proceeds from disposal of inventory		18,050	-
Proceeds from disposal of property, plant and equipment		53,577	561
Net Cash Generated from / (Used in) Investing Activities		60,455	20,378
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term finance certificates		(27,958)	-
Repayment of long term financing		(16,033)	(32,828)
Sponsor's loan		311,254	(243,253)
Short term borrowings - net		1,255	(185,836)
Repayment of lease liability		(46,617)	(42,954)
Net Cash (Used in) / Generated from Financing Activities		221,901	(504,871)
Net Increase in Cash and Cash Equivalents		(23,233)	16,357
Cash and cash equivalents at the beginning of the year		56,457	40,100
Cash and Cash Equivalents at the End of the Year		33,224	56,457

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1

The Group and its Operations

The Group is structured as follows:

- Worldcall Telecom Limited is the Parent Company (refer to note 1.1)
- Route 1 Digital (Private) Limited is the subsidiary (refer to note 1.2). The subsidiary is wholly owned by the Parent with 100% shareholding of the Parent Company in the subsidiary.

1.1 Worldcall Telecom Limited ("the parent Company") is a public limited Company incorporated in Pakistan on March 15, 2001 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange. The Company commenced its operations on December 01, 2004 and is engaged in providing Wireless Local Loop ("WLL") and Long Distance & International ("LDI") services in Pakistan; re-broadcasting international/national satellite/terrestrial wireless and cable television and radio signals; interactive communication and to establish, maintain and operate the licensed telephony services. The Company is domiciled in Pakistan and its registered office cum principal place of business is situated at Plot # 112-113, Block S, Quid-e-Azam Industrial Estate,

Worldcall Services (Pvt.) Limited (the "Parent Company"), incorporated in Pakistan, owns 26.75% (2020: 36.87%) ordinary shares of the Company. Aggregate holding of Worldcall Services (Private) Limited through other associates is 41.44% (2020: 42.14%) (refer to note 4.23.1)

1.2 Route 1 Digital (Private) Limited (the subsidiary) is a private limited Company incorporated in Pakistan on December 21,
2016 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The primary business is to carry out the business of all transport services, sharing motor vehicle transportation with another or others, and consultancy in the field of information technology, software development and all activities ancillary thereto. The subsidiary is domiciled in Pakistan and its registered office is situated at 2nd Floor, 300 Y Block, Phase-III, Defence Housing Authority, Lahore Cantt. Its principal place of business is situated at 20, Tariq Block, New Garden

1.3 Geographical location and address of all business units of the Group are as follows:

Business unit	Address
Main Offices	Plot # 112-113, Block S, Quid-e-Azam Industrial Estate, Kot Lakh Pat, Lahore.
Regional offices	41 N, Gulberg II, Lahore.
	Y-194/1, Commercial Phase-III, DHA, Lahore.
	Ali Tower, 105-BII, MM Alam Road, Lahore.
	Shop # 35,34, J-I Market, WAPDA Town, Lahore.
	House # 81, FG Colony, Hassan Garhi Shami Road, Peshawar.
Warehouse	Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore.
	Plot # F15/F16, Ground Portion situated at P&T Colony, Gizri Road, Clifton, Karachi.
Headends	Office # 315, Plot # G-7, Block-9, K.D.A Scheme # 5, Kehkashan Clifton, Karachi.
	Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakh Pat, Lahore.
	P-1410-11-B, People's Colony-1, Faisalabad.
	Plot # 321, St # 04, Sector I-9/3, Islamabad.

Note 2

Basis of Preparation

2.1 Statement of compliance

These consolidated 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; 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Going concern assumption

2.2.1 The Group has incurred a loss after taxation of Rs. 1,506.356 million during the year ended December 31, 2021 (2020: Rs. 150.274 million) which includes the impact of write back of liabilities for Rs. 95.522 million (2020: Rs. 518.09 million). As at December 31, 2021, the accumulated loss of the Group stands at Rs. 14,041.877 million (December 31, 2020: Rs. 12,820.619 million) and its current liabilities exceed its current assets by Rs. 6,344.401 million (December 31, 2020: Rs. 5,948.632 million). These conditions, along with the other factors like declining revenue and contingencies and commitments as mentioned in note 21, indicate the existence of material uncertainties that cast significant doubt about the Group's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Group's management has carried out an assessment of going concern status of the Group and believes that preparation of these consolidated financial statements on going concern assumption is appropriate. The management has placed reliance on the following factors:

2.2.2 Net Liabilities Position - Risk Mitigation

As mentioned above, there is a net current liability position of approximately Rs. 6,344.401 billion as on the reporting date, which has the following major components:

Description	Note	Rs in million
Short term Borrowings	2.2.2.1	412
Pakistan Telecommunication Authority (PTA)	2.2.2.2	2,331
Claims of Parties Challenged	2.2.2.3	957
Regularly revolving creditors	2.2.2.4	155
Contract liabilities	2.2.2.5	571
Provision for taxation	2.2.2.6	344
		4,770

The management believes that certain balances included in the above amounts do not represent immediately payable liabilities as detailed below:

2.2.2.1 The Group is in negotiation with banks for roll over of these facilities (note 20). Moreover, short term borrowings include funds obtained from sponsor / related parties to the tune of Rs. 66.1 million.

2.2.2.2 Liabilities towards PTA as incorporated in these consolidated financial statements stand at approximately Rs. 2.3 billion which are not immediately payable owing to non-fulfillment of certain conditions relating to the demand of such amounts. These conditions relate to the industry circumstances and Court Orders.

2.2.2.3 This amount represents the amounts owed to certain parties whose claims have been challenged by the Group in various judicial forums for the breach and non-performance of their contractual obligations. Based on the merits of Group’s position, the management believes that such amounts may not be immediately payable under the circumstances.

2.2.2.4 The amount payable to creditors amounting Rs. 155 million represents routine trade credits extended by regular parties and these balances are of revolving nature. Thus, no immediate net cash outlay would be required.

2.2.2.5 Contract liabilities represents advances received from customers and this will be adjusted against future services. Based on which no cash outflow will occur.

2.2.2.6 The Group does not anticipate cash outlays on account of Provision for Taxation, since it has sufficient brought forward losses.

2.2.3 Continued Support from a Majority Shareholder

The Group’s majority shareholder, Worldcall Services (Private) Limited (WSL) has given assurance to provide continued cash flow support to the Group through its letter to the Group’s Board of Directors.

2.3 Principles of consolidation

2.3.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the changes in carrying amount are recognized in consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in consolidated other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in consolidated other comprehensive income are reclassified to consolidated statement of profit or loss.

2.3.2 Changes in ownership interests

The Group treats transactions with non-controlling interest that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Group.

2.4 Presentation currency

These consolidated financial statements are prepared in Pak Rupees which is the Group's functional currency. All the figures have been rounded off to the nearest thousand of Pak Rupees, unless otherwise stated.

2.5 Adoption of new and revised standards, amendments and interpretations:

2.5.1 New and amended standards and interpretations to published approved accounting and reporting standards that are effective in the current year:

There are certain amendments to published standards that are effective for the first time for the year ended December 31, 2020 however these are considered not to have a significant impact on the Group's financial reporting and operations and therefore have not been presented here.

2.5.2 Standards, interpretation and amendments to approved accounting and reporting standards that are not yet effective and have not been early adopted by the Group

• Amendments to IFRS 16 “Leases” (for annual reporting periods beginning on or after June 1, 2020)
On May 26, 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for leases from assessing whether a rent concession related to Covid-19 is a lease modification. Leases can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The amendment is expected not to have a significant impact on the consolidated financial statements of the Group.

• Amendments to IAS 1 “Presentation of consolidated financial statements” (for annual reporting periods beginning on or after January 1, 2022)
The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the statements of a liability. The amendment is expected not to have a significant impact on the consolidated financial statements of the Group.

There are other standards and amendments to published standards that are not yet effective and have not been early adopted by the Group. These amendments are expected not to have a significant impact on the consolidated financial statements of the Group in the period of initial recognition.

Note 3
Basis of Measurement

These consolidated financial statements have been prepared under the historical cost convention, as modified by revaluation of investment properties; property, plant and equipment; intangible assets, short term investments measured at fair value, and recognition of certain other assets and liabilities at their present value.

3.1 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and related assumptions 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which revisions are made. Revision to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years. Significant management estimates in these consolidated financial statements relate to useful lives, revalued amounts, and residual values of property, plant and equipment; fair value of intangible assets; possible impairment of assets; taxation; provision against balance receivables; provision for post employment benefits and provisions against contingencies. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these consolidated financial statements.

Note 4

Significant Accounting Policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented.

4.1 Share capital

Ordinary shares and preference shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

4.2 Post employment and other benefits

The main features of the schemes operated by the Group for its employees are as follows:

4.2.1 *Defined benefits plan*

The Group operates an unfunded defined benefits gratuity plan for all permanent employees as per the Group's policy. Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuations carried out annually under the projected unit credit method and are charged to the consolidated statement of profit or loss. All actuarial gains and losses are recognized in other comprehensive income as and when they occur.

4.2.2 *Accumulating compensated absences*

Employees are entitled to 20 days' earned leave annually. Un-utilized earned leave can be accumulated up to a maximum of 20 days and utilized at any time subject to the approval. Earned leaves in excess of 20 days shall lapse. An employee will be entitled to encash the accumulated earned leaves at the time of leaving Group's service on last drawn gross salary basis. Provisions are made annually to cover the obligation for accumulating compensated absences on the basis of actuarial valuation and are charged to the consolidated statement of profit or loss.

4.3 Leases

For contracts entered into, or modified, on or after January 1, 2020; the Group assesses whether a contract contains a lease or not at the inception of a contract. Inception date is the earlier of lease agreement and the date of commitment by both lessor and the lessee to the terms and conditions of the lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group reassesses whether a contract is, or contains, a lease further when the terms and conditions of the contract are modified.

For contracts that contain both lease and non-lease components, the Group has elected, for each class of underlying asset, not to separate the non-lease components and account for lease and non-lease components as a single lease component. For more than one lease components in a contract, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand alone prices.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain to not to exercise that option.

The Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in the determination of the lease term.

The Group revises the lease term if there is a change in the non-cancellable period of a lease.

4.3.1 *Group as a lessee*

4.3.1.1 Recognition

The Group recognizes a right-of-use asset and a lease liability at the commencement date. A commencement date is the date on which the lessor makes an underlying asset available for use by the lessee (the Group).

The Group presents right-of-use assets which do not meet the definition of investment property as a separate line item in the consolidated statement of financial position and lease liabilities as a separate line item in the consolidated statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of all underlying assets that have a lease term of 12 months or less and leases for which the underlying asset, when new, is of low-value as per the threshold set by the Group. The Group recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

4.3.1.2 Initial measurement

Lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Group's incremental borrowing rate if the implicit rate is not readily available. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments comprise fixed payments less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to be payable by the Group under residual value guarantees; the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

Right-of-use asset

The Group initially measures the right-of-use asset at cost. This cost comprises the amount of lease liability as initially measured, plus any lease payments made on or before the commencement date, less lease incentives received, initial direct costs and estimated terminal costs (i.e. dismantling or other site restoration costs required by the terms and conditions of the lease contract).

4.3.1.3 Subsequent measurement

Lease liability

After the commencement date, the Group re-measures the lease liability to reflect the affect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the consolidated statement of profit or loss, unless these are included in the carrying amount of another asset.

Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

Lease liability payable in foreign currency is translated to local currency of the Group i.e. PKR at the reporting date. Any foreign exchange differences arising on translation of lease liability are recognized in profit or loss.

Right-of-use asset

After the commencement date, the Group measures the right-of-use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability.

The Group applies fair value model to right-of-use assets that meet the definition of investment property and apply revaluation model to right-of-use assets that relate to a class of property, plant and equipment to which the Group applies the revaluation model.

The Group depreciates the cost of right-of-use asset, net of residual value, from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. However, if the lease contract transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

Depreciation is charged to the consolidated statement of profit or loss at rates given in note 22.

4.3.2 *Group as a lessor*

The Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Lease classification is made at the inception date and is reassessed only of there is a lease modification. Changes in estimates or changes in circumstances do not give rise to a new classification of a lease for accounting purposes.

4.3.2.1 Finance leases

At the commencement date, the Group recognizes assets held under a finance lease in its consolidated statement of financial position and presents them as a receivable at an amount equal to the sum of the followings discounted at the interest rate implicit in the lease:

a) the lease payments receivable by the Group under a finance lease; and

b) any unguaranteed residual value accruing to the Group.

Initial direct costs, other than those incurred as a manufacturer or dealer lessor, are included in the initial measurement of the net investment in the lease and reduce the amount of income recognized over the lease term.

Lease payments, for the right to use the underlying asset during the lease term that are not received at the commencement date, included in the measurement of the net investment in the lease comprise fixed payments less any lease incentives payable; variable lease payments that depend on an index or a rate; any residual value guarantees provided to the Group by the lessee, a party related to the lessee or a third party unrelated to the Group that is financially capable of discharging the obligations under the guarantee; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and payments for penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

Group as a Manufacturer of Dealer Lessor

At the commencement date, the Group recognizes the following for each of its finance leases:

a) revenue being the lower of fair value of the underlying asset and the present value of the lease payments accruing to the Group, discounted using a market rate of interest;

b) the cost of sale being the cost, or carrying amount if different, of the underlying asset less the present value of the unguaranteed residual value; and

c) selling profit or loss in accordance with its policy for outright sales to which IFRS 15 applies. The Group recognizes selling profit or loss on a finance lease at the commencement date, regardless of whether the Group transfers the underlying asset as described in IFRS 15.

Subsequent measurement of finance leases:

The Group recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income.

The Group regularly reviews estimated unguaranteed residual values used in computing the investment in the lease. If there has been a reduction in the estimated unguaranteed residual value, the Group revises the income allocation over the lease term and recognizes immediately any reduction in respect of amounts accrued.

Lease modifications:

The Group accounts for a lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease and which would have resulted in the classification of lease as an operating lease had the modification been in effect at the inception date, the Group accounts for the lease modification as a new lease from the effective date of the modification and measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification.

4.3.2.2 Operating leases

The Group recognizes lease payments from operating leases as income on straight line basis. The Group applies another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognize those costs as an expense over the lease term on the same basis as the lease income.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

4.4 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources shall be required to settle the obligation and the amount has been reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.5 Taxation

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

4.5.1 Current

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

The charge for current tax is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax.

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Group in accordance with the provisions of the Income Tax Ordinance, 2001.
Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments.

Current tax for current and prior periods, to the extent unpaid, is recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

The Group offsets current tax assets and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

4.5.2 Deferred

Deferred tax is accounted for in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax losses and tax credits can 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 utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates and tax laws that have been enacted or have been notified for subsequent enactment by the reporting date.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit (tax loss) of the periods in which the temporary differences are expected to reverse.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4.6 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 Group.

A contingent liability is also disclosed 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.

4.7 Property, plant and equipment

4.7.1 Operating fixed assets

Owned assets except plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss. Plant and equipment are stated at revalued amount less accumulated depreciation and any identified impairment loss. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of assets do not differ materially from their fair values. Revalued amounts are determined by an independent professional valuer on the basis of open market value of the asset based on estimated gross replacement cost, depreciated to reflect the residual service potential of the asset having paid due regard to age, condition and obsolescence. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and any identified impairment loss. Cost in relation to self constructed assets includes direct cost of material, labor and other allocable expenses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its intended working condition and location. Cost in relation to certain assets also includes cost of borrowing during construction period in respect of loans taken for specific projects.

Increases in the carrying amount of assets arising on revaluation of property, plant and equipment are credited to surplus on revaluation of fixed assets through other comprehensive income. Decreases that offset available surplus are charged against this surplus and all other decreases are charged to the consolidated statement of profit or loss. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the statement of profit and loss) and depreciation based on the asset's original cost - incremental depreciation on revalued assets is transferred from surplus on revaluation of fixed assets to retained earnings (accumulated loss). All transfers from surplus on revaluation of fixed assets are net of applicable deferred taxation.

Depreciation on owned assets is charged to the consolidated statement of profit or loss on straight line method so as to write off the cost or revalued amount of an asset over its estimated useful life.

Depreciation on additions is charged from the month in which the assets are available for use while no depreciation is charged in the month in which the assets are disposed off. Rates of depreciation are disclosed in Note 22.1.

Depreciation method, residual value and useful lives of assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with items will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated statement of profit or loss during the period in which they are incurred.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense. Related surplus/loss on revaluation are transferred directly to retained earnings (accumulated loss).

4.7.2 *Capital work-in-progress*

Capital work-in-progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during construction and installation. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when the assets are available for use.

4.7.3 *Major spare parts and stand-by equipment*

Major spare parts and stand-by equipment qualify as property, plant and equipment when the Group expects to use them during more than one year. Transfers are made to operating fixed assets category as and when such items are used.

4.8 Intangible assets

4.8.1 *Goodwill*

Goodwill represents the difference between the cost of acquisition (fair value of consideration paid) and the fair value of the net identifiable assets acquired. Goodwill is tested annually for impairment. Any impairment is immediately recognized as an expense and is not subsequently reversed.

4.8.2 *Other intangible assets*

Other intangible assets except for licenses and software are stated at cost less accumulated amortization and any identified impairment loss. Licenses and software are stated at revalued amount less accumulated amortization and any identified impairment loss. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair values. Revalued amounts are determined by independent professional valuers on the basis of current market prices with reference to an active market. Any accumulated amortization at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of licenses and software are credited to surplus on revaluation of fixed assets through other comprehensive income. Decreases that offset available surplus are charged against this surplus, all other decreases are charged to the consolidated statement of profit or loss. Each year the difference between amortization based on revalued carrying amount of the asset (the amortization charged to the consolidated statement of profit or loss) and amortization based on the assets' original cost - incremental amortization on revalued assets is transferred from surplus on revaluation of fixed assets to retained earnings (accumulated loss). All transfers from surplus on revaluation of fixed assets are net of applicable deferred taxation.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is charged to the consolidated statement of profit or loss as and when incurred. Amortization on other intangible assets is charged to the consolidated statement of profit or loss on straight-line method at the rates given in note 25. Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

Gain or loss arising on disposal of intangible assets is determined as a difference between net disposal proceeds and carrying amount of the assets and is recognized as income or expense. Related surplus on revaluation is transferred directly to retained earnings (accumulated loss).

4.9 Investment properties

Properties which are held to earn rentals or for capital appreciation or for both are classified as investment properties. Investment properties are initially recognized at cost, being the fair value of the consideration given. Subsequently these are stated at fair value. The fair value is determined annually by an independent professional valuer based on market values; being the estimated amount for which a property could be exchanged on the date of valuation between knowledgeable willing parties in an arm's length transaction. Any gain or loss arising from a change in fair value is charged to the consolidated statement of profit or loss.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in surplus on revaluation of fixed assets. Upon disposal of the item, the related surplus on revaluation is transferred to retained earnings (accumulated loss). Any loss arising in this manner is immediately charged to the consolidated statement of profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.

4.10 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use - are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on fixed assets that offset available revaluation surplus are charged against this surplus, all other impairment losses are charged to the consolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. Where impairment loss is recognized, the depreciation / amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its remaining useful life.

4.11 Stores and spares

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other related charges incurred thereon. Provision is made in the consolidated financial statements for obsolete and slow moving stores and spares based on management estimate.

4.12 Stock-in-trade

All stocks except for stock in transit, are stated at lower of cost and net realizable value. Cost is determined on weighted average basis. Items in transit are valued at cost comprising invoice value plus other related charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. If the net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value. Provision is made in the consolidated financial statements for obsolete and slow moving stock in trade based on management estimate.

4.13 Financial instruments

4.13.1 Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at the time of initial recognition.

a) *Financial assets at amortized cost*

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

b) *Financial assets at fair value through other comprehensive income*

A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) *Financial assets at fair value through profit or loss*

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Group can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income unless these are held for trading in which case these have to be measured at fair value through profit or loss. The equity investments of the Group held in short term investments are classified at fair value through profit or loss because they are frequently traded.

Reclassification

When the Group changes its business model for managing financial assets, it reclassifies all affected financial assets accordingly. The Group applies the reclassification prospectively from the reclassification date.

In case of reclassification out of the amortized cost measurement category to fair value through profit or loss measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in consolidated statement of profit or loss.

In case of reclassification out of fair value through profit or loss measurement category to the amortized cost measurement category, fair value of the financial asset at the reclassification date becomes its new gross carrying amount.

In case of reclassification out of the amortized cost measurement category to fair value through other comprehensive income measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through other comprehensive income measurement category to the amortized cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through profit or loss measurement category to the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

In case of reclassification out of fair value through other comprehensive income measurement category to the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Initial recognition and measurement

All financial assets are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Group commits to purchase or sell the asset.

Except for trade receivables, financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the consolidated statement of profit or loss. Dividend income from financial assets is recognized in the consolidated statement of profit or loss when the Group's right to receive payments is established. Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15. Where the Group uses settlement date accounting for an asset that is subsequently measured at amortized cost, the asset is recognized initially at its fair value on the trade date.

Subsequent measurement

For the purpose of measuring financial assets after initial recognition, these are classified into the following categories:

- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income; and
- financial assets at fair value through profit or loss.

Financial assets carried at amortized cost are subsequently measured using the effective interest method. Gain or loss on financial assets not part of hedging relationship is recognized in profit or loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss.

Financial assets 'at fair value through other comprehensive income' are marked to market using the closing market rates and are carried in the consolidated statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the consolidated statement of profit or loss. Dividends on equity instruments are credited to the consolidated statement of profit or loss when the Group's right to receive payments is established.

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried in the consolidated statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the consolidated statement of profit or loss in the period in which these arise.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Group measures the investments at cost less impairment in value, if any.

Derecognition

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  a) the Group has transferred substantially all the risks and rewards of the asset; or
  b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the consideration received is recognized in the consolidated statement of profit or loss.

If the Group transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

Impairment of financial assets

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Group recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract. In case of financial assets measured at fair value through other comprehensive income, loss allowance is recognized in other comprehensive income and carrying amount of the financial asset in the consolidated statement of financial position is not reduced.

The Group measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. The Group has established a provision matrix that is based on the its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The Group always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions under IFRS 15 and lease receivables.

The Group recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the profit or loss account.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

4.13.2 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost except for financial liabilities at fair value through profit or loss; financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; financial guarantee contracts; commitments to provide a loan at a below-market interest rate; and contingent consideration recognized in a business combination.

The Group does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are credited in the consolidated statement of profit or loss.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The amount of change in the fair value that is attributable to changes in the credit risk of financial liability is presented in other comprehensive income and the remaining amount of change in the fair value of the liability is presented in profit or loss account.

All other liabilities

All other financial liabilities are measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the consolidated statement of profit or loss. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of profit or loss.

If the Group repurchases a part of a financial liability, the Group allocates the previous carrying amount of the financial liability between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognized is recognized in profit or loss.

4.13.3 Offsetting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the consolidated statement of financial position if the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

4.15 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Exchange gains and losses are charged / credited to the consolidated statement of profit or loss.

4.16 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are charged to profit or loss account in the period in which they are incurred.

4.17 Balances from Contract with Customers

Contract costs

The Group capitalizes the incremental costs of obtaining and fulfilling a contract, if they are expected to be recovered. The capitalized cost is amortized over the average customer life and recognized as direct costs. Applying the practical expedient, the Group recognizes the incremental cost of obtaining and fulfilling a contract as expense when incurred if the amortization period of assets is less than one year.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The Group recognizes a contract asset for the earned consideration that is conditional if the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due. Contract assets are transferred to trade debts when the rights become unconditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Group transfers goods or services to the customer. Contract liabilities are recognized as revenue when the Group discharges its obligation under the contract.

4.18 Revenue recognition

Revenue is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognized over the time and on a point of time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. Goods or services are transferred when the customer obtains control of the assets. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate elements.

Revenue is recognized in accordance with the aforementioned principle in the following manner:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price of the contract
- Allocate the transaction price to each of the separate performance obligations in the contract
- Recognize the revenue when (or as) the entity satisfies a performance obligation

Nature and timing of satisfaction of performance obligations in respect of different sources of revenue is as follows:

- Revenue from terminating minutes is recognized at the time the call is made over the network of the Group.
- Capacity/media sold under IRU arrangement is recognized upfront if it is determined that the arrangement is a finance lease.
- Revenue from granting of Indefeasible Right of Use (IRU) of dark fiber upto 20 years or more is recognized at the time of delivery and acceptance by the customer.
- Subscription revenue from Cable TV, EVDO, internet over cable, cable connectivity and channels subscription fee is recognized on provision of services.
- Connection and membership fee is recognized at the time of sale of connection.
- Sale of goods is recognized on dispatch of goods to customer.
- Advertisement income is recognized on the basis of spots run when commercials are aired on the network.
- Interest income is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return i.e. using the effective interest method.

- Interest income is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return i.e. using the effective interest method.
- Revenue from metro fiber solutions/sale is recognized on delivery of goods / services.
- Dividend income is recognized when the right to receive payment is established.
- All other revenues are recorded on accrual basis.

4.19 Dividend and other appropriations

Dividend distribution to the Group's members and other appropriations are recognized as a liability in the Group's consolidated financial statements in the period in which these are approved.

4.20 Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each reporting date.

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 in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects the effect of non-performance risk. When applicable, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within different levels of the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

Fair value hierarchy categorizes into following three levels the inputs to valuation techniques used to measure fair value:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 — Unobservable inputs for the asset or liability.

The fair value hierarchy prioritizes the inputs to valuation techniques, not the valuation techniques used to measure fair value.

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

The management usually engages external valuers for valuation of plant and equipment, licenses and softwares. Selection criteria of such values comprise market knowledge, reputation, independence and whether professional standards are maintained.

When there is no quoted price in an active market, the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to the consolidated statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Property, plant and equipment under revaluation model	Note 22.1.3
- Right of use assets	Note 23.2
- Intangible assets under revaluation model	Note 24.1
- Investment properties	Note 25
- Financial instruments (including those carried at amortized cost)	Note 50.4

4.21 Earnings per Share

The Group presents basic and diluted earnings per share (EPS). Basis EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.22 Related parties

Related parties comprise the parent Group, associated companies / undertakings, directors of the Group and their close relatives and key management personnel of the Group. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective notes to these consolidated financial statements. Following are the key related parties of the Group:

Name of Related party	Basis of Relationship	% of Holding in the Group
Ferret Consulting - F.Z.C	Common directorship	14.65%
Worldcall Services (Private) Limited	Holding Company (note 4.23.1)	26.75%
AMB Management Consultants (Private) Limited	Common directorship	0.03%
Worldcall Business Solutions (Private) Limited	Common key management personnel	0%
Worldcall Cable (Private) Limited	Common directorship	0%
Worldcall Ride Hail (Private) Limited	Common directorship	0%
Acme Telecom (Private) Limited	Common directorship	0%
Mr. Babar Ali Syed	CEO	0%
Mr. Muhammad Azhar Saeed	Director / CFO	0.00002%
Mr. Muhammad Shoaib	Director	0.00002%
Mr. Faisal Ahmed	Director	0.00697%
Mr. Mansoor Ali	Director	0.00002%
Mrs. Hina Babar	Director	0.00003%
Mr. Mubasher Lucman	Director	0.00003%
Mr. Tariq Hasan	Director	0.00002%
		0.00002%

Ferret Consulting is incorporated in United Arab Emirates. Basis for association of the Group with Ferret is common directorship.

4.22.1 Worldcall Services (Private) Limited, through other associates namely Ferret Consulting F.Z.C and AMB Management Consultants (Private) Limited, in aggregate holds 41.44% (2020: 42.14%) ordinary shares in the Company.

Note 5

Ordinary Share Capital

2021	2020			2021	2020
No. of Shares			Note	--------------(Rupees in '000)--------------	
344,000,000	344,000,000	Ordinary shares of Rs. 10 each fully paid in cash		3,440,000	3,440,000
309,965,789	309,965,789	Ordinary shares of Rs. 10 each issued in accordance with the scheme of merger		3,099,658	3,099,658
98,094,868	98,094,868	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		980,949	980,949
108,510,856	108,510,856	Ordinary shares of Rs. 10 each issued against convertible loan		1,085,109	1,085,109
2,335,627,756	1,805,893,836	Ordinary shares of Rs. 10 each issued against convertible preference shares	5.1	23,356,278	18,058,939
				31,961,994	26,664,655
		Less: Discount on issue of shares	5.6	(19,466,423)	(14,801,449)
3,196,199,269	2,666,465,349			12,495,571	11,863,206

5.1 During the year, 38,000 (2020: 14,900) convertible preference shares and accumulated preference dividend thereon amounting to Rs. 144.052 million (2020: Rs. 56.484 million) have been converted into ordinary shares in accordance with the agreed terms and conditions detailed in Note 6.2.

5.2 The terms of agreement between the Group and certain lenders impose certain restrictions on distribution of dividends by the Group.

5.3 Worldcall Services (Private) Limited, the Holding Company, holds 854,914,152 shares (2020: 983,117,312 shares) representing 26.75% (2020: 36.87%) shareholding in the Group. Out of these shares, 46.7 million shares are pledged to secure TFC liability which will be released with quarterly scheduled principal repayments proportionately starting from (refer to note 11).

5.4 Ferret Consulting F.Z.C., an associate of the Group, holds 468,284,463 shares (2020: 139,750,543 shares) representing 14.65% (2020: 5.24%) shareholding in the Group.

5.5 AMB Management Consultants (Private) Limited, an associate of the Group, holds 914,053 shares (2020: 914,053 shares) representing 0.03% (2020: 0.03%) shareholding in the Group.

5.6 Reconciliation of discount on issue of shares is as follows:

Opening balance	14,801,449	12,972,288
Add: Discount on issuance of ordinary shares during the year	4,664,974	1,829,161
Closing balance	19,466,423	14,801,449

5.7 Reconciliation of ordinary share capital is as follows:

Opening balance	26,664,655	24,587,540
Add: Shares issued during the year	5,297,339	2,077,115
Closing balance	31,961,994	26,664,655

5.8 All ordinary shares rank equally with regard to residual assets of the Group. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Group. Voting and other rights are in proportion to the shareholding.

5.9 Shareholders of the Group resolved in annual general meeting held on April 30, 2019 that the authorized capital of the Group be increased from Rs. 21 billion to Rs. 29 billion divided into 2.9 billion ordinary shares of Rs. 10 which may be utilized to issue ordinary shares of Rs. 10 each and / or preference shares of Rs. 10 each of the Group as the Board of Directors of the Group may decide from time to time in accordance with the Companies Act, 2017. Regulatory requirements as to the alteration of Memorandum and Articles of Association and legal formalities have yet to be fulfilled.

5.10 During the year due to conversion of preference shares the number of issued and paid up share capital exceeds the authorized capital of the Group, for which regulatory filing with SECP and legal formalities are required to be fulfilled and the management has assured to complete the same at the earliest".

Note 6

Preference Share Capital

	Note	2021	2020	2021	2020
		--------No. of Shares--------		------------(Rupees in '000)------------	
Opening balance		193,700	208,600	1,963,178	2,114,651
Less: Preference shares converted into ordinary shares during the year	7.3	(38,000)	(14,900)	(386,308)	(151,473)
		155,700	193,700	1,576,870	1,963,178

6.1 These preference shares are US Dollars denominated, non-voting, cumulative and convertible preference shares ("CPS", or "preference shares") having a face value of USD 100 each.

6.2 The conversion option is exercisable by the holder at any time after the 1st anniversary of the issue date but not later than the 5th anniversary. On 5th anniversary, CPS will be mandatorily converted into ordinary voting common shares. CPS shall be converted at the conversion ratio defined in the agreement at 10% discount on share price after first anniversary and thereby increased by 10% additional discount for each completed year of anniversary.

6.3 In accordance with the terms detailed in Note 5.2 above, certain preference shareholders have exercised conversion option. Thus, their CPS and accrued preference dividend thereon have been converted into ordinary shares as reflected in Note 5.1 and Note 7.2.

6.4 CPS holders are entitled to non-cash dividend which shall be calculated @ 5.9% per annum on each of the preference shares or the dividend declared by the Group for ordinary shareholders, whichever is higher.

6.5 Ferret Consulting F.Z.C., an associate of the Group, holds 103,200 preference shares (2020: 141,200 preference shares) in the Group.

6.6 Mandatory date of conversion of CPS has expired during 2018 and the Group has failed to redeem the un-converted preference shares in a timely fashion as required by its Articles of Association.

6.7 The preference shareholders in an Extraordinary General Meeting held on January 4, 2019 and ordinary shareholders in annual general meeting held on April 30, 2019 have given their assent for the conversion of preference shares at nominal value of Rs. 10 each and for amendments in the Memorandum and Articles of Association of the Company. Resultantly, preference shares along with dividend accrued thereon shall be converted on any date from the mandatory conversion date, at par value of Rs. 10 each. However, the shares for which notices have been received before mandatory conversion date would be converted on the terms prevalent on the date of notice. During the year preference shares owned by Ferret Consulting FZC (related party) has been converted in to ordinary shares at the discounted price of Rs. 1.1937 per share as the notice for conversion for such shares was received before the mandatory conversion date.

Note 7

Dividend on Preference Shares

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Dividends on preference shares	7.1	571,600	715,652

7.1 This represents accumulated dividend on preference shares which is not payable in cash rather it will be converted into ordinary shares as and when the preference shares are converted into ordinary shares.

7.2 During the year, cumulative preference dividend amounting to Rs. 144.052 million (2020: Rs. 56.484 million) was converted into ordinary shares as a result of conversion option exercised by certain preference shareholders in accordance with the terms and conditions given in Note 6.2 above.

Note 8

Capital Reserves

	2021	2020
	--------------(Rupees in '000)--------------	
Fair value reserve	(6,908)	(13,215)
Exchange translation reserve	360,761	462,766
	353,853	449,551

These reserves are not distributable by the Group. Fair value reserve represents change in fair values of short term investments and exchange translation reserve represents translational exchange loss on dividend accrued on issued preference shares.

Note 9

Surplus on Revaluation of Fixed Assets

	2021	2020
	--------------(Rupees in '000)--------------	
Opening balance - net of tax	2,318,768	1,247,166
Surplus on revaluation arisen during the year	-	2,100,000
Related deferred taxation	-	(609,000)
	-	1,491,000
Adjustment of related deferred tax due to change in tax rate and proportion of normal sales	-	(9,170)
Transfer to retained earnings on retirement of intangible assets	(15,534)	(255,943)
Transfer to retained earnings in respect of net incremental depreciation / amortization net of deferred tax	(275,562)	(154,285)
Closing balance - net of tax	2,027,672	2,318,768

9.1 This represents surplus, net of tax, over book value resulting from the revaluation of plant and equipment, right of use assets, licenses and softwares as adjusted by incremental depreciation / amortization arising on revaluation. Revaluation surplus cannot be distributed to shareholders as dividend.

Latest revaluation was carried out by an approved independent valuer, M/s Arch-E'-Decon, on December 31, 2020 using current market price / replacement cost methods, wherever applicable. This has resulted in revaluation surplus of Rs. 2.1 billion. Incremental depreciation charged on revalued assets is taken to the statement of changes in equity to record realization of surplus to the extent of incremental depreciation. Incremental depreciation represents the difference between the actual depreciation / amortization on revalued assets based on revalued amounts and the equivalent depreciation / amortization based on the historical cost of these assets.

Note 10

Term Finance Certificates

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Opening balance		1,287,110	1,287,110
Less: Payments made during the year		(27,958)	
		1,259,152	1,287,110
Less: Current and overdue portion	19	(432,016)	(320,076)
		827,136	967,034
Add: Deferred markup	10.1	377,309	466,246
		1,204,445	1,433,280

Term finance certificates (TFCs) have a face value of Rs. 5,000 per certificate. These TFCs carry mark up at the rate of six months average KIBOR plus 1.0% per annum (2020: six month average KIBOR plus 1.0% per annum), payable quarterly. The mark up rate charged during the year on the outstanding balance ranged from 8.30% to 8.84% (2020: 8.30% to 14.91%) per annum.

IGI Holding Limited (previously IGI Investment Bank Limited) is the Trustee (herein referred to as the Trustee) under the Trust Deed.

The liability of these TFCs has been rescheduled in December 2012 and then on April 03, 2015. During the year 2018, third rescheduling of these TFCs was successfully executed through signing of the Third Supplemental Trust Deed between the Trustees and the Group.

In accordance with the 3rd Supplemental Trust Deed executed during the year 2018, the outstanding principal is repayable by way of quarterly staggered installments with downward revision in markup of 0.60% i.e. revised markup of six months average KIBOR + 1%. The outstanding markup payable as at the date of restructuring and up to December 20, 2018 is agreed to be deferred and shall be paid from March 20, 2021 in quarterly installments. 50% of the markup accrued for the period between December 20, 2018 to December 20, 2020 shall be paid on regular quarterly basis commencing from March 20, 2019 and the remaining 50% shall be deferred and paid from March 20, 2021. Markup deferred has been measured at present value. Under the revised term sheet, these TFCs are due to mature on September 20, 2026.

The other main terms included appointment of one representative as a nominee director nominated by the Trustee which has been complied with. Further, 175 million sponsor's shares were pledged for investors which was to be released with quarterly scheduled principal repayments proportionately starting from June 2019. The pledged shares have not been released in proportion to the payments made during the year.

During the year due to non-payment of due installments, Trustee enforced the letter of pledge and called 128.2 million shares from sponsors account out of which 13.6 million shares were sold for the amount of Rs. 45.9 million (Rs. 27.9 million settled against principal and Rs. 17.9 million against accrued markup) during the year. After sale remaining number of shares held by trustees and pledged are 161.3 million shares.

The Group is in default of certain covenants including non-payment of due quarterly installments of June 2019 to December 2021 amounting Rs. 320 million. In case of failure to make due payments by the Group, Trustee can instruct the security agent to enforce the letter of pledge and sell the quantum of the pledged shares to generate the amount required for the settlement of the outstanding redemption amount.

These TFCs are secured against first pari passu charge over the Group's present and future fixed assets including equipment, plant and machinery, fixtures excluding land and building with 25% margin in addition to all rights, benefits, claims and interests procured by the Group under:

a) LDI and WLL license issued by PTA to the Group; and

b) Assigned frequency spectrum as per deed of assignment.

10.1 Deferred markup

	Note	2021	2020
Deferred markup	10.1.1	746,494	746,494
Impact of discounting	10.1.2	(116,085)	(156,621)
		630,409	589,873
Less: Current portion		(253,100)	(123,627)
		377,309	466,246

10.1.1 Reconciliation of deferred markup is as follows:

	2021	2020
Opening balance	746,494	667,277
Add: Markup deferred during the year	-	79,217
	746,494	746,494

	Note	2021	2020
		--------------(Rupees in '000)--------------	
10.1.2 Reconciliation is as follows:			
Opening balance		156,621	187,207
Add: Discounting impact of deferred markup	40.1	-	16,681
		156,621	203,888
Less: Unwinding impact of discounted deferred markup	43.1	(40,536)	(47,267)
		116,085	156,621

Note 11

Long Term Financing

	Note	2021	2020
		--------------(Rupees in '000)--------------	
From Banking Companies (secured)			
Allied Bank Limited	11.1	83,228	68,635
Bank Islami Limited	11.2	99,036	-
		182,264	68,635
		182,264	68,635

11.1 Allied Bank Limited

	Note	2021	2020
Opening balance		91,509	106,550
Repayments		(16,033)	(15,041)
		75,476	91,509
Less: Current and overdue portion	19	(20,032)	(43,909)
		55,444	47,600
Add: Deferred markup		32,630	25,647
Less: Discounting of deferred markup	40.1	(4,846)	(4,612)
		27,784	21,035
		83,228	68,635
11.1.1 Reconciliation of deferred markup is as follows:			
Opening balance		25,647	15,098
Add: Markup deferred during the year		6,983	10,549
		32,630	25,647
11.1.2 Reconciliation is as follows:			
Opening balance		4,612	5,768
Add: Discounting impact of deferred markup		1,636	1,897
		6,248	7,665
Less: Unwinding impact of discounted deferred markup		(1,402)	(3,053)
		4,846	4,612

This represents balance transferred as a result of restructuring of short term running finance (RF) facility to Term Loan Facility and subsequently amended on September 30, 2021. Principal will be repaid in 37 stepped up monthly installments starting from August 2021 till August 2024. Markup will be accrued and will be serviced in 12 equal monthly installments, starting from September 20, 2024. Effective markup rate applicable will be 3 Month KIBOR + 85 bps. The mark up charged during the year on the outstanding balance ranged from 8.14% to 8.63% (2020: 8.10% to 14.40%) per annum. The facility is secured against 1st joint pari passu charge on present and future current and fixed assets excluding building of the Company for Rs. 534 million and right to set off on collection account.

	Note	2021	2020
		--------------(Rupees in '000)--------------	
11.2 Bank Islami Limited			
Opening balance		-	-
Transfer from running finance		81,308	-
Repayments		-	-
		81,308	-
Less: Current and overdue portion	19	(18,068)	-
		63,240	-
Add: Deferred markup		46,015	-
Less: Discounting of deferred markup	42.1	(10,219)	-
		35,796	-
		99,036	-

	2021	2020
11.2.1 Reconciliation of deferred markup is as follows:		
Opening balance	-	-
Add: Markup deferred during the year	46,015	-
	46,015	-
12.2.2 Reconciliation is as follows:		
Opening balance	-	-
Add: Discounting impact of deferred markup	12,456	-
	12,456	-
Less: Unwinding impact of discounted deferred markup	(2,237)	-
	10,219	-

This represents balance transferred as a result of restructuring of short term running finance (RF) facility to Term Loan Facility on 12th January 2021. Principal will be repaid in 54 stepped up monthly installments starting from January 2022 till June 2026. Markup will be accrued and will be serviced in 24 equal monthly installments, starting from July 01, 2024. Effective markup rate applicable will be 6 Month KIBOR (Floor 7.5% & Capping 17%). The mark up charged during the year on the outstanding balance ranged from 7.5% to 7.67% per annum. The facility is secured against 1st joint pari passu charge on present and future current and fixed assets excluding excluding land & building & licences/receivable of LDI & WLL) of the Company for Rs. 880 million with 25% margin, pledge of various listed securities of the Company having carrying value Rs. 52.27 Million and various personal proeprties of Directors.

Note 12

Sponsor's Loan

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Sponsor's Loan - unsecured			
- Interest bearing	12.1	533,850	482,400
- Non-interest bearing	12.2	1,143,030	862,889
		1,676,880	1,345,289

	2021	2020
12.1 Opening balance	482,400	466,050
Exchange loss	51,450	16,350
	533,850	482,400

This represents USD denominated loan obtained from Worldcall Services (Private) Limited, the Parent Company. It carries mark up at 12 months KIBOR plus 1%. The mark up rate charged during the year on the outstanding balance is 8.67% (2020: 14.46%) per annum. The amount is not payable over the period of next 1 year.

12.2 This represents interest free loan obtained from Worldcall Services (Private) Limited, the Parent Group. The amount is not payable over the period of next 1 year.

This loan has been carried at amortized cost and the relevant difference is being charged to the consolidated statement of profit or loss.

	Note	2021	2020
Opening balance		978,084	1,221,337
Less: Payments during the year		311,254	(243,253)
Amount of loan		1,289,338	978,084
Adjustment due to impact of IFRS 9:			
Discounting		(437,926)	(406,813)
Unwinding of discount	43	291,618	291,618
		(146,308)	(115,195)
		1,143,030	862,889

Note 13

License Fee Payable

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Opening balance		45,513	1,021,500
Settled against retirement of WLL License		-	(975,987)
	13.1	45,513	45,513

13.1 This represents balance amount of license fee payable to Pakistan Telecommunication Authority (PTA) for WLL licenses. The Group had filed an application with PTA for grant of moratorium over payment of balance amount of WLL license. However, PTA rejected the Company's application and demanded its payment. Being aggrieved by this, the Company filed an appeal before Islamabad High Court ("IHC") against PTA's order. Meanwhile, the Ministry of Information Technology ("Ministry") through its letter dated August 30, 2011, allowed to the operators, the staggering for settlement of Access Promotion Contribution ("APC") and Initial Spectrum Fee ("ISF") dues and required PTA to submit an instalment plan for this purpose after consultations with the operators. In respect of an appeal filed by the Group, IHC took notice of the Ministry's letter and directed PTA through its order dated January 20, 2015, to expeditiously proceed with the preparation and submission of the said instalment plan. As of the date, no such instalment plan has been submitted by PTA.

PTA has withdrawn the frequencies 3.5 Ghz, 479 Mhz, 450 Mhz and 1900 Mhz . PTA in haste and unilaterally has withdrawn 3.5 Ghz and 479 Mhz frequencies which have already been paid in full till 2024. Through said decision PTA has also withdrawn 1900 Mhz frequency spectrum which was already withdrawn by PTA/FAB in 2015 (11th year) until which the spectrum is fully paid on the basis of actual period of usage by the Group, The WLL License provides for such eventuality that when frequency spectrum is withdrawn, the licensee is to be compensated for the balance life of the frequency spectrum, therefore, after withdrawal of spectrum, there is no outstanding amount to be paid related to 1900 Mhz frequency spectrum.

As a consequence of above , the outstanding liability for 1900 Mhz is reduced to zero on the basis that 1900 Mhz frequency has been fully paid for until 2015 (11th year). Similarly, liability for 450Mhz frequency spectrum be reduced on prorata after withdrawal. Owing to these circumstances, the management does not expect the liability to materialize fully in the near future for detail refer note 21.2.7.

Note 14

Post Employment Benefits

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Obligations for defined benefit scheme - gratuity	14.1.1	183,306	190,765
Accumulating compensated absences	14.2.1	10,450	12,368
		193,756	203,133

14.1 Obligations for defined benefit scheme - gratuity

Latest actuarial valuation of the gratuity scheme was conducted as on December 31, 2021 using the following assumptions: Results of actuarial valuation are as under:

	2021	2020
Discount rate for interest cost - per annum	11.25%	11.25%
Discount rate for year end obligations - per annum	9.75%	9.75%
Expected rate of increase in salary level - per annum	8.75%	8.75%
Weighted average duration of defined benefit obligation	9 Years	9 Years
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Rates Table	
Actuarial cost method	Projected Unit Credit Method	

Results of actuarial valuation are as under:

14.1.1 Movement in net liability for defined benefit scheme obligation

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Opening balance		190,765	196,776
Charge for the year - consolidated statement of profit or loss	14.1.2	40,003	46,871
Net remeasurements for the year - Other comprehensive income		(13,418)	(23,166)
Transferred to trade and other payables		(32,433)	(28,810)
Payments made during the year		(1,611)	(906)
Closing balance		183,306	190,765

14.1.2 Charge for the year

The amounts recognized in the consolidated statement of profit or loss against defined benefit scheme are as follows:

	2021	2020
	--------------(Rupees in '000)--------------	
Current service cost	23,074	26,408
Interest cost	16,929	20,463
	40,003	46,871

14.1.3 The Group does not maintain any plan assets covering its post-employment benefits payable. The comparative statement of present value of defined benefit obligations is as under:

	2021	2020	2019	2018	2017
	- - - - - - - - - - - - - - - - - - (Rupees in '000) - - - - - - - - - - - - - - - - - -				
Present value of defined benefit obligation	183,306	190,765	196,776	222,507	236,014
Fair value of plan asset	-	-	-	-	-
Net deficit	183,306	190,765	196,776	222,507	236,014

14.1.4 Estimated charge for the year 2022

	Rupees in '000'
Current service cost	19,131
Interest cost	20,155
	39,286

14.1.5 Year end sensitivity analysis on defined benefits obligations

Reasonably possible changes as at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

	2021 Rupees in '000
Discount rate + 100 bps	(168,958)
Discount rate - 100 bps	199,659
Salary increase + 100 bps	(199,936)
Salary increase - 100 bps	168,462

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

14.1.6 Allocation of charge for the year

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Direct costs excluding depreciation and amortization	38	19,619	21,630
Operating costs	39	20,384	25,241
		40,003	46,871

14.2 Accumulating compensated absences

Latest actuarial valuation of the leave encashment scheme was conducted as on December 31, 2021 using the following assumptions:

Discount rate for interest cost - per annum	9.75%	11.25%
Discount rate for year end obligations - per annum	11.75%	9.75%
Expected rate of increase in salary level - per annum	10.75%	8.75%
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table	
Actuarial cost method	Projected Unit Credit Method	

Results of actuarial valuation are as under:

14.2.1 Movement in net liability for accumulating compensated absences

	Note	2021	2020
		(Rupees in '000)	
Opening balance		12,368	14,020
Charge for the year - consolidated statement of profit or loss	14.2.2	988	520
Transferred to trade and other payables		(2,674)	(2,089)
Payments made during the year		(232)	(83)
Closing balance		10,450	12,368

14.2.2 Charge for the year

The amounts recognized in the consolidated statement of profit or loss against defined benefit scheme are as follows:

	2021	2020
Current service cost	296	418
Interest cost for the year	692	102
	988	520

14.2.3 The Group does not maintain any plan assets covering its post-employment benefits payable. The comparative statement of present value of accumulated compensated absences is as under:

	2021	2020	2019	2018	2017
	(Rupees in '000)				
Present value of defined benefit obligation	10,450	12,368	14,020	18,513	17,199
Fair value of plan asset	-	-	-	-	-
Net deficit	10,450	12,368	14,020	18,513	17,199

14.2.4 Estimated charge for the year 2022

	Rupees in '000'
Current service cost	133
Interest cost	1,228
	1,361

14.2.5 Year end sensitivity analysis on defined benefit obligation

Reasonably possible changes as at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

	2021
	Rupees in '000'
Discount rate + 100 bps	(9,656)
Discount rate - 100 bps	11,356
Salary increase + 100 bps	(11,338)
Salary increase - 100 bps	9,659

14.2.6 Allocation of charge for the year

	Note	2021	2020
		(Rupees in '000)	
Direct costs excluding depreciation and amortization	38	47	271
Operating costs	39	941	249
		988	520

14.3 Risk associated with defined benefit plans

These defined benefit plans expose the Group to actuarial risks, such as final salary risk, mortality risk and withdrawal risk.

Note 15

Long Term Deposits

This represents the security deposit pursuant to the agreement for selling and distributing the Group's products and services. During the year contract was renegotiated for next three years commencing from June 10, 2020. This advance have been utilized by the Group before promulgation of Companies Act, 2017.

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Opening balance		86,103	105,000
Add: Unwinding impact under IFRS 9	43.1	7,112	-
Less: Discounting impact under IFRS 9	40.1	-	(18,897)
		93,215	86,103

Note 16
Lease Liabilities

	Note	2021	2020
Opening balance		275,931	239,454
Add: Additions during the year		164,509	48,515
Add: Interest expense	43	42,310	30,916
Less: Lease payments		(46,617)	(42,954)
Less: Lease Terminated during the year		(121,467)	-
Gross liability		314,666	275,931
Less: Current and overdue portion	19	(119,650)	(103,260)
Closing balance		195,016	172,671

16.1 Summary of amounts relating to leases charged in different line items of the consolidated financial statements is as follows:

	Included in	Note	2021	2020
			--------------(Rupees in '000)--------------	
Carrying amount of ROU assets	SOFP	23	3,694,104	3,680,465
Expense relating to short-term leases	Direct costs	38.3	22,825	12,145
Expense relating to short-term leases	Operating costs	39.2	2,280	8,208
Depreciation charge for ROU assets	Depreciation and amortization	42	258,642	178,692
Interest expense on lease liabilities	Finance cost	43	42,310	30,916
Repayment of lease liability	Financing Activities	Statement of Cash Flows	46,617	42,954

16.2 Maturity analysis of contractually undiscounted cash flows

At December 31, 2021	**Within One Year**	**Between Two to Five Years**	**Later than Five Years**
	--------------(Rupees in '000)--------------		
	123,107	281,086	178,151

16.3 Nature of leasing activities

The Group's leases comprise cables and certain premises for installation of equipment and used as warehouse, guest house and office operations. Periodic rentals are usually fixed over the lease term. However, in some contracts, it is customary for lease contracts to provide escalation in lease payments after specified period of time. These neither contain any variable lease payments nor any lease incentives. The Group is not committed to any lease not yet commenced at the reporting date.

Lease terms, and the remaining lease terms at the date of initial application, vary. Remaining lease term of existing lease contracts for which lease liability is booked ranges from 1 to 12 years.

Note 17
Trade and Other Payables

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Trade creditors	17.1	2,238,966	2,339,577
Accrued and other liabilities	17.2	1,180,721	1,078,851
Payable to PTA against APC charges		1,766,190	1,766,190
Payable against long term investment		44,000	44,000
Contract liabilities		571,136	847,424
Withholding tax		49,969	45,721
Sales tax		122,316	74,618
Security deposits	17.3	35,136	35,136
		6,008,434	6,231,517

17.1 This includes payable to PTA amounting to Rs. 564.55 million (2020: Rs. 622.26 million). Out of this Rs. 497.03 million (2020: Rs. 478.57 million) represents payable regarding Annual Radio Spectrum Fee in respect of WLL licenses. PTA has issued multiple determinations that have been challenged and contested by the Group on legal grounds as well as on account of preoccupation of frequency / spectrums and losses suffered by the Group due to such preoccupancy for which the Group has demanded due compensation from PTA. In all these matters, the Group has filed appeals against PTA's determinations before the honorable Lahore High Court and the honorable Islamabad High Court and stay orders were obtained against the recovery. This matter has been decided in favor of the Group; however, PTA has gone into appeal before the Honorable Supreme Court of Pakistan.

17.2 This includes payable to key management personnel amounting to Rs. 180 million (2020: Rs. 152 million).

17.3 These represent security deposits received from customers. These are interest free and refundable on termination of relationship with the Group. The relationship of these customers with the Group has ended and these deposits are now payable on demand. These have been utilized by the Group before promulgation of Companies Act, 2017.

Note 18

Accrued Mark up

	Note	2021	2020
		(Rupees in '000)	
Short term borrowings		108,574	130,502
Term finance certificates		223,436	129,358
Sponsor's loan	18.1	67,618	17,781
Long term financing		15,744	677
		415,372	278,318

18.1 The reconciliation is as follows:

	2021	2020
Opening balance	17,781	5,285
Add: Markup accrued during the year	44,185	71,592
	61,966	76,877
Less: Paid during the year	-	(60,463)
Add: Exchange loss	5,652	1,367
	67,618	17,781

Note 19

Current and Overdue Portion of Non-Current Liabilities

	Note	2021	2020
		(Rupees in '000)	
Term finance certificates	10	432,016	320,076
Markup payable on term finance certificate		253,100	123,627
Long term financing	11	38,100	43,909
Lease liabilities	16	119,650	103,260
		842,866	590,872

Note 20

Short Term Borrowings

	Note	2021	2020
Banking companies (secured - interest bearing):			
- Running finances	20.1	345,756	427,419
Related parties (unsecured - interest free):			
- Ferret Consulting F.Z.C.	20.2	66,156	59,941
		411,912	487,360

20.1 Movement in running finance facilities

	Note	2021	2020
Opening		427,419	442,212
Payment/Adjustment during the year		(355)	(14,793)
Transferred to long term financing	11.2	(81,308)	-
Closing		345,756	427,419

20.1.1 Short term running finance facilities available from commercial banks under mark up arrangements amount to Rs. 346.75 million (2020: Rs.427.41 million). Running finance facilities are available at mark up rate from 1M to 3M KIBOR plus 1.5% to 2.5% per annum (2020: 1M to 3M KIBOR plus 1.5% to 2.5% per annum), payable quarterly, on the balance outstanding. The mark up charged during the year on outstanding balances ranged from 8.79% to 11.51% (2020: 8.75% to 16.06%) per annum, effectively. The Group is in negotiation with Banks for roll over of these facilities.

As at the reporting date, the Group had no available yet-to-be-drawn available / committed borrowing facilities.

20.2 This represents interest free USD denominated loan received from M/s Ferret Consulting - F.Z.C to meet working capital requirements. The accumulated balance as at reporting date is USD 371,770 (2020: USD 372,765). In the absence of written agreement, the amount is repayable on demand.

20.3 ***Guarantees***

Of the aggregate facilities of Rs. 418.162 million (2020: Rs.485.126 million) for guarantees, the amount utilized as at December 31, 2021 was Rs. 353.761 million (2020: Rs.353.761 million).

20.4 The facilities in note 21.1 are secured against first pair passu hypothecation charge on all present and future current and fixed assets excluding building, WLL/LDI receivables, first joint pari passu hypothecation charge over all present and future current and fixed assets of the Company with security margin over the facility amount, pledge of shares of listed companies in CDC account of the Company, lien over cash deposit of Rs. 3.9 million, lien over bank deposits of Rs. 30.87 million, first exclusive assignment of all present and future receivables of LDI business arm of the Company, collection accounts with Bank for routing of LDI receivables, counter guarantee of the Company, equitable mortgage over the property of office # 302, 303, 304, 3rd Floor, the Plaza on Plot # G-7, Block-9, KDA Scheme # 5, Kehkashan Clifton, Karachi and equitable mortgage over the property of office # 07, 08, 09 situated on 1st Floor, Ali Tower, MM Alam Road, Gulberg III.

Note 21

Contingencies and Commitments

Contingencies

21.1 Billing disputes with PTCL

21.1.1 There is a dispute of Rs. 72.64 million (2020: Rs. 72.64 million) with Pakistan Telecommunication Limited (PTCL) in respect of non-revenue time of prepaid calling cards and Rs. 46.92 million (2020: Rs. 46.92 million) in respect of excess minutes billed on account of interconnect and settlement charges. Similarly, PTCL has charged the Group excess Domestic Private Lease Circuits ("DPLC") and other media charges amounting to Rs. 334.08 million (2020: Rs. 334.08 million) on account of difference in rates, distances and date of activations. The management has taken up these issues with PTCL and considers that these would most likely be decided in Group's favor as there are reasonable grounds to defend the Group's stance. Hence, no provision has been made in these consolidated financial statements for the above amounts.

21.2 Disputes with PTA

21.2.1 The Group has filed a suit before Civil Court, Lahore on December 15, 2016 in which it has sought restraining order against PTA demands of regulatory and other dues and claimed set off from damages / compensation claim of the Group on account of auction of preoccupied frequency spectrum. The Group has raised a claim of approximately Rs. 5.3 billion against PTA. The matter is pending adjudication . As per management it is difficult to predict the outcome of the case at this stage.

21.2.2 During the year 2016, PTA again demanded immediate payment of the principal amount of APC amounting to Rs. 1.766 billion along with default surcharge thereon amounting to Rs. 1.654 billion as of July 31, 2016 vide its notice dated December 1, 2016. Through the aforesaid show cause notice, PTA has also shown intentions to impose penal provisions to levy fine up to Rs. 350 million or to suspend or terminate the LDI license by issuance of an enforcement order against the Group. The Group has challenged the show cause notice before the Sindh High Court on December 13, 2016 wherein the Court has passed orders restraining PTA from cancelling the licenses of the Group and from taking any coercive action against it. The matter is at the stage of hearing of applications. Based on the advice of the legal counsel, the Group's management feels that there are strong grounds to defend the Group's stance and the liability will not materialize, hence, no provision has been made in these consolidated financial statements for the amounts of default surcharge and fine.

21.2.3 PTA has raised demand amounting to Rs. 29.77 million on account of using extra Radio Spectrum not assigned to the Group. The Group challenged this amount on July 3, 2012 before Islamabad High Court which has allowed appeal of the Group. PTA went into appeal before the Honorable Supreme Court of Pakistan in March 2017 which got dismissed. Now, PTA has filed review application which is still pending. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these consolidated financial statements against this demand.

21.2.4 The Group maintains that PTA has allegedly issued an arbitrary order for recovery of annual radio frequency spectrum fee for the year ended 2013 along with late payment charges amounting in total to Rs. 53.795 million. The Group has assailed the order before honorable Lahore High Court on June 28, 2016 on the ground that officers of PTA could not issue such an order as they had not issued the show cause notice. The Honorable High Court has allowed the petition and remanded the case to PTA for decision afresh. In another suit filed by the Group before Honorable Lahore High Court, PTA has also demanded applicable late payment charges on impugned non-payment of annual radio spectrum fee. The question of law has been resolved by the Honorable High Court on March 21, 2018 and it was held that PTA's decision was appealable before PTA. Same was also upheld by the honorable Supreme Court on May 17, 2018. The management has filed appeals before PTA and the appeal was decided against the Group. Subsequent to year end appeal against PTA's order has been filled before the next judicial forum on January 12, 2021. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these consolidated financial statements for late payment charges.

Moreover, the Group is confident that incidental liability, if any, will be set off by way of a claim filed against PTA as stated in Note 22.2.1.

21.2.5 The Group has filed a suit before the High Court of Sindh on July 2, 2011 for declaration, injunction and recovery of Rs. 4.944 billion against PTA praying, inter alia, for direction to PTA to determine the Access Promotion Contribution for Fixed Line Local Loop (APCL contribution) and Access Promotion Cost (APC) for Universal Service Fund (USF) strictly in accordance with the formula as per Rule 8(2) and (4) of 2004 Rules and Regulation 7 of 2005 Regulations; restraining PTA from taking coercive actions against the Group to recover the amounts of APCL and APC for USF and direction to PTA to submit accounts and information to the Honorable High Court with regard to collection and, utilization and application of APCL and APC for USF contributions. During the pendency of proceedings, the Court granted interim injunction to the Group and restrained PTA from taking any coercive action against the Group.

The said restraining order was dismissed by the learned single judge through a combined order dated July 27, 2018. The said order has been challenged by the Group before the Divisional Bench of the High Court on August 13, 2018 in High Court Appeal No. 222 of 2018. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these consolidated financial statements.

21.2.6 PTA has raised demand amounting to Rs. 18.07 million on account of BTS registration and microwave charges for the year 2007 till 2014. The Group challenged this amount in November 2019 before Lahore High Court which is pending adjudication. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these consolidated financial statements against this demand.

21.2.7 PTA has filed recovery proceedings against the Group before the District Collector / District Officer Revenue, Lahore for an amount of Rs. 2.648 billion including late payment charges on November 4, 2016 due to non-payment of initial spectrum fee (ISF). The Group has not received any notice from the Revenue department. During the year PTA again issued the notice against non-payment of ISF and the increased the claim by Rs. 1.038 billion.

PTA has withdrawn the frequencies 3.5 Ghz, 479 Mhz, 450 Mhz and 1900 Mhz. As per management the ISF for 3.5 Ghz and 479 Mhz is already fully paid till 2024. The outstanding liability for 1900 Mhz is reduced to zero on the basis that 1900 Mhz frequency has been fully paid for until 2015 (actual withdrawal year), Similarly, liability for 450Mhz frequency spectrum be reduced on prorata after withdrawal. Corresponding assets has also been retired. For detail refer note 14.

The Group has filed an appeal with Islamabad High Court on January 12, 2021 against said decision of PTA on similar lines as explained above and the Group's management and legal advisor feels that there are strong grounds to defend the Group's stance and that the principal amount and late payment charges determined unilaterally by PTA will not materialize, hence, no provision has been made in these consolidated financial

21.2.8 PTA has demanded amounts of annual license fee (ALF) relating to Non-Voice Communication Network Services (NVCNS) through various demand notices. PTA has filed recovery proceedings against the Group before the District Collector / Deputy Commissioner, Lahore for an amount of Rs. 62.607 million on February 7, 2020 due to non-payment of annual license fee (ALF) relating to Non-Voice Communication Network Services (NVCNS). This includes principal portion of Rs. 31.146 million already recognized in the consolidated financial statements and late payment charges amounting to Rs. 31.461 million. The Group has not received any notice from the Revenue department. The Group's management and legal advisor feels that there are strong grounds to defend the Group's stance and that the late payment charges determined unilaterally by PTA will not materialize, hence, no provision has been made in these consolidated financial statements.

21.2.9 PTA had demanded an amount of Rs. 350 million in respect of fine and loss of Rs. 531.89 million on account of international telephony traffic. The case was decided by Islamabad High Court in favor of the Group, however, PTA went into appeal before the honorable Supreme Court of Pakistan. The honorable Supreme Court dismissed the appeal of PTA. PTA has now filed review petition No. 708 of 2019 before the Supreme Court of Pakistan on November 23, 2019 which is pending adjudication. The Group has not received any notice in this regard. The Group's management feels that there are strong grounds to defend the Group's stance, hence, no provision has been made in these consolidated financial statements.

21.2.10 PTA has issued show cause notice to the Group with the direction to pay annual regulatory dues for the years ended 2011, 2012, 2013 and 2014 cumulative amount of Rs. 119.65 Million along with late payment charges. The Group has filled the appeals against said notices with PTA which dismissed on December 04, 2020. The Group therefore filled the appeal in Sindh High Court on December 31, 2020 to set aside the order passed by PTA. The Court directed PTA not to take any coercive action against the Group. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these consolidated financial

21.2.11 PTA determined the demand amounting to Rs. 223.34 million , on account of annual spectrum fee and other regulatory charges, vide its determination dated February 22, 2010. Being aggrieved, the Company’s management preferred an appeal before the Honorable Lahore High Court ("LHC") on March 20, 2010 against the PTA's determination. LHC granted stay against the recovery subject to payment of Rs. 40 million which was complied by the Company. Based on the advice of the Company's legal counsel, the Company’s management feels that there are strong grounds to defend the Company's position and the ultimate decision would be in the Company's favour.

21.2.12 Other than the amounts recognized in the consolidated financial statements and amounts disclosed in the above contingencies, PTA has also demanded amounts of PKR 1.634 billion on account of various charges, default surcharges / penalties / fines. Since the principal amount is disputed, the Group's management feels that there are strong grounds to defend the Group's stance and that the liability determined unilaterally by PTA will not materialize, hence, no provision has been made in these consolidated financial statements.

21.3 Taxation issues

21.3.1 Separate returns of total income for the Tax Year 2003 were filed by M/s Worldcall Communications Limited, M/s Worldcall Multimedia Limited, M/s Worldcall Broadband Limited and M/s Worldcall Phone Cards Limited, now merged into the Group. Such returns of income were amended by relevant officials under section 122(5A) of the Income Tax Ordinance, 2001 ("Ordinance") through separate orders. Through such amendment orders, in addition to enhancement in aggregate tax liabilities by an amount of Rs. 9.90 million, tax losses declared by the respective companies too were curtailed by an aggregate amount of Rs. 66.19 million. The Group contested such amendment orders before Commissioner Inland Revenue (Appeals) [CIR(A)] and while amendment order for Worldcall Broadband Limited was annulled, partial relief was extended by CIR(A) in respect of appeals pertaining to other companies. The appellate orders extending partial relief were further assailed by the Group before Appellate Tribunal Inland Revenue (ATIR) in January 2010, which are pending adjudication. The Group's management considers that meritorious grounds exist to support the Group's stances and expects relief from ATIR in respect of all the issues being contested. Accordingly, no adjustments / liabilities on these accounts have been incorporated / recognized in these consolidated financial statements.

21.3.2 Through amendment order passed under section 122(5A) of the Ordinance, the Group's return of total income for Tax Year 2006 was amended and declared losses were curtailed by an amount of Rs. 780.46 million. The Group's appeal filed on September 18, 2007 was not entertained by CIR(A) and the amendment order was upheld whereupon the matter was further agitated before ATIR on July 8, 2008, which is pending adjudication. The Group's management expects relief from ATIR in respect of issues involved in the relevant appeal there being valid precedents available on record supporting the Group's stance. Accordingly, no adjustment on this account has been incorporated in these consolidated financial statements.

21.3.3 In computer balloting for total audit u/s 177 of the Ordinance, the Group was selected for total audit proceedings for the tax year 2009 and the same has been completed with the issuance of order under section 122(1)/122(5) of the Ordinance creating a demand of Rs. 208.348 million. Against the said impugned order, appeal has been filed before CIR(A) on August 5, 2019 by legal counsel of the Group. Based on the advice of the legal counsel, the Group's management feels that there are strong grounds to defend the Group's stance and the liability will not materialize, hence, no provision has been made in these consolidated financial statements.

21.3.4 A demand of Rs. 1.059 billion (including default surcharge of Rs. 325.849 million) was raised against the Group under section 161/205 of the Ordinance for the period relevant to Tax Year 2012 alleging non-compliance with various applicable withholding provisions contained in the Ordinance. The management assailed the subject order on March 28, 2014 in usual appellate course and while first appellate authority decided certain issues in the Group's favor, major issues were remanded back to department for adjudication afresh. Such appellate order was further assailed by the Group before ATIR on May 20, 2014, at which forum, adjudication is pending. Meanwhile, the Department concluded the reassessment proceedings, primarily repeating the treatment earlier accorded, however, based on relief allowed by first appellate authority, demand now stands reduced to Rs. 953.355 million (including default surcharge of Rs. 308.163 million). Such reassessment order was assailed by the Group in second round of litigation and the first appellate authority, through its order dated June 29, 2015, has upheld the Departmental action. The management has contested this order before ATIR on August 20, 2015 for favorable outcome. The Group's management feels that there are strong grounds to defend the Group's stance and the liability will not materialize, hence, no provision has been made in these consolidated financial statements.

21.3.5 In computer balloting for total audit u/s 177 of the ITO, 2001, the Group was selected for total audit proceedings for the tax year 2014 and the same has been completed with the issuance of order under section 122(4) of Income Tax Ordinance, 2001 creating a demand of Rs. 49,013,883 and curtailment of losses by Rs. 5,880.753 million. The said demand was curtailed to Rs. 5,749,260 through a revised demand order on account of rectification application filed by the Group. Against the said impugned order, appeal has been filed before CIR(A) on January 24, 2018 by legal counsel of the Group. Based on the advice of the legal counsel, the Group's management feels that there are strong grounds to defend the Group's stance and the liability will not materialize, hence, no provision has been made in these consolidated financial statements.

21.3.6 The CIR has raised demand against the Group for super tax for the tax year 2018 amounting to Rs. 43.82 million. The chargeability has been challenged by the Group through writ petition in LHC filed on May 16, 2019. Based on the advice of the legal counsel, the Group's management feels that there are strong grounds to defend the Group's stance and the liability will not materialize, hence, no provision has been made in these consolidated financial statements.

21.3.7 A sales tax demand of Rs. 167 million was raised against the Group for recovery of an allegedly inadmissible claim of sales tax refund in Tax Year 2006 filed and sanctioned under section 66 of the Sales Tax Act, 1990. The Group's appeal against such order was allowed to the extent of additional tax and penalties; however, principal amount was held against the Group by the then relevant Customs, Excise and Sales Tax Appellate Tribunal (CESTAT). The Group further assailed the issue on November 10, 2009 before Lahore High Court (LHC) where the litigation is presently pending. While, recovery to the extent of 20% of principal demand of sales tax has been made by the tax authorities, an interim injunction by honorable Court debars the Department for enforcing any further recovery. Since the management considers the refund to be legally admissible to the Group, no liability on this account has been recognized in these consolidated financial statements and the amount already recovered has been recorded as being receivable from the tax authorities. It is pertinent to highlight here that adverse judgment earlier passed by CESTAT no longer holds the field as through certain subsequent judgments, controversy has been decided by ATIR (forum now holding appellate jurisdiction under the law) in favor of other taxpayers operating in the Telecom Sector. The Honorable LHC has set aside the judgment of the Tribunal on May 24, 2017 and has remanded the case for decision afresh. The Tribunal is yet to issue notice for the hearing. The Group's management feels that there are strong grounds to defend the Group's stance and the liability will not materialize, hence, no provision has been made in these consolidated financial statements.

21.3.8 On September 30, 2016, Punjab Revenue Authority (PRA) issued show cause notice allegedly demanding Rs. 419.821 million for the periods from May 2013 to December 2013. The Group challenged imposition of sales tax on LDI services on the first appellate authority in 2016 and relief granted by CIR(A) through set aside the demand created by PRA with direction of reassessment proceedings. The Group challenged these proceedings through filing a writ petition in LHC heard on February 9, 2017 on the grounds that it was unconstitutional and in violation of fundamental principles of sales tax and international commitments of Government of Pakistan. The writ petition has been allowed with instructions passed by honorable Judge of Lahore High Court Lahore to PRA restraining from passing final order in pursuance of proceedings. The matter has been taken up by other LDI operators against PRA in June 2015 before LHC on the grounds that imposition of sales tax is unconstitutional and in violation of fundamental principles of sales tax and international commitments of Government of Pakistan. The period pertains to ICH time when amount of sales tax was withheld by PTCL. Based on the advice of the Group's tax advisor, the management is of the view that the Group's case is based on meritorious grounds and hence, relief would be secured from the Court. In view of the above, provision for sales tax on LDI services aggregating Rs. 1,742.547 million (2020: Rs. 1,486.159 million) has not been made in these consolidated financial statements.

21.4 Others

21.4.1 One of the Group's supplier has filed the suit for recovery on July 12, 2018 before the Civil Court, Lahore of certain moneys alleged to have not been paid by the Group under its agreements with the supplier. The principal claim is Rs. 18 million however the claim is inflated to Rs. 230 million on frivolous basis. The Group denies the claim and is hopeful for positive outcome. The management is of the view that it is unlikely that any claim of said supplier will materialize.

21.4.2 One of the Group's supplier has filed petition on November 21, 2014 before LHC. The supplier has claim of Rs. 216.48 million receivable from the Group. Further details of the litigations have not been disclosed as it may prejudice the Group's position. The Group has denied the veracity of such claims and has also challenged the maintainability of the proceedings. Also, the Group has filed a counter petition during the year 2015 claiming Rs. 315.178 million under the same contract against which the supplier has claimed its dues. The Group had to deposit an amount of Rs. 20 million in the Court in respect of this case. The honorable High Court has already required both Companies to resolve disputes in terms of their Agreement. The matter stands adjourned sine die. Based on the advice of the Group's legal counsel, the management is of the view that it is unlikely that any adverse order will be passed against the Group.

21.4.3 One of Group's supplier and its allied international identities (referred to as suppliers) filed winding up petition dated October 16, 2017 before LHC and claim of Rs. 64.835 million and USD 4.869 million which was dismissed on September 26, 2018. The suppliers have also filed civil suit before Islamabad Civil Court dated September 17, 2018 for recovery of USD 12.35 million and Rs. 68.08 million along with damages of USD 20 million. The learned civil judge accepted the application under Order VII Rule 10 CPC and returned the plaint. The suppliers have now filed an appeal before the Honorable Islamabad High Court, Islamabad against the order passed on July 10, 2019 by the learned civil judge, Islamabad. The Group has already filed suit for recovery of USD 93.3 million against this suppliers for default in performance of agreements before Civil Court, Lahore in August 2017. The Group has also filed another suit before Civil Court, Lahore for recovery of Rs. 1.5 billion for causing damage to the Group for filing frivolous winding up petition. Based on the legal advice, the management is of the view that it is unlikely that any claim of said suppliers will materialize.

21.4.4 The Group acquired Indefeasible Right to Use ("IRU") of media and related Operations and Maintenance Services ("O&M") from one of the Group's suppliers through an agreement entered in August 2011. An agreement between the parties was reached in April 2015 for the payment against O&M services whereby it was decided that monthly payments in respect of O&M will be made by the Group and other deliverables under IRU agreement shall be mutually agreed by June 30, 2016. However, the supplier illegally and violating the terms for the Agreement, disconnected its services to the Group and filed a Civil Suit before the Sindh High Court in October 2016 for recovery of dues amounting to USD 7.03 million equivalent to Rs. 1.09 billion along with mark up @ 15% amounting to USD 1.58 million equivalent to Rs. 245.453 million, allegedly due under the stated agreement. The subject suit is pending adjudication.

The management believes that supplier's claim is invalid since it relates to the un-utilized future period and for the media which has never been provisioned as required under the Agreement and the supplier is/was under contractual obligation to provide (media) to the Group. That, a net sum of USD 2.977 million is due and payable by Supplier to the Group, in respect of reimbursement and refund obligation under and pursuant to the IRU Contract. The net sum is calculated on the basis of actual utilization of the capacity calculated on pro rata basis hence the Group was/is entitled to and Supplier was/is liable to refund USD 2.977 million within 90 days of the termination of the IRU instead of claiming USD 7.03 million. The subject media / services have never been provisioned therefore the Supplier is not entitled to claim any amount for media or services. As the Group holds an indefeasible right to use the supplier's media for the contract duration of 15 years, early and unilateral termination of services by supplier, amounts to a breach.

Under these circumstances, the Group under the express contractual rights have claimed the amounts pertaining to (i) media which has yet not been delivered, and (ii) un-utilized future period on a prorata basis, as required under the terms and conditions of the Agreement. Moreover, the Supplier is also liable to make payments to the Group on account of different services received from the Group. The Group has filed an application before SHC in January 2017 under section 34 of the Arbitration Act, 1940 to refer the matter to Arbitrator as per the dispute resolution mechanism provided in the agreement dated 2011.

During 2019, the supplier has signed an MOU with the Group undertaking to withdraw all legal cases which is in process. Based on the advice of the Group's legal counsel, the management is of the view that it is unlikely that any adverse order pertaining to the Supplier's Claim will be passed against the Group.

21.4.5 As stated in note 5.10, the Group is yet to comply with the requirements of Regulation 11 of the Companies (Further issue of Shares) Regulations 2020. The Group may be liable to pay penalties.

21.4.6 A total of 30 cases (2020: 28) are filed against the Group involving Regulatory, Employees, Landlords and Subscribers having aggregate claim of all cases amounting to Rs. 113.1 million (2020: Rs. 110.76 million). Because of number of cases and their uncertain nature, it is not possible to quantify their financial impact. Management and legal advisors of the Group are of the view that the outcome of these cases is expected to be favorable and liability, if any, arising out on the settlement is not likely to be material.

		2021	2020
		--------------(Rupees in '000)--------------	
21.5	Outstanding guarantees and letters of credit	353,761	353,761
Commitments			
21.6	Commitments in respect of capital expenditure	9,696	9,202

Note 22

Property, Plant and Equipment

	Note	2021	2020
		(Rupees in '000)	
Operating fixed assets	22.1	5,783,070	6,195,839
Capital work-in-progress	22.2	12,907	11,482
		5,795,977	6,207,321

22.1 Operating fixed assets

	Note	Building on Freehold Land	Leasehold Improvements	Plant and Equipment	Office Equipment	Computers	Furniture and Fixtures	Vehicles	Laboratory and Other Equipment	Total
Cost / Revalued Amount										
Balance as at December 31, 2019		97,500	165,193	8,325,843	102,750	177,145	33,872	31,864	21,780	8,955,947
Additions during the year		-	-	74,034	94	414	92	-	-	74,634
Disposals / settlement during the year	22.1.7	-	-	(13,333)	-	(515)	-	(415)	-	(14,263)
Balance as at December 31, 2020		**97,500**	**165,193**	**8,386,544**	**102,844**	**177,044**	**33,964**	**31,449**	**21,780**	**9,016,318**
Additions during the year		-	11,858	23,035	3,207	1,600	612	-	-	40,312
Disposals / settlement during the year	22.1.7	-	-	(122,258)	-	(1,167)	-	(726)	-	(124,151)
Balance as at December 31, 2021		**97,500**	**177,051**	**8,287,321**	**106,051**	**177,477**	**34,576**	**30,723**	**21,780**	**8,932,479**
Depreciation and Impairment										
Balance as at December 31, 2019		24,781	137,949	1,931,640	88,269	175,839	27,109	31,864	19,067	2,436,518
Depreciation for the year		4,875	6,745	367,342	2,547	2,293	1,309	-	120	385,231
Depreciation on disposals		-	-	(556)	-	(299)	-	(415)	-	(1,270)
Balance as at December 31, 2020		**29,656**	**144,694**	**2,298,426**	**90,816**	**177,833**	**28,418**	**31,449**	**19,187**	**2,820,479**
Depreciation for the year		4,875	7,324	396,082	2,182	321	1,223	-	746	412,750
Depreciation on disposals	22.1.7	-	-	(81,930)	-	(1,167)	-	(726)	-	(83,823)
Balance as at December 31, 2021		**34,531**	**152,018**	**2,612,578**	**92,998**	**176,987**	**29,641**	**30,723**	**19,933**	**3,149,409**
Net book value as at December 31, 2021		**62,969**	**25,033**	**5,674,743**	**13,053**	**490**	**4,935**	**-**	**1,847**	**5,783,070**
Net book value as at December 31, 2020		67,844	20,499	6,088,118	12,028	(789)	5,546	-	2,593	6,195,839
Annual rate of depreciation (%)		5	10 to 20	5 to 33	10	33.33	10	20	20	

22.1.1 The building of the Group comprises Suit # 302, 303, 304, third floor, The Plaza, G - 7 Block - 9, KDA Scheme # 5, Kehkashan Clifton, Karachi. The building covers an area of 8,017 Sq. Ft.

22.1.2 Following assets acquired with the funds of the Group are not in the possession / control of the Group because of their specific nature as these have to be handed over to customers for their use:

Sr. No.	Description	Net Book Value (Rs. in '000')	Persons in whose possession
1	USB Sticks	-	Customers
2	Customer Premises Equipment (CPE)	219,232	Customers

22.1.3 Latest revaluation has been carried out on December 31, 2020 by an independent professional valuer M/s Arch-E'-Decon that resulted in revaluation surplus of Rs. Nil (October 01, 2018: 1.341 billion). Force sale value of revalued plant and equipment is estimated at December 31, 2021 Rs. 4539.79 million (2020: Rs. 4,870.49 Million).

	Fair value measurement of Plant and Equipment using significant unobservable inputs (Level 3)	
	2021	2020
	--------------(Rupees in '000)--------------	
Recurring fair value measurements		
Plant and equipment (owned)	5,674,743	6,088,118

There are no level 1 or 2 assets and hence there were no transfers between levels 1 and 2 during the year.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 items for the year ended December 31, 2021 for recurring fair value measurements:

	LDI and Broadband Operations	WLL Operations	Total
	-------------------- (Rupees in '000) -------------------		
Balance as at December 31, 2020	5,986,769	101,349	6,088,118
Additions	23,035	-	23,035
Disposals	(40,328)	-	(40,328)
Depreciation	(373,426)	(22,656)	(396,082)
Balance as at December 31, 2021	5,596,050	78,693	5,674,743

Valuation techniques used to derive level 3 fair values

The Group obtains independent valuations for its plant and equipment (owned) at regular intervals. At the end of each reporting period, the management updates its assessment of the fair value of these assets, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates.

Level 3 fair values of plant and equipment (owned) relating to LDI and Broadband operations have been determined using a depreciated replacement cost approach, whereby, the current replacement costs of plant and equipment of similar make / origin, capacity and level of technology have been adjusted using a suitable depreciation rate on account of normal wear and tear and remaining useful lives of assets.

Level 3 fair value of plant and equipment (owned) relating to WLL operations has been mainly derived using the sales comparison approach. Sale prices of comparable assets are adjusted for differences in key attributes such as condition and location of assets.

Valuation inputs and relationship to fair value

Qualitative information about the significant unobservable inputs used in level 3 fair value measurements and their sensitivity analysis is as under:

Description	Significant Unobservable Inputs	Quantitative Data / Range and Relationship to the Fair Value
Plant and Equipment (Owned) - LDI and Broadband Operations	The valuation done on the basis of its respective rating and nameplate data with adjustments for age and remaining lives of assets. Condition based analysis of operating equipment is a key parameter of valuation process. Cost of acquisition of similar plant and equipment with similar level of technology. Suitable depreciation rate to arrive at depreciated replacement value.	The market value has been determined by using cost of acquisition of similar plant and machinery with similar level of technology and applying a suitable depreciation factor based on normal wear and tear and remaining useful lives of plant and machinery. Both Physical and functional depreciation of facility is taken into consideration while determining remaining life. Remaining useful lives have been estimated up to 25 years. The higher the cost of acquisition of similar plant and machinery, higher the fair value of plant and machinery. Further, higher the depreciation rate, the lower the fair value of plant and machinery.
Plant and Equipment (Owned) - WLL Operations	Rating, nameplate data and fundamental technical characteristics of plant and equipment. Prevalent market prices for these assets.	The market value has been determined by applying prevalent market prices to the rating, nameplate data and fundamental technical characteristics of plant and equipment. Higher the market price, higher the fair value.

22.1.4 The carrying amount of temporarily idle property, plant and equipment amounts to Rs. 78.69 million (2020: Rs. 96.369 million).

The cost / revalued amount of fully depreciated property, plant and equipment that is still in use of the Group amounts to Rs. 132.907 million (2020: Rs. 132.907 million).

22.1.5 Property, plant and equipment and current assets having charge against borrowings amount to Rs. 12,801.043 million (2020: Rs. 12,801.043 million).

22.1.6 Had there been no revaluation, the net book value of plant and equipment (owned) would have amounted to Rs. 4,718.69 million (2020: 5,030.29 million).

22.1.7 Disposal of operating fixed assets

Particulars	Name of Buyer along with Relationship with the Group or any Director of the Group (if any)	Cost / Revalued Amount	Accumulated Depreciation and Impairment	Written Down Value	Sale Proceeds / Settlement Value	Gain / (Loss)	Mode of Disposal
		(Rupees in '000)					
Plant and Equipment							
Equipments	Shaheen Insurance Company	111,591	81,241	30,350	53,050	22,700	Insurance Claim
Fiber Cable	Tristar Cable Network (Pvt.) Ltd.	10,667	689	9,978	-	-	Lease of Fiber
Assets with book value less than Rs. 500,000		1,893	1,893	-	524	524	Insurance Claim
	2021	**124,151**	**83,823**	**40,328**	**53,574**	**23,224**	
	2020	14,263	1,270	12,993	562	346	

		Note	2021	2020
			--------------(Rupees in '000)--------------	
22.2	**Capital work-in-progress ("CWIP")**			
	Advances to suppliers		6,088	4,664
	Plant and equipment		6,819	6,818
		22.2.1	12,907	11,482
22.2.1	**The reconciliation of the carrying amount is as follows:**			
	Opening balance		54,658	111,745
	Additions during the year		21,009	-
	Transfers during the year		(19,584)	(57,087)
			56,083	54,658
	Provision against advance to suppliers	22.2.1.1	(43,176)	(43,176)
	Closing balance		12,907	11,482
22.2.1.1	**Provision against advance to suppliers**			
	Opening balance		43,176	43,176
	Charged during the year	41	-	-
			43,176	43,176

22.3 Last year the Group conducted operational efficiency review of its plant and equipment which resulted in change in the expected useful life of Optical Fiber . The assets that management had expected to use for up to 12 years are now expected to remain useful for 25 years. The change in accounting estimate has been applied as per IAS 8 -Accounting Policies, Changes in Accounting Estimates and Errors, as result of increase in useful life the effect current and future years is Rs. 279.38 Million per annum as decrease in depreciation expense.

Note 23

Right of use (ROU) assets

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Opening balance		3,680,465	2,138,001
Add: Additions during the year		364,337	281,156
Add: Revaluation Surplus during the year	23.2	-	1,440,000
Less: Lease terminated during the year		(92,056)	-
Less: Depreciation charge for the year	42	(258,642)	(178,692)
Closing balance		3,694,104	3,680,465
Lease Term (Years)		1.4 - 11 Years	1.4 - 20 Years

There are no variable lease payments in the lease contracts. There were no leases with residual value guarantees or leases not yet commenced to which the Group is committed.

23.1 The right of use assets comprises of following:

	2021	2020
	--------------(Rupees in '000)--------------	
Indefeasible rights of use of Fiber (IRU)	3,467,884	3,491,040
Leasehold property	226,220	189,425
	3,694,104	3,680,465

23.2 Last year, on December 31, 2020 the IRU assets were revalued by an independent professional valuer, M/s Arch-E'-Decon, which resulted in revaluation gain amounting Rs. 1,440 Million. The force sale value of revalued assets at December 31, 2021 Rs. 2,774.3 million (2020: Rs. 2,792.83 million). The fair value , of IRU assets is measured using significant unobservable inputs (Level 3). There are no level 1 and level 2 assets and hence no transfers between levels 1 and 2 during the year.

Valuation techniques used to derive level 3 fair values:

The management updates its assessment of the fair value of these assets, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates. 'Level 3 fair values of IRU asset have been determined using a depreciated replacement cost approach, whereby, the current replacement costs of asset of similar make / origin, capacity and level of technology have been adjusted using a suitable depreciation rate on account of normal wear and tear and remaining useful lives of assets.

Valuation inputs and relationship to fair value

The following table summarizes the quantitative and qualitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Significant Unobservable Inputs	Quantitative Data / Range and Relationship to the Fair Value
Indefeasible rights of use of Fiber	The valuation done on the basis of its respective rating and nameplate data with adjustments for age and remaining lives of assets. Condition based analysis of operating equipment is a key parameter of valuation process. Cost of acquisition of similar plant and equipment with similar level of technology. Suitable depreciation rate to arrive at depreciated replacement value.	The market value has been determined by using cost of acquisition of similar plant and machinery with similar level of technology and applying a suitable depreciation factor based on normal wear and tear and remaining useful lives of plant and machinery. Both Physical and functional depreciation of facility is taken into consideration while determining remaining life. Remaining useful lives have been estimated from 1 to 20 years. The higher the cost of acquisition of similar asset, higher the fair value of asset. Further, higher the depreciation rate, the lower the fair value of asset.

23.3 Had there been no revaluation, the net book value of right of use asset would have amounted to Rs. 2,359.35 million (2020: Rs. 2,240.46 million).

Note 24

Intangible Assets

	Note	Licenses	Patents and copyrights	IRU - media cost	Softwares	Goodwill	Total
		(Rupees in '000)					
Cost / Revalued Amount							
Balance as at December 31, 2019		3,082,755	5,333	784,800	11,600	2,736,706	6,621,194
Elimination of cost on retirement of assets	24.5	(2,028,927)	-	-	-	-	(2,028,927)
Revaluation surplus during the year		660,000	-	-	-	-	660,000
Additions / (deletions) during the year		-	-	-	-	-	-
Balance as at December 31, 2020		1,713,828	5,333	784,800	11,600	2,736,706	5,252,267
Additions / (deletions) during the year		-	-	-	-	-	-
Revaluation surplus during the year			-	-	-	-	-
Balance as at December 31, 2021		1,713,828	5,333	784,800	11,600	2,736,706	5,252,267
Amortization and Impairment							
Balance as at December 31, 2019		1,484,832	5,333	466,108	11,520	2,690,403	4,658,196
Elimination of accumulated amortization on retirement of assets	24.5	(1,245,003)	-	-	-	-	(1,245,003)
Amortization for the year	42	337,768	-	52,268	80	-	390,116
Balance as at December 31, 2020		577,597	5,333	518,376	11,600	2,690,403	3,803,309
Impairement of Goddwill		-	-	-	-	46,303	46,303
Amortization for the year	42	352,897	-	52,268	-	-	405,165
Balance as at December 31, 2021		930,494	5,333	570,644	11,600	2,736,706	4,254,777
Net book value as at December 31, 2020		1,136,231	-	266,424	-	46,303	1,448,958
Net book value as at December 31, 2021		**783,334**	**-**	**214,156**	**-**	**-**	**997,491**
Annual amortization rate (%)		5 to 20	10	6.67	20	-	

24.1 Last year, on December 31, 2020, licenses and softwares were revalued by an independent professional valuer, M/s Arch-E'-Decon, which resulted in revaluation gain amounting Rs. 660 Million. The force sale value of revalued assets at December 31, 2021 Rs. 626.67 million (2020: Rs. 908.98 million). The table below analyses the non-financial assets carried at fair value, by valuation method.

	2021	2020
	--------------(Rupees in '000)--------------	
Recurring fair value measurements of following items of intangible assets		
Licenses	783,334	1,136,231
Softwares	-	
	783,334	1,136,231

There are no level 1 and level 2 assets and hence no transfers between levels 1 and 2 during the year.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for recurring fair value measurements:

	Licenses and Softwares	
	2021	2020
	--------------(Rupees in '000)--------------	
Opening balance	1,136,231	1,598,003
Revaluation surplus arising during the year recognized in other comprehensive income	-	660,000
Terminated during the year	-	(783,924)
Amortization charged during the year	(352,897)	(337,848)
Closing balance	783,334	1,136,231

Valuation techniques used to derive level 3 fair values:

The Group obtains independent valuations for its intangible assets (licenses and software) at regular intervals. At the end of each reporting period, the management updates its assessment of the fair value of these assets, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates. Level 3 fair value of licenses and softwares has been mainly derived using the sales comparison approach. Auction prices of comparable assets are adjusted for differences in key attributes such as frequency and region of the assets.

Valuation inputs and relationship to fair value

The following table summarizes the quantitative and qualitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Significant Unobservable Inputs	Quantitative Data / Range and Relationship to the Fair Value
Licenses and Softwares	Auction prices for recently issued comparable licenses, market value, technical characteristics and continuing use of licenses is considered while revaluing licenses. Market value and assessment of continuing use is considered for revaluation of software.	Intangibles assets has been revalued using market value as benchmark. The market value has been determined by applying recent auction prices to the fundamental technical characteristics of WLL licenses. Higher the auction price, higher the fair value. Fundamental technical characteristics of WLL licenses such as frequency and region.

24.2 Had there been no revaluation, the net book value of licenses and softwares would have amounted to Rs. 196.2 million (2020: Rs. 305.31 million).

24.3 Licenses of the Group are encumbered with IGI Holding Limited, Trustee of TFC holders, as disclosed in Note 10.

24.4 The licenses include license granted by PTA to the Group for providing the LDI telecommunication services in the country. The license has carrying amount of Rs. 293.8 million (2020: Rs. 595.443 million) which is due to expire in July 2024.

24.5 PTA has withdrawn licenses for telecom frequency of 1900Mhz, 450Mhz, 479Mhz, 3.5Ghz and LDI operator license. The LDI services of the Group were restored on January 15, 2021 on the direction of Honorable Sindh High Court. The Group has derecognized asset and related license fee payable related to 1900Mhz, 450Mhz and 479Mhz based on the PTA's order. As per the management the PTA has no legal right to terminate frequency of 3.5Ghz as this was already fully paid and based on the legal counsel opinion Group has not derecognized this frequency and filed appeal for restoration of same refer note 13 for detail.

Note 25

Investment Properties

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Opening balance		49,958	48,800
Fair value adjustment recognized in profit or loss account	25.1	1,260	1,158
Closing balance		51,218	49,958

25.1 As of the reporting date, investment properties comprise land. Latest valuation of these properties was carried out on December 31, 2021 by an approved independent valuer, M/s Gandhara Consultants. The valuation was carried out using sales comparison approach which resulted in fair value gain of Rs. 1.26 million (2020: Rs. 1.16 million).

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for its repairs, maintenance and enhancements.

Fair value of the investment property of the Group is determined using significant other observable inputs [level 2].

25.2 Particulars of investment properties of the Group are as follows:

Sr. No.	Particulars	Location	Area	Forced Sale Value (Rupees in '000)
1	13 Plots	Super Dream, K.T. Bundar Road, Gharo, Sindh	9600 Sq. Yd.	26,342
2	2 Plots	Windmill Villas, K.T. Bundar Road, Gharo, Sindh	1800 Sq. Yd.	3,293
3	6 Plots	Super Highway, Noriabad, Sindh	1200 Sq. Yd.	4,939
4	2 Plots	Peace City Farm Houses, District Rawalpindi	8000 Sq. Yd.	6,400
				40,974

Recurring fair value measurements

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during the year 2021.

Valuation techniques used to derive level 2 fair values

At the end of each reporting period, the management updates its assessment of the fair value of investment properties, taking into account the most recent independent valuation. The management determines the properties' value within a range of reasonable fair value estimates. Level 2 fair value of investment properties has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per square foot.

Note 26

Long Term Trade Receivable

This represents receivable against the sale of "Optical Fiber Cable" stated at amortized cost using effective interest rate of 16% per annum.

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Opening balance		384,642	384,642
Unwinding of discount	40.1	-	-
		384,642	384,642
Less: Impairment allowance		(384,642)	(384,642)
		-	-

Note 27

Deferred Taxation

		2021	2020
		--------------(Rupees in '000)--------------	
Asset for deferred taxation comprising temporary differences related to:			
-Unused tax losses		3,425,035	3,626,374
-Provision for doubtful debts		871,647	793,637
-Post employment benefits		56,190	58,366
-Provision for stores and spares & stock-in-trade		1,173	15,783
-Provision for doubtful advances and other receivables		82,979	85,035
Liability for deferred taxation comprising temporary differences related to:			
-Surplus on revaluation of fixed assets		(2,067,380)	(2,190,126)
		2,369,644	2,389,069

Deferred tax asset on tax losses available for carry forward has been recognized to the extent that the realization of related tax benefit is probable from reversal of existing taxable temporary differences and future taxable profit. Management's assertion of future taxable profit is mainly based on income due to write back of liabilities and monetary support from the majority shareholder as explained in detail in note 2.2 to these consolidated financial statements.

Being prudent, the Group has not recognized deferred tax assets of Rs. 2,864.28 million (2020: Rs. 2,702.427 million) in respect of unused tax losses and unabsorbed depreciation and Rs. 80.05 million (2020: Rs. 139.487 million) in respect of minimum tax available for carry forward under the Income Tax Ordinance, 2001 ("ITO"), as sufficient taxable profits would not be available to utilize these in the foreseeable future. Minimum tax available for carry forward and unused tax losses on which deferred tax asset has not been recognized, would expire as follows:

Accounting year to which minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	Rupees in '000	
2019	58,345	2022
2021	21,701	2024
	80,046	

Accounting year to which unused tax relates	Amount of unused tax loss	Accounting year in which unused tax loss will expire
	Rupees in '000	
2016	864,959	2022
2017	1,221,494	2023
2021	668,611	2027
	2,755,064	

		2021	2020
		--------------(Rupees in '000)--------------	
The gross movement in net deferred tax asset during the year is as follows:			
Opening balance		2,389,069	2,725,027
Deferred tax on surplus on revaluation of fixed assets		-	(513,630)
Charged to other comprehensive income		(3,891)	(6,718)
Charged to statement of changes in equity		(15,534)	-
Charged to the consolidated statement of profit or loss	44	-	184,390
Closing balance		2,369,644	2,389,069

Note 28

Long Term Deposits

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Security deposits with:			
- Rented premises		7,357	7,402
- Utilities		960	960
- Others		8,859	8,859
		17,176	17,221
Current portion of deposit		6,441	-
Non Current portion of deposit		10,735	17,221

Note 29

Stores and Spares

Cost		34,399	82,901
Less: Provision for obsolete/slow-moving items	29.1	(4,044)	(50,306)
		30,355	32,595

29.1 Provision for obsolete/slow-moving items

Opening balance		50,306	50,306
Less: Reversal of Provision	38	(46,262)	-
Closing balance		4,044	50,306

Note 30

Stock-in-Trade

Cost		209,401	209,401
Less: Provision for obsolete/slow-moving stock-in-trade	30.1	-	(4,624)
		209,401	204,777

30.1 Provision for obsolete/slow-moving stock-in-trade

Opening balance		4,624	4,624
Add: Reversal during the year	39	(4,624)	-
Closing balance		-	4,624

Note 31

Trade Debts

Considered good - unsecured		456,849	808,078
Considered doubtful - unsecured		3,005,681	2,762,091
		3,462,530	3,570,169
Less: Impairment allowance	31.1	(3,005,681)	(2,762,091)
		456,849	808,078

31.1 Impairment allowance

Opening balance		2,762,091	2,533,817
Provision for expected credit losses on trade debts	41	243,590	228,274
		3,005,681	2,762,091
Less: reversal of provision	40	-	
Closing balance		3,005,681	2,762,091

Note 32

Loans and Advances

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Advances to employees - considered good	32.1	29,011	45,661
Current portion of long term loans to employees		-	617
Advances to PTA - considered good	32.2	40,000	40,000
		69,011	86,278
Advances to suppliers:			
- Considered good		182,597	122,958
- Considered doubtful		222,848	191,006
		405,445	313,964
Less: Provision for doubtful advances	32.3	(222,848)	(191,006)
		182,597	122,958
		251,608	209,236

32.1 This includes advances given to executives amounting to Rs. 17.837 million (2020: Rs. 15.712 million) out of which Rs.12.85 million (2020: Rs. 11.76 million) represents advances given to key management personnel of the Group. Maximum aggregate amount outstanding, in respect of related parties, at any time during the year calculated by reference to month-end balances was Rs. 11.76 million (2020: Rs. 11.76 million).

Aging of the balances due from related parties is as follow:

Upto 1 year	1 to 2 years	2 to 3 years	Over 3 years
--------------- Rupees in '000 ---------------			
1,090	1,461	2,721	7,580

These are secured against gratuity and are adjustable against expenses incurred.

32.2 This represents amount paid against demand on account of annual spectrum fee and other regulatory charges for detail refer note 22.2.11. Based on the advice of the Group's legal counsel, the Group's management feels that there are strong grounds to defend the Group's position and the ultimate decision would be in the Group's favor, therefore, this advance is considered unimpaired as at the reporting date.

32.3 Provision for doubtful advances

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Opening balance		191,006	194,698
Charged during the year		31,842	-
Less: Reversal during the year	40	-	(3,692)
Closing balance		222,848	191,006

Note 33

Deposits and Prepayments

	Note	2021	2020
Deposit in Escrow Account	33.1	485,822	467,669
Margin and other deposits	33.2	65,570	60,419
Prepayments		3,304	5,369
		554,696	533,457

33.1 This represents balance in savings accounts accumulated in Escrow Account. The telecom operators challenged the legality of Access Promotion Contribution (APC) for Universal Service Fund (USF), as levied by PTA in 2009, and the dispute was finally decided by the honorable Supreme Court in December 2015. During pendency of the court proceedings, International Clearing House (ICH) agreement was signed in 2012, whereby it was decided that regular contributions for APC, based on each operator's share under the ICH agreement, shall be made by LDI operators in an Escrow Account.

The formation of ICH was declared anti-competitive by the Competition Commission of Pakistan, and resultantly PTA issued a policy directive in June 2014 terminating ICH arrangement. Some operators challenged this termination and obtained interim relief from Sindh High Court and Lahore High Court. However, Supreme Court adjudicated the matter in February 2015 in favor of termination of ICH, and pursuant upon this, PTA issued its notification of termination of ICH arrangement. As of now, the mechanism of the adjustment of the amount available in Escrow Account remains to be finalized.

33.2 These include deposits placed with banks against various guarantees. This amount also includes Rs. 20 million deposited in a Court of Law as disclosed in note 22.4.2.

Note 34

Short Term Investments	2021	2020	2021	2020
	------No. of Shares ------		-----------(Rupees in '000)-----------	
The Bank of Punjab	10,528	10,528	89	100
Orix Leasing Pakistan Limited	13,737	13,737	295	353
Shaheen Insurance Group Limited	3,136,963	3,136,963	13,332	13,549
First Capital Securities Corporation Limited	3,991,754	3,991,754	7,744	5,509
Pace (Pakistan) Limited	6,171,820	6,959,290	23,683	25,401
Media Times Limited	4,199,500	4,199,500	9,197	6,762
			54,340	51,674

34.1 All shares have a face value of Rs. 10 each. Share having fair value of Rs. 52.27 Million are pledged against long term financing.

34.2 These are designated at fair value through OCI at initial recognition.

Note 35

Other Receivables	Note	2021	2020
		--------------(Rupees in '000)--------------	
Due from related parties - considered good	35.1	88,461	72,421
Other receivables - considered good		2,986	4,230
Other receivables - considered doubtful		61,762	61,762
		153,209	138,413
Less: Provision for doubtful receivables		(63,288)	(61,762)
		89,921	76,651

35.1 Due from related parties

These relate to normal business of the Group. These amounts are due from the followings:

	2021	2020
	--------------(Rupees in '000)--------------	
Worldcall Business Solutions (Private) Limited	85,992	70,109
Worldcall Ride Hail (Private) Limited	19	17
ACME Telecom (Private) Limited	34	32
Worldcall Cable (Private) Limited	2,416	2,263
	88,461	72,421

Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances was Rs. 88.461 million (2020: Rs. 72..421 million). Interest at the rate of 8.3% (2020: 8.3%) has been calculated on the outstanding balances.

35.1.1 Aging of the balances due from related parties is as follow:

Upto 1 year	1 to 2 years	2 to 3 years	Over 3 years
--------------- Rupees in '000 ---------------			
13,535	3,677	35,524	35,725

Note 36

Cash and Bank Balances	Note	2021	2020
		--------------(Rupees in '000)--------------	
Cash at bank:			
- Current accounts		14,663	50,494
- Savings accounts	36.1	16,057	2,073
		30,720	52,567
Cash in hand		1,504	2,890
Pay orders in hand		1,000	1,000
		33,224	56,457

36.1 The balances in savings accounts bear mark up at the rates ranging from 5.5% to 7.25% (2020: 6.5 % to 8.4 %) per annum.

Note 37
Revenue

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Telecom	37.1	1,602,429	1,746,411
Broadband	37.2	594,652	696,441
Other		4,696	737,774
Gross revenue		2,201,777	3,180,626
Less: Discount		(2,808)	(5,467)
Less: Sales tax		(84,746)	(35,025)
		2,114,223	3,140,134

37.1 Revenues from Telecom includes revenue from one major customer of the Group amounting Rs. 1,499.77 Million (2020: Rs. 1,396,56) out of the Group's total revenues.

37.2 This includes revenue amounting to Rs. 199.828 million (2020: Rs. 249.782 million) in respect of agreement for Indefeasible Right of Use of metro fiber having carrying value of Rs. 9.98 Million (2020: 13.33 Million) with a customer. The agreement grants both parties to the agreement IRU for 20 years i.e. remaining useful life of asset.

Note 38
Direct Cost excluding Depreciation and Amortization

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Salaries, wages and benefits	38.1	152,084	153,844
Interconnect, settlement and other charges		1,221,869	1,332,042
PTCL share cost	38.2	112	406
Bandwidth and other PTCL charges		56,774	51,828
Power consumption and rent	38.3	81,901	75,770
Security services		2,521	3,274
PTA charges	38.4	13,832	10,214
Cable license fee		24,819	25,503
Stores and spares consumed		3,213	5,656
Annual spectrum fee		18,464	34,558
Content cost		4,277	4,605
Network maintenance and insurance		51,942	33,705
Network partner share		2,051	6,526
Fees and subscriptions		47,506	36,097
Revenue share cost		47,814	64,133
Metro fiber cost		9,978	12,778
SMS bundle cost		1,549	1,307
IT application development		-	2,700
Others		3,855	20,052
		1,744,561	1,874,998

38.1 This includes provision for gratuity expense amounting to Rs. 19.61 million (2020: Rs. 21.63 million) and accumulated leave absences amounting to Rs. 0.47 million (2020: Rs. 0.27 million) for the year.

38.2 This represents PTCL share cost determined under Revenue Sharing Agreement for WLL network services.

38.3 This includes expense relating to short term leases / operating lease rentals amounting to Rs. 22.825 million (2020: Rs. 12.145 million).

38.4 This represents PTA charges in respect of the following:

	Note	2021	2020
LDI license	38.4.1	9,155	4,346
Broadband license		4,677	5,755
Annual numbering charges		-	113
		13,832	10,214

		2021	2020
		--------------(Rupees in '000)--------------	
38.4.1	This represents LDI license charges in respect of the following:		
	Universal Service Fund	5,493	2,608
	Research and Development Fund	1,831	869
	Annual Regulatory Fee	1,831	869
		9,155	4,346

Note 39

Operating Cost

Salaries, wages and benefits	39.1	185,732	217,435
Rent, rates and taxes	39.2	4,824	10,401
Travelling and conveyance		27,136	34,463
Legal and professional		24,992	26,460
Utilities		10,814	10,596
Transportation		22,375	25,667
Communications		3,813	5,516
Repairs and maintenance		6,090	5,355
Fees and subscriptions		-	17,725
Marketing, advertisement and selling expenses		764	1,442
Insurance		4,135	5,284
Printing and stationery		2,172	2,372
Business promotion and entertainment		4,916	5,558
Directors' meeting expenses		1,404	4,594
Postage and courier		287	253
Newspapers and periodicals		202	207
Provision for advances to suppliers		31,842	-
Security services		5,240	6,070
Miscellaneous		72,972	32,362
		409,710	411,760

39.1 This includes provision for gratuity expense amounting to Rs. 20.384 million (2020: Rs. 25.241 million) and accumulated leave absences amounting to Rs. 0.539 million (2020: Rs. 0.249 million) for the year.

39.2 This includes expense relating to short term leases / operating lease rentals amounting to Rs. 2.3 million (2020: Rs.8.2 million).

Note 40

Other Income

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Income on deposits, advances and savings accounts		32,396	37,301
Adjustment due to impact of IFRS 9	40.1	45,205	37,475
Scrap Sale		6,320	-
Gain on disposal of property, plant and equipment		23,224	346
Gain on Lease termination		29,410	
Change in fair value of investment properties	25.1	1,260	1,158
Liabilities written back:			
- Excess provisions written back during the year		-	192,063
- Unclaimed liabilities written back during the year	40.2	95,522	326,023
- Liabilities written back on settlement with parties		-	-
		95,522	518,086
Reversals of provision for:			
- Other receivables	35	1,083	10,293
- Stock in trade and stores and spares	31.1	50,886	-
- Trade debts	31.1	-	-
- Loans and advances	32.3	-	3,692
		51,969	13,985
Dividend income related to investments held at the reporting period		-	63
Miscellaneous		877	-
		286,183	608,414

40.1 Breakup is as follows:

Discounting impact of liability for term finance certificates	10.1.2	-	16,681
Discounting impact of liability for long term finance	11.1	14,093	1,897
Discounting impact of liability for sponsors' loan		31,112	-
Discounting impact of long term deposit	15	-	18,897
Unwinding impact of long term trade receivable	26	-	-
		45,205	37,475

Note 41
Other Expenses

	Note	2021	2020
		--------------(Rupees in '000)--------------	
Exchange loss - net		10,505	32,998
Capital work in progress written off during the year	22.2.1	-	-
Auditors' remuneration	41.1	4,640	4,680
Provision for expected credit losses on trade debts	31.1	243,590	228,274
Provision for Other Receivables		3,039	-
Impairement of Goodwill	25	46,303	-
Loss on disposal of inventory		28,211	-
Restructuring fee for TFC		-	-
Fine and penalties		-	-
		336,288	265,952

41.1 Auditors' remuneration

	2021	2020
Statutory audit	2,600	2,640
Half year review	1,000	1,000
Other assurance services	-	-
Out of pocket expenses	440	440
Certifications	600	600
	4,640	4,680

Note 42
Depreciation and Amortization

	Note	2021	2020
Depreciation	22.1	412,750	385,231
Depreciation on ROU assets	23	258,642	178,692
Amortization	24	405,165	390,116
		1,076,557	954,039

Note 43
Finance Cost

	Note	2021	2020
Mark up on term finance certificates		112,005	158,434
Mark up on long term financing		13,022	11,457
Markup on sponsor's loan		44,185	71,592
Mark up on short term borrowings		33,140	50,440
Finance charge on lease liabilities	16	42,310	30,916
Unwinding of discount on liabilities	43.1	51,287	205,873
Bank charges and commission		7,183	7,313
		303,132	536,025

43.1 Breakup is as follows:

	Note	2021	2020
Unwinding impact of sponsor's loan	12.2	-	155,553
Unwinding impact of long term deposit	15	7,112	-
Unwinding impact of liability for Term Finance Certificates	10.1.2	40,536	47,267
Unwinding impact of liability of long term financing		3,639	3,053
Unwinding of trade payables		-	-
		51,287	205,873

Note 44
Taxation

	Note	2021	2020
Current			
- For the year	44.1	32,988	43,576
- Prior years		3,526	(3,138)
		36,514	40,438
Deferred	44.2	-	(184,390)
		36,514	(143,952)

44.1 The provision for current taxation represents minimum / final tax under the provisions of the Income Tax Ordinance, 2001 (ITO), as applicable.

	2021	2020
	--------------(Rupees in '000)--------------	
44.2 Deferred tax income		
Origination and reversal of temporary differences	-	(168,997)
Effect of change in tax rate	-	(15,393)
	-	(184,390)

44.3 The relationship between income tax expense and accounting profit has not been presented in these consolidated financial statements as the provision for taxation for the current year is based on minimum tax under the Income Tax Ordinance, 2001.

Note 45

Loss per Share - Basic and Diluted

		2021	2020
		--------------(Rupees in '000)--------------	
45.1 Basic earnings / (loss) per share:			
Lossattributable to ordinary shareholders		(1,506,356)	(150,274)
Weighted average number of ordinary shares	Number in '000	2,931,332	2,477,534
Basic loss earnings per share	Rupees	(0.51)	(0.06)
45.2 Diluted loss per share:			
Loss used to determine diluted loss per share		(1,506,356)	(150,274)
Weighted average number of ordinary shares	Number in '000	2,931,332	2,477,534
Assumed conversion of CPS and dividend thereon into ordinary shares	Number in '000	323,239	503,344
Weighted average number of ordinary shares for diluted loss per share	Number in '000	3,254,571	2,980,878
Diluted loss per share	Rupees	(0.46)	(0.05)

45.2.1 The dilution effect on basic earning per share is due to conversion option on CPS. The basic weighted average number of shares have been adjusted for conversion option available to preference shareholders.

45.2.2 The effect of the conversion of the CPS into ordinary shares is anti-dilutive for the year. Accordingly, the diluted earnings per share was restricted to the basic loss per share. For comparative period, the effect of the conversion of the CPS into ordinary shares was dilutive for the year.

Note 46
Cash Used in Operations

	2021	2020
	--------------(Rupees in '000)--------------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,469,842)	(294,226)
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	412,750	385,231
- Amortization on intangible assets	405,165	390,116
- Amortization of right of use assets	258,642	178,692
- Provision for expected credit losses on trade debts	243,590	228,274
- Provision for Other Receivables	3,039	-
- Loss on disposal of Inventory	28,211	-
- Loss / (Gain) on disposal of property, plant and equipment	(23,224)	(346)
- Revenue from IRU agreement	(199,828)	(249,785)
- Disposal of fiber under IRU arrangement	9,978	12,778
- Excess provisions written back during the year	-	(192,063)
- Gian on lease termination	(29,410)	-
- Unclaimed liabilities written back during the year	(95,522)	(326,023)
- Reversal of provision for Other receivables	(1,083)	(10,293)
- Reversal of provision for stock in trade	(4,624)	-
- Reversal of provision for advance to suppliers	-	(3,692)
- Reversal of provision for stores & Spares	(46,262)	-
- Loss/(Gain) on re-measurement of investment properties at fair value	(1,260)	(1,158)
- Post employment benefits	40,991	47,391
- Dividend income on short term investments	-	(63)
- Adjustment due to impact of IFRS 9	(45,205)	(37,475)
- Impairement of Goodwill	46,303	-
- Income on deposits, advances and savings accounts	(26,924)	(37,301)
- Exchange loss on foreign currency loan	51,450	16,350
- Exchange loss on foreign currency accrued markup	5,170	1,367
- Exchange (gain)/loss on foreign currency balances - net	(46,115)	15,281
- Provision for Doubtful Advances	31,842	-
- Imputed interest on lease liability	42,310	30,916
- Unwinding impact of liabilities under IFRS 9	51,287	205,873
- Finance cost	209,535	299,236
	1,320,806	953,306
Operating profit before working capital changes	(149,036)	659,080
(Increase) / decrease in current assets		
- Stores and spares	2,240	7,997
- Trade debts	290,341	(115,916)
- Loans and advances	(74,214)	(15,941)
- Deposits and prepayments	(21,239)	(30,461)
- Other receivables	(15,226)	(6,346)
Increase / (decrease) in current liabilities		
- Unearned Revenue	-	(55,810)
- Trade and other payables	(310,423)	341,557
	(128,521)	125,080
Cash generated from operations	(277,557)	784,160

Note 47

Remuneration of Chief Executive Officer, Directors and Executives

Aggregate amounts charged in the consolidated financial statements for the year as remuneration and benefits to the chief executive, full time working directors and other executives of the Group are as follows:

	Chief Executive		Non-Executive Directors		Executive Directors		Executives	
	2021	2020	2021	2020	2021	2020	2021	2020
	-------------(Rupees in '000)-------------		-------------(Rupees in '000)-------------		-------------(Rupees in '000)-------------		-------------(Rupees in '000)-------------	
Managerial remuneration	7,200	7,440	6,000	6,200	3,000	3,100	67,050	68,483
Retirement benefits	1,600	1,600	-	-	667	667	9,397	9,660
House rent allowance	2,880	2,976	2,400	2,480	1,200	1,240	26,820	27,393
Utilities	720	744	600	620	300	310	6,705	6,848
Meeting fee allowance	192	655	1,020	3,283	192	655	-	-
	12,592	13,415	10,020	12,583	5,359	5,972	109,972	112,384
Number of persons	1	1	6	6	1	1	34	35

47.1 An executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1,200,000 in a financial year.

47.2 The Chief Executive of the Group is also provided with a Group maintained car.

Note 48

Transaction with Related Parties

Related parties comprise the holding company, associated companies / undertakings, directors of the Group and their close relatives and key management personnel of the Group. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective notes to these consolidated financial statements.

Transactions during the year with local companies

Related party	Relationship	Nature of transaction	2021	2020
			-------------(Rupees in '000)-------------	
Worldcall Services (Private) Limited	Holding Company (note 4.23)	Funds received by the Group during the year	365,352	75,320
		Funds repaid by the Group during the year	54,098	555,155
		Settlement with multimedia	25,468	48,011
		Markup on long term borrowings	44,185	71,592
		Exchange loss on markup	5,169	1,367
		Markup paid during the year	-	60,463
Worldcall Business Solutions (Private) Limited	Associate (note 4.23)	Expenses borne on behalf of associate	10,567	12,770
		Interest charged during the year	5,316	4,378

			2021	2020
			(Rupees in '000)	
Worldcall Cable (Private) Limited	Associate (note 4.23)	Interest charged during the year	153	153
ACME Telecom (Private) Limited	Associate (note 4.23)	Interest charged during the year	2	2
Worldcall Ride Hail (Private) Limited	Associate (note 4.23)	Interest charged during the year	2	1
Key management personnel	Associated persons	Advances against expenses disbursed / (adjusted) - net	962	(3,429)

The amounts above do not include salaries and other related benefits of the Chief Executive Officer, directors and executives of the Group which have been disclosed in note 49.

Transactions during the year with foreign companies

Related party	Relationship	Nature of transaction	2021	2020
			(Rupees in '000)	
Ferret Consulting - F.Z.C	Associate (note 4.23)	Dividend on CPS	144,052	56,484
		Direct Cost-IT Service	6,940	7,200
		Exchange loss	4,604	28,640
		Expenses Charged	2,270	2,125
		Adjustment with third party ACME Tel	(4,675)	337,500

Ferret Consulting is incorporated in United Arab Emirates. Basis for association of the Group with Ferret is common directorship.

Outstanding Balance as at the year end

		2021	2020
Worldcall Services (Private) Limited	Sponsor's loan	1,676,880	1,345,289
	Accrued markup	67,618	17,781
Ferret Consulting - F.Z.C	Dividend on CPS	375,421	519,473
	Short term borrowings	66,156	59,941
Worldcall Business Solutions (Private) Limited	Other receivables	85,992	70,109
ACME Telecom (Private) Limited	Other receivables	34	32
Worldcall Ride Hail (Private) Limited	Other receivables	19	17
Worldcall Cable (Private) Limited	Other receivables	2,416	2,263
Key management personnel	Payable against expenses, salaries and other employee benefits	179,773	152,681
	Advance against expenses	12,845	11,883

Note 49

Financial Risk Management

The Group finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between various sources of finance to minimize the risk.

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

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

The Group's overall risk management procedures, to minimize the potential adverse effects of financial market on the Group's performance, are as follows:

49.1 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 affect the Group's income or the value of its holdings of financial instruments.

49.1.1 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 or receivables and payables that exist due to transactions in foreign currencies.

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to United States Dollar (USD). Currently, the Group's foreign exchange risk exposure is restricted to the followings:

	2021	2020
	-----------------USD ('000)-----------------	
Trade debts	12,336	7,479
Trade and other payables	(11,430)	(7,265)
Borrowings	(3,852)	(3,483)
Net exposure	(2,946)	(2,200)
The following significant exchange rates were applied during the year		
Average rate - Rupees per US Dollar (USD)	168.54	157.83
Reporting date rate - Rupees per US Dollar (USD)		
Assets	176.31	160.30
Liabilities	176.73	160.80

At **December 31, 2021**, if the Rupee had weakened / strengthened by 1% against the US dollar with all other variables held constant, pre-tax loss for the year would have been Rs. 5.26 million (2020: Rs. 5.26 million) higher / lower, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

49.1.2 Interest rate risk

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

The Group analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing etc. At the reporting date, the profile of the Group's interest bearing financial instruments was as under:

	2021	2020
Floating rate instruments	--------------(Rupees in '000)--------------	
Financial assets		
Bank balances - saving accounts	16,057	2,073
Deposit in Escrow Account	485,822	467,669
Financial liabilities		
Term finance certificates	(1,259,152)	(1,287,110)
Long term financing	(156,784)	(91,509)
Sponsor's loan	(533,850)	(482,400)
Short term borrowings	(345,756)	(427,419)
	(1,793,663)	(1,818,696)

Fair value sensitivity analysis for fixed rate instruments

The Group does not have any fixed rate financial assets and liabilities at fair value.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date had fluctuated by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 17.94 million (2020: Rs. 18.19 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at the reporting date are outstanding for the entire year.

49.1.3 Other market 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.

Equity price risk arises from investments held by the Group which are classified in the consolidated statement of financial position as fair value through other comprehensive income (Note 36). The primary goal of the Group's investment strategy is to maximize investment returns on the surplus cash balance. In accordance with this strategy, investments are designated as available-for-sale and their performance is actively monitored.

Since the investment amount is too low (less than 1% of the Group's total assets), the performance of the investments will not have any material impact on the Group's performance.

49.2 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure.

The Group's credit risk is primarily attributable to deposits with banks, long term trade receivables, trade debts, loans and advances and other receivables. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

49.2.1 Exposure to credit risk

Carrying values of financial assets exposed to credit risk and which are neither past due nor impaired are as under:

	2021	2020
	--------------(Rupees in '000)--------------	
Long term deposits	10,735	17,221
Trade debts	456,849	808,078
Short term deposits	551,392	528,088
Other receivables	89,921	76,651
Short term investments	54,340	51,674
Bank balances	30,720	52,567
	1,193,957	1,534,279

49.2.2 The aging of trade debts as at the reporting date is as follows:

	2021	2020
Not past due	6,532	44,008
Past due 1 - 180 days	85,116	245,406
Past due 181 - 365 days	56,111	39,542
1 - 2 years	517,684	957,141
More than 2 years	2,797,090	2,284,072
	3,462,533	3,570,169

The Group believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and trade debts are subject to specific credit ceilings based on customer credit history.

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it shall not receive the amount due from the particular customer. The provision is written off by the Group when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amounts written off are credited directly to the consolidated statement of profit or loss.

49.2.3 Credit quality of bank balances

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating		
	Long term	Short term	Agency	2021	2020
				--------------(Rupees in '000)-------------	
Allied Bank Limited	AAA	A1+	PACRA	1	1
Askari Bank Limited	AA+	A1+	PACRA	4	12
Bank AL Habib Limited	AA+	A1+	PACRA	4	1
Habib Bank Limited	AAA	A1+	VIS	117	101
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	20	20
JS Bank Limited	AA-	A1+	PACRA	17	17
Bank Islami Pakistan Limited (Formerly KASB Bank Limited)	A+	A1	PACRA	15,445	1,150
MCB Bank Limited	AAA	A1+	PACRA	143	142
National Bank of Pakistan	AAA	A1+	PACRA	6	11
Silk Bank Limited	A-	A2	VIS	13	107
Standard Chartered Bank (Pakistan) Limited	AAA	A1+	PACRA	579	558
Soneri Bank Limited	AA-	A1+	PACRA	6	5
Summit Bank Limited	SUSPENDED	SUSPENDED	VIS	365	753
Telenor Microfinance Bank Limited (Formerly Tameer Microfinance Bank Limited)	A+	A1	PACRA	248	251
United Bank Limited	AAA	A1+	VIS	347	19
Waseela Microfinance Bank Limited)	A	A1	PACRA	318	385
Meezan Bank	AA+	A1+	VIS	13,005	49,034
Dubai Islamic Bank Limited	AA	A1+	VIS	82	
				30,720	52,567

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Group. Accordingly, the credit risk is minimal.

49.3 Liquidity risk

Liquidity risk represents the risk that the Group shall encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The management monitors the forecasts of the Group’s cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the Group operates. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities and maintaining debt financing plans. The Group has been facing difficulty in meeting various obligations towards its lenders and creditors. However, the management has devised a strategy for settlement and servicing of its liabilities as detailed in note 2.2. The table below analyses the Group’s financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
		---Rupees in '000---				
Contractual maturities of financial liabilities as at December 31, 2021:						
Term finance certificates	1,636,461	2,005,646	691,666	329,800	984,180	-
Long term financing	156,784	235,429	38,100	46,068	151,261	-
Sponsor's loan	1,676,880	1,823,188	-	1,823,188	-	-
Long term deposit	93,215	105,000	-	105,000	-	-
Lease liabilities	314,666	582,344	123,107	70,272	210,816	178,149
License fee payable	45,513	45,513	-	-	45,513	-
Short term borrowings	411,912	411,912	411,912	-	-	-
Trade and other payables	5,229,877	5,228,618	5,228,618	-	-	-
Unclaimed dividend	1,807	1,807	1,807	-	-	-
Accrued mark up	415,372	415,371	415,371	-	-	-
	9,982,487	10,854,828	6,910,581	2,374,328	1,391,770	178,149

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
	----------------	----------------	Rupees in '000	----------------	----------------	
Contractual maturities of financial liabilities as at December 31, 2020:						
Term finance certificates	1,753,356	2,350,027	549,399	345,725	1,183,513	271,390
Long term financing	91,509	124,916	43,909	47,600	33,407	-
Sponsor's loan	1,345,289	1,460,484	-	1,460,484	-	
Long term deposit	86,103	105,000	-	-	105,000	-
Lease liabilities	275,931	404,186	45,610	76,197	169,201	113,178
License fee payable	45,513	45,513	-	-	45,513	
Short term borrowings	487,360	487,360	487,360	-	-	-
Trade and other payables	5,228,618	5,228,618	5,228,618	-	-	-
Unclaimed dividend	1,807	1,807	1,807	-	-	-
Accrued mark up	278,318	278,318	278,318	-	-	-
	9,593,804	10,486,229	6,635,021	1,930,006	1,536,634	384,568

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at the reporting date. The rates of interest / mark up have been disclosed in relevant notes to these consolidated financial statements.

49.4 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

The carrying values of all financial assets and liabilities reflected in consolidated financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value estimation

Fair value measurements are categorized into Level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and significance of the inputs to the fair value measurement in its entirety, which is as follows: The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs) (level 3).

The following table presents the Group’s financial assets that are measured at fair value at December 31, 2021:

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rupees in '000		
Recurring fair value measurements				
Investments at fair value through other comprehensive income	54,340	-	-	54,340

The following table presents the Group’s financial assets that are measured at fair value at December 31, 2020:

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rupees in '000		
Recurring fair value measurements				
Investments at fair value through other comprehensive income	51,674	-	-	51,674

There has been no transfers from one level of hierarchy to another level during the year.

49.5 Changes in liabilities arising from financing activities

	January 1, 2021	Cash Flows	Foreign Exchange Movement	Impact of (Discounting) / Unwinding	Other Adjustments	December 31, 2021
	(Rupees in '000)					
Term finance certificates	1,876,983	(27,958)	-	40,536	-	1,889,561
Long term financing	106,776	(16,033)	-	(15,065)	155,139	230,817
Sponsor's loan	1,345,289	311,254	51,450	(31,113)	-	1,676,880
Lease liabilities	275,931	(46,617)	-	-	85,352	314,666
Short term borrowings	487,360	1,255	-	-	(76,703)	411,912
Total liabilities from financing activities	4,092,339	221,901	51,450	(5,642)	163,788	4,523,836

	January 1, 2020	Cash Flows	Foreign Exchange Movement	Impact of (Discounting) / Unwinding	Other Adjustments	December 31, 2020
	(Rupees in '000)					
Term finance certificates	1,767,180	-	-	30,586	79,217	1,876,983
Long term financing	133,667	(32,828)	-	(4,612)	10,549	106,776
Sponsor's loan	1,416,639	(243,253)	16,350	155,553	-	1,345,289
Lease Liabilities	239,454	(42,954)	-	-	79,431	275,931
Short term borrowings	934,046	(185,836)	-	-	(260,850)	487,360
Total liabilities from financing activities	4,490,986	(504,871)	16,350	181,527	(91,653)	4,092,339

Other adjustments include, markup deferred / accrued during the year, transfer of short term loan to long term loan due to restructuring/settlement, expenses borne by lender on behalf of the Group

49.6 Capital Risk Management

The Group's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the Group's business. The Board of Directors monitors the Return on Capital Employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

a) to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

b) to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The Group monitors capital on the basis of the debt-to-equity ratio calculated as a ratio of total debt to equity and total debt.

The Group is subject to capital requirements imposed by its lenders. However, the Group has not been able to meet these requirements on account of its financial constraints. The management is confident that after implementation of the strategy detailed in note 2.2, the Group will become compliant with the externally imposed capital requirements.

In line with the industry norm, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including license fee payable) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt. As at the reporting date, the gearing ratio of the Group was worked out as under:

	2021	2020
	Rupees in '000	
Borrowings	4,196,703	3,953,445
Cash and bank balances	(33,224)	(56,457)
Net debt	4,163,479	3,896,988
Equity	2,983,679	4,489,736
Total capital employed	7,147,158	8,386,724
Gearing ratio (%)	58.25%	46.47%

49.7 **Financial instruments by categories**

Financial assets as at December 31, 2021

	Amortized Cost	At fair value through OCI - equity instruments	At fair value through profit or loss	Total
	---Rupees in '000---			
Long term deposits	10,735	-	-	10,735
Trade debts	456,849	-	-	456,849
Short term deposits	551,392	-	-	551,392
Other receivables	89,921	-	-	89,921
Short term investments	-	54,340	-	54,340
Cash and bank balances	33,224	-	-	33,224
	1,142,121	54,340	-	1,196,461

Financial assets as at December 31, 2020

	Amortized Cost	At fair value through OCI - equity instruments	At fair value through profit or loss	Total
	---Rupees in '000---			
Long term loans		-	-	
Long term deposits	17,221	-	-	17,221
Trade debts	808,078	-	-	808,078
Short term deposits	528,088	-	-	528,088
Other receivables	76,651	-	-	76,651
Short term investments	-	51,674	-	51,674
Cash and bank balances	56,457	-	-	56,457
	1,486,495	51,674	-	1,538,169

Financial liabilities at amortized cost

	2021	2020
	---(Rupees in '000)---	
Term finance certificates	1,636,461	1,753,356
Long term financing	156,784	91,509
Sponsor's loan	1,676,880	1,345,289
Long term deposit	93,215	86,103
Lease liabilities	314,666	275,931
License fee payable	45,513	45,513
Short term borrowings	411,912	487,360
Trade and other payables	5,229,877	5,228,618
Unclaimed dividend	1,807	1,807
Accrued mark up	415,372	278,318
	9,982,487	9,593,804

49.8 **Offsetting financial assets and financial liabilities**

(a) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts of recognized financial assets	Gross amount of recognized financial liabilities off set in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Related amounts not off set in the consolidated statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
	----------------------------	----------------------------	(Rupees in '000)	----------------------------	----------------------------	
As at December 31, 2021	**A**	**B**	**C = A + B**	**D**	**E = C + D**	
Long term trade receivables	-	-	-	-	-	-
Long term loans	-	-	-	-	-	-
Long term deposits	-	-	-	-	-	10,735
Trade debts	2,249,285	(1,792,436)	456,849	-	456,849	-
Short term deposits	-	-	-	-	-	551,392
Other receivables	89,921	-	89,921	-	89,921	-
Short term investments	-	-	-	-	-	54,340
Cash and bank balances	-	-	-	-	-	33,224
	2,339,206	**(1,792,436)**	**546,770**	**-**	**546,770**	

	Gross amounts of recognized financial assets	Gross amount of recognized financial liabilities off set in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Related amounts not off set in the consolidated statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
	----------------------------	----------------------------	(Rupees in '000)	----------------------------	----------------------------	
As at December 31, 2020	A	B	C = A + B	D	E = C + D	
Long term trade receivables	-	-	-	-	-	-
Long term loans	-	-	-	-	-	-
Long term deposits	-	-	-	-	-	17,221
Trade debts	4,824,429	(4,016,351)	808,078	-	808,078	-
Short term deposits	-	-	-	-	-	528,088
Other receivables	76,651	-	76,651	-	76,651	-
Short term investments	-	-	-	-	-	51,674
Cash and bank balances	-	-	-	-	-	56,457
	4,901,080	(4,016,351)	884,729	-	884,729	

(b) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements:

As at December 31, 2021	Gross amounts of recognized financial liabilities	Gross amount of recognized financial assets off set in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position	Related amounts not off set in the consolidated statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
	-------------------	-------------------	(Rupees in '000)	-------------------	-------------------	
	A	**B**	**C = A + B**	**D**	**E = C + D**	
Short term borrowings	-	-	-	-	-	411,912
License fee payable	-	-	-	-	-	45,513
Trade and other payables	7,222,141	(1,992,264)	5,229,877	-	5,229,877	-
Unclaimed dividend						1,807
Accrued mark up	-	-	-	-	-	415,372
Term finance certificates	-	-	-	-	-	1,636,461
Long term financing	-	-	-	-	-	156,784
Sponsor's loan	-	-	-	-	-	1,676,880
Lease liabilities	(199,828)	199,828	-	-	-	-
Long term deposit	-	-	-	-	-	93,215
	7,022,313	**(1,792,436)**	**5,229,877**	**-**	**5,229,877**	

As at December 31, 2020	Gross amounts of recognized financial liabilities	Gross amount of recognized financial assets off set in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position	Related amounts not off set in the consolidated statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
	-------------------	-------------------	(Rupees in '000)	-------------------	-------------------	
	A	B	C = A + B	D	E = C + D	
Short term borrowings	-	-	-	-	-	487,360
License fee payable	-	-	-	-	-	45.513
Trade and other payables	7,747,245	(2,518,627)	5,228,618	-	5,228,618	-
Unclaimed dividend					-	1,807
Accrued mark up	-	-	-	-	-	278,318
Term finance certificates	-	-	-	-	-	1,753,356
Long term financing	-	-	-	-	-	91,509
Sponsor's loan	-	-	-	-	-	1,345,289
Lease liabilities	1,497,724	(1,497,724)	-	-	-	-
Long term deposit	-	-	-	-	-	86,103
	9,244,969	(4,016,351)	5,228,618	-	5,228,618	

Note 50

Segment Information

As per IFRS 8, "Operating Segments", operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The Group does not have any reportable segments. Segment reporting is based on the operating (business) segments of the Group. An operating segment is the component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transaction with any of the Group's other components. An operating segment's operating result are reviewed regularly by the Chief Operating Decision Officer (CODM) to assess segment's performance, and for which discrete financial information is available. Segment results that are reported to the CODM includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The internal reporting provided to the CODM for the Group's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Group is domiciled in Pakistan. All of the Group's assets are located in Pakistan as at the reporting date.

Note 51

Number of Employees	**2021**	**2020**
	Number	Number
Employees as at December 31,	406	494
Average number of employees during the year	455	547

Note 52

Impact of Covid 19 on the consolidated financial statements

The Group has assessed, and continues to assess, the potential for disruption caused by the COVID-19 pandemic and has put in place plans and measures in order to enable the business to maintain normal operations, to the extent possible, against the backdrop of an evolving situation. The Group has implemented actions to mitigate the impact of COVID-19, including steps to protect the employees in line with guidance from government, and while there remains considerable uncertainty in relation to the COVID-19 pandemic (including its duration, extent and ultimate impact), management believes that the Group's operations will not experience any material impact due to the COVID-19 pandemic. Based on management assessment there is no material financial impact of COVID-19 in these financial statements.

Note 53

Authorization of consolidated financial statements

These consolidated financial statements were approved and authorized for issue on 16 July 2022 by the Board of Directors of the Group.

Note 54

Corresponding Figures

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison although there is no material reclassification during the year.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

PATTERN OF SHAREHOLDING

AS AT 31 DECEMBER 2021

Incorporation Number : 0042200 OF 15-03-2001

NO. OF SHAREHOLDERS	SHAREHOLDING FROM		SHAREHOLDING TO	TOTAL SHARES HELD
628	1	-	100	25,724
1970	101	-	500	829,488
4417	501	-	1,000	3,493,313
6452	1,001	-	5,000	19,533,986
3315	5,001	-	10,000	27,310,363
6292	10,001	-	50,000	165,113,107
1852	50,001	-	100,000	144,442,237
1947	100,001	-	500,000	423,837,510
236	500,001	-	1,000,000	172,020,557
210	1,000,001	-	5,000,000	434,108,208
29	5,000,001	-	15,000,000	233,114,001
6	15,000,001	-	50,000,000	179,429,500
1	50,000,001	-	100,000,000	96,044,000
3	491,860,001	-	above	1,296,897,275
27358		**Total**		**3,196,199,269**

Categories of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer and their spouses and minor children	227,339	0.01%
Associated Companies, Undertakings and Related parties	1,438,655,328	45.01%
NIT and ICP	-	0.00%
Banks, Development Financial Institutions, Non-Banking Financial Institutions	3,906,000	0.12%
Insurance Companies	32,022	0.00%
Modarabas and Mutual Funds	44,900,954	1.40%
* Shareholders holding 10% or more	1,323,198,615	41.40%
General Public		
a. Local	1,364,910,662	42.70%
b. Foreign	216,925,556	6.79%
Others		
- Joint Stock Companies	124,615,977	3.90%
- Foreign Companies	2,025,431	0.06%
Total *	**3,196,199,269**	**100.00%**

*** Note:-** Total is except for shareholders holding 10% or more as some of the shareholders are reflected in more than one category.

PATTERN OF SHAREHOLDING UNDER CODE OF CORPORATE GOVERNANCE AS ON 31 DECEMBER 2021

Form-34

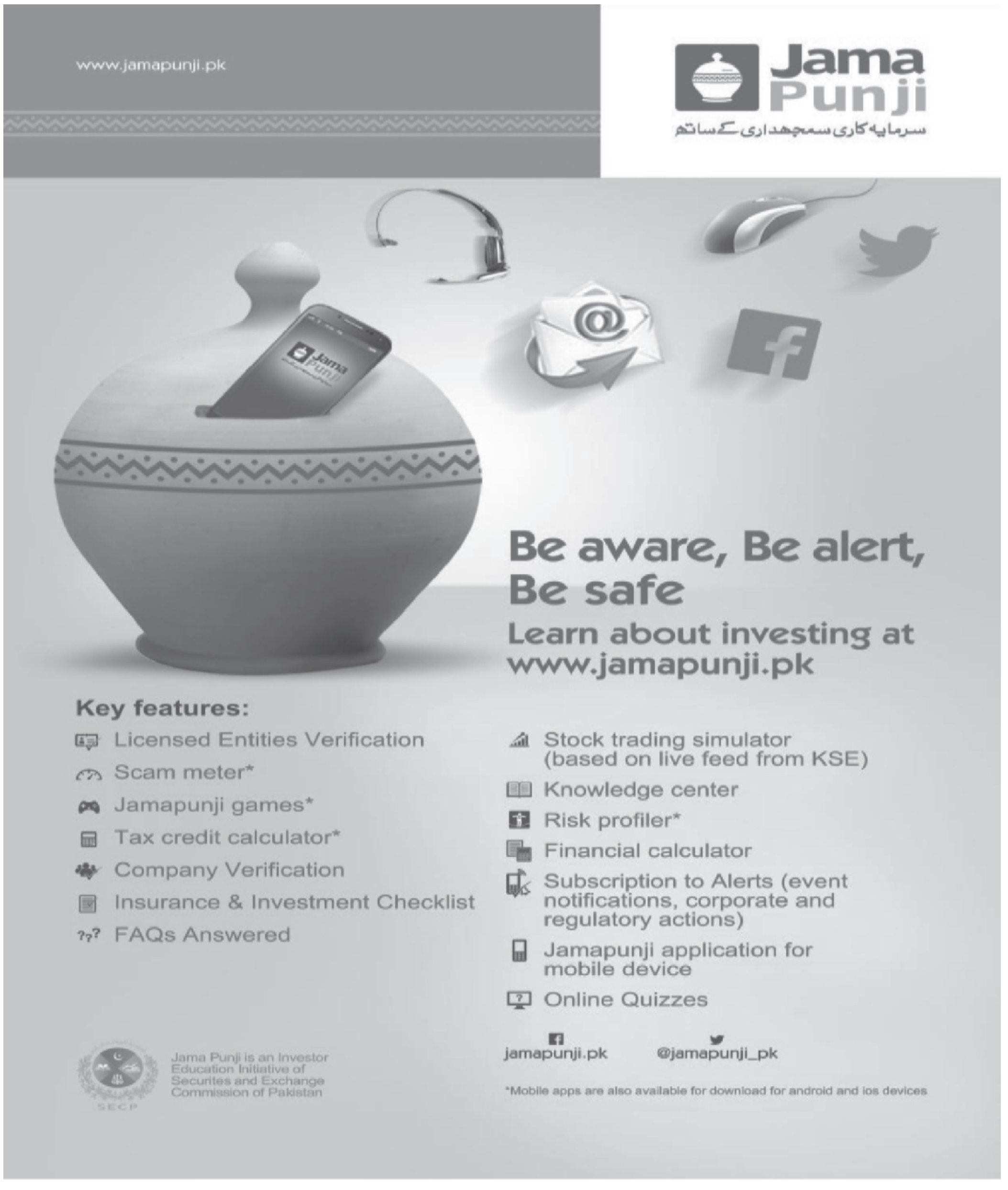
CATEGORIES OF SHAREHOLDERS	SHAREHOLDERS	SHARES HELD	PERCENTAGE
Directors, Chief Executive Officer and their Spouse & Minor Children			
Mr. Muhammad Shoaib	2	222,689	0.01%
Mr. Babar Ali Syed	1	650	0.00%
Mr. Muhammad Azhar Saeed	1	500	0.00%
Mr. Faisal Ahmad	1	500	0.00%
Mr. Mubasher Lucman	1	500	0.00%
Mr. Mansoor Ali	1	1,000	0.00%
Mrs. Hina Babar	1	1,000	0.00%
Mr. Tariq Hasan	1	500	0.00%
Associated Companies, Undertaking and Related Parties			
Worldcall Services (Pvt.) Limited	2	854,914,152	26.75%
AMB Management Consultants (Pvt.) Limited	2	914,053	0.03%
Ferret Consulting F.Z.C.	3	468,284,463	14.65%
Pak Oman Investment Company Ltd.	1	114,542,660	3.58%
Mutual Funds	11	36,839,000	1.15%
Public Sector Companies and Corporations	-	-	0.00%
Banks, Development Financial Institutions, Non-Banking, Finance Companies, Insurance Companies and Modarabas	14	11,999,976	0.38%
Executives	2	275,000	0.01%
General Public			
- Local	25048	1,364,635,662	42.70%
- Foreign	2122	216,925,556	6.79%
Others			
- Joint Stock Companies	142	124,615,977	3.90%
- Foreign Companies	2	2,025,431	0.06%
	27358	**3,196,199,269**	**100.00%**

Shareholders holding 10% or more voting rights in the Company			
WorldCall Services (Pvt.) Limited	2	854,914,152	26.75%
Ferret Consulting F.Z.C.	3	468,284,463	14.65%

*There was no trading in the shares of the company by Directors, their spouses and minor children.

INVESTORS' EDUCATION

in compliance with the Securities and Exchange Commission of Pakistan's SRO 924 (1) /2015 dated September 9, 2015, Investors' attention is invited to the following information message.



Data

Entertainment

WorldCall Head Office: Plot No. 112 - 113, Block S,
Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore.
Tel: (+92 42) 3540 0544, 3540 0609, 3511 0965
www.worldcall.net.pk