Annual Report for the Year ended 2023

COMPANY INFORMATION

Board of Directors

Independent Directors

Rana Nasir Mehmood
Chairman

Mr. Iftikhar Ahmed Jogezai
Director

Mr. Nooruddin F. Daud
(Tamgh-i-Imtiaz-Civil)
Director

Dr. Muhammad Aslam
Director

Prof. Dr. Younus Javed
Director

Executive Directors

Mr. Nadeem Ahsan
Chief Executive Officer

Non-Executive Directors

Ms. Saira Imdad Ali
Director

Mr. Farhan Aziz
Director

Representative, Ministry of Finance
Director

Board Audit Committee

Mr. Iftikhar Ahmed Jogezai
Chairman

Ms. Saira Imdad Ali
Director

Representative, Ministry of Finance
Director

Dr. Muhammad Aslam
Director

Mr. Nooruddin F. Daud
(Tamgh-i-Imtiaz-Civil)
Director

Board Human Resource Committee

Mr. Nooruddin F. Daud
(Tamgh-i-Imtiaz-Civil)
Chairman

Ms. Saira Imdad Ali
Director

Mr. Iftikhar Ahmed Jogezai
Director

Mr. Farhan Aziz
Director

Mr. Nadeem Ahsan
Chief Executive Officer

Board Finance and Procurement Committee

Mr. Nooruddin F. Daud
(Tamgh-i-Imtiaz-Civil)
Chairman

Representative, Ministry of Finance
Director

Dr. Muhammad Aslam
Director

Mr. Nadeem Ahsan
Chief Executive Officer

Board Nomination Committee

Ms. Saira Imdad Ali
Director

Rana Nasir Mehmood
Director

Mr. Nadeem Ahsan
Chief Executive Officer

Auditors

Crowe Hussain Chaudhury & Co
Chartered Accountants

Registered/Head Office

State Cement Corporation Building, Kot Lakhpat,
Lahore

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY

FOR THE YEAR ENDED JUNE 30, 2023

Crowe

Crowe Hussain Chaudhury & Co.
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8-F, Main Market, Gulberg II,
Lahore-54600, Pakistan
Main +92-42-3575 9223-5
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY

(A Company set up under Section 42 of the Repealed Companies Ordinance, 1984)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY** (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of income and expenditure, 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, statement of income and expenditure, 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 June 30, 2023 and of the deficit, the other comprehensive deficit, 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.

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, 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 the Companies Act, 2017 (XIX of 2017) and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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 the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of income and expenditure, 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).

Other Matter

The financial statements of the Company for the year ended June 30, 2022 were audited by another auditor who expressed unmodified opinion for those financial statements on January, 18 2023.

The engagement partner on the audit resulting in this independent auditor's report is Amin Ali.

Crowe Hussain Ch & Co.

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Lahore
Dated: November 29, 2023
UDIN: AR202310051k5JotWGCx

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A Company set up under Section 42 of the Repealed Companies Ordinance, 1984)

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees (Restated)	2021 Rupees (Restated)
ASSETS				
Non-Current Assets				
Property, plant and equipment	5	1,412,285,930	1,475,982,844	1,255,435,025
Intangible assets	6	2,049,633	4,038,984	3,005,000
Right-of-use asset	7	1,080,000	1,440,000	1,800,000
Long term deposits	8	5,652,300	5,845,116	4,311,240
		1,421,067,863	1,487,306,944	1,264,551,265
Current Assets				
Projects assets	9	905,545,386	685,552,456	969,959,845
Trade receivables	10	4,125,047	4,848,586	9,988,702
Stores and spares	11	11,346,706	10,392,753	11,875,766
Advances, prepayments and other receivables	12	2,126,061	2,993,230	2,383,682
Short term investments	13	10,000,000	15,000,000	15,000,000
Tax refund due from Government	14	22,163,038	22,708,476	21,859,704
Cash and bank balances	15	16,915,143	36,825,749	88,940,140
		972,221,381	778,321,250	1,120,007,839
TOTAL ASSETS		2,393,289,244	2,265,628,194	2,384,559,104
EQUITY AND LIABILITIES				
Share Capital and Reserves				
Authorized share capital 135,000,000 (2022: 135,000,000) ordinary shares of Rs. 10 each		1,350,000,000	1,350,000,000	1,350,000,000
Issued, subscribed and paid-up capital	16	238,830,000	238,830,000	238,830,000
Reserves		(150,495,797)	(143,006,353)	(159,703,919)
Surplus on revaluation of property, plant and equipment	17	1,038,898,447	1,107,814,750	1,177,493,393
Total Equity		1,127,232,650	1,203,638,397	1,256,619,474
Non-Current Liabilities				
Deferred grant	18	1,206,850,286	1,011,282,860	1,061,444,866
Current Liabilities				
Trade and other payables	19	49,758,483	38,064,652	50,293,432
Lease liability		333,148	325,600	325,600
Project liabilities	20	9,114,677	12,316,685	15,875,732
		59,206,308	50,706,937	66,494,764
Contingencies and Commitments	21	-	-	-
TOTAL EQUITY AND LIABILITIES		2,393,289,244	2,265,628,194	2,384,559,104

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

DIRECTOR **DIRECTOR**

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY

(A Company set up under Section 42 of the Repealed Companies Ordinance, 1984)

STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees *(Restated)*
Income			
Income from services	22	135,229,180	170,239,767
Amortization of grant related to income	23	49,762,360	94,827,052
		184,991,540	265,066,819
Cost of services			
Operating cost	24	149,153,437	150,751,365
Projects expenses	25	13,348,033	58,380,339
		(162,501,470)	(209,131,704)
Gross Profit		22,490,070	55,935,115
Administrative expenses	26	(117,581,136)	(116,239,540)
Other income	27	18,685,319	7,323,348
Deficit before Taxation		(76,405,747)	(52,981,077)
Taxation	28	-	-
Net Deficit for the Year		(76,405,747)	(52,981,077)

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

DIRECTOR

DIRECTOR

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY

(A Company set up under Section 42 of the Repealed Companies Ordinance, 1984)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	Rupees	Rupees (Restated)
Net Deficit for the Year	(76,405,747)	(52,981,077)
Other comprehensive income:		
Items that may be reclassified to income and expenditure in subsequent periods		
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	68,916,303	69,459,840
Surplus realized on disposal of assets	-	218,803
Items that should not be reclassified to income and expenditure in subsequent periods	-	-
Other comprehensive income for the year	68,916,303	69,678,643
Total Comprehensive (Deficit) / Income for the Year	(7,489,444)	16,697,566

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

DIRECTOR

DIRECTOR

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY

(A Company set up under Section 42 of the Repealed Companies Ordinance, 1984)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

Particulars	Issued, Subscribed and Paid-up Capital	Reserves			Surplus on Revaluation of Property, Plant and Equipment	Total
		Accumulated Loss	Merger Reserve	Subtotal		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance at June 30, 2021 as Previously Reported	238,830,000	(664,569,545)	504,865,626	(159,703,919)	926,844,273	1,005,970,354
Effect of restatement (Note 4)	-	-	-	-	250,649,120	250,649,120
Balance at June 30, 2021 as Restated	238,830,000	(664,569,545)	504,865,626	(159,703,919)	1,177,493,393	1,256,619,474
Incremental depreciation charge	-	-	-	-	(69,459,840)	(69,459,840)
Other comprehensive income for the year	-	16,697,566	-	16,697,566	-	16,697,566
Total comprehensive income for the year	-	16,697,566	-	16,697,566	(69,459,840)	(52,762,274)
Surplus realized on disposal of assets	-	-	-	-	(218,803)	(218,803)
Balance at June 30, 2022 as Restated	238,830,000	(647,871,979)	504,865,626	(143,006,353)	1,107,814,750	1,203,638,397
Balance at June 30, 2022 as Previously Reported	238,830,000	(699,072,644)	504,865,626	(194,207,018)	925,609,368	970,232,350
Effect of restatement (note 4)	-	(51,200,665)	-	(51,200,665)	(182,205,382)	(233,406,047)
Balance at June 30, 2022 as Restated	238,830,000	(647,871,979)	504,865,626	(143,006,353)	1,107,814,750	1,203,638,397
Incremental depreciation charge	-	-	-	-	(68,916,303)	(68,916,303)
Other comprehensive deficit for the year	-	(7,489,444)	-	(7,489,444)	-	(7,489,444)
Total comprehensive deficit for the year	-	(7,489,444)	-	(7,489,444)	(68,916,303)	(76,405,747)
Balance as at June 30, 2023	238,830,000	(655,361,423)	504,865,626	(150,495,797)	1,038,898,447	1,127,232,650

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

DIRECTOR **DIRECTOR**

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY

(A Company set up under Section 42 of the Repealed Companies Ordinance, 1984)

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

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit before taxation		(76,405,747)	(52,981,077)
Adjustment for:			
- Loss on disposal of property, plant and equipment (2022: Restated)		-	110,385
- Interest income		(2,337,276)	(2,655,413)
- Depreciation on property, plant and equipment (2022: Restated)	5	103,728,474	103,609,140
- Amortization on intangibles (2022: Restated)	6	1,989,351	1,989,351
- Depreciation on right-of-use asset (2022: Restated)		360,000	360,000
- Amortization of deferred grant (2022: Restated)	23	(49,762,360)	(94,827,052)
		53,978,189	8,586,411
Operating profit deficit working capital changes		(22,427,558)	(44,394,666)
(Increase) / decrease in current assets			
- Projects assets		(219,992,930)	284,407,389
- Trade receivables		723,539	5,140,116
- Stores and spares		(953,953)	1,483,013
- Advances, prepayments and other receivables		867,169	(609,548)
Increase / (decrease) in current liabilities			
- Projects liabilities		(3,202,008)	(3,559,047)
- Trade and other payables		11,693,831	(12,228,780)
		(210,864,352)	274,633,143
Cash (Used in) / Generated from Operations		(233,291,910)	230,238,477
Taxes paid		545,438	(848,772)
Net Cash (Used in) / Generated from Operating Activities		(232,746,472)	229,389,705
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	-	(1,837,139)
Acquisition through merger (2022: Restated)		-	(325,529,540)
Advances against capital expenditures		(40,031,560)	-
Long term deposits		192,816	(1,533,876)
Interest income received		2,344,824	2,655,413
Proceeds from disposal of property, plant and equipment		-	76,000
Net Cash Used in Investing Activities		(37,493,920)	(326,169,142)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant received	18	245,329,786	44,665,046
Net Cash Generated from / (Used in) Financing Activities		245,329,786	44,665,046
Net decrease in cash and cash equivalents		(24,910,606)	(52,114,391)
Cash and cash equivalents at the beginning of the year		51,825,749	103,940,140
Cash and Cash Equivalents at the End of the Year	29	26,915,143	51,825,749

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

DIRECTOR

DIRECTOR

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY

(A Company set up under Section 42 of the Repealed Companies Ordinance, 1984)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Note 1

Corporate and General Information

1.1 The company and its operations

Technology Upgradation and Skill Development Company (TUSDEC) or ("the Company") is a Company, limited by guarantee having share capital, incorporated in January 2005 and licensed under Section 42 of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The principal activity of the Company is to upgrade technology and skills of key and strategic industrial clusters and connect Pakistan to the global value chain. Pakistan Industrial Development Corporation (Private) Limited (PIDC) holds 99.99% shares of the Company.

Geographical location and addresses of all business units are as follow:

Serial No.	Offices	Addresses
i.	Registered Office	State Cement Corporation Building, Kot Lakhpat, Near Race Club, Lahore.
ii.	Division unit	Morr Emanabad, Near Commander Ceramics, 12-KM Kamoki, Gujranwala.
iii.	Division unit	Sialkot By-Pass Chowk, Sialkot Road, Gujranwala.
iv.	Division unit	1st Floor, Sarhad Chamber of Commerce and Industry, G.T. Road, Peshawar.
v.	Division unit	Owais Ahmad Ghani Research Center, Buitems Takatu Campus, Airport Road, Quetta.
vi.	Division unit	University of Sialkot, 1-KM, Main Daska Road, Sialkot.
vii.	Division unit	Plot # A-49, Small Industrial Estate Extension, Tando Muhammad Khan Road, Hyderabad.
viii.	Division unit	Plot # 134-6, CECOS Industrial Liaison Center, Hayatabad Industrial Estate, Peshawar.
ix.	Division unit	Plot # N-10A, Sector N, Hub Industrial and Trading Estate (HITE), Lasbella, Balochistan.
x.	Division unit	National Institute of Design and Analysis, Estate Cement Guest House Building, Main Stadium Road, Dalmia, Karachi.

1.2 Amalgamation

During the year ended June 30, 2022, there was an amalgamation of Hyderabad Engineering Support Centre (HESC) , Light Engineering Upgradation Centre (LEUC) and Peshawar Light Engineering Centre (PLEC) into Technology Upgradation and skill Development Company at its meeting held on November 20, 2022.

During the year ended June 30, 2018, there was an amalgamation of Gujranwala Tools, Dies and Moulds Centre (GTDMC) and Ceramics Development and Training Complex (CDTC) into Technology Upgradation and skill Development Company at its meeting held on July 18, 2017.

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 Standard (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standards for Not for Profit Organizations (NPOs) issued by ICAP as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS and accounting standards for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except to the extent of the following:

Property, plant and equipment	Note 5	Stated at revalued
Intangible assets	Note 6	Stated at revalued
Right-of-use asset	Note 7	Stated at revalued

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Note 2, Basis of Preparation - Continued...

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, as well as expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Useful lives, residual values and depreciation method of property, plant and equipment - Note 5.1
- Useful lives, residual values and amortization method of intangible assets - Note 6
- Project assets in progress - Note 9.1.1
- Contingencies - Note 21
- Provision for expected credit losses - Note 10
- Estimation of provisions - Note 3.8, 10 and 11
- Estimation of contingent liabilities - Note 3.9 and Note 21

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.

The basis and associated assumptions underlying the accounting estimates used in the preparation of annual financial statement of the Company for the year have been consistent with previous year.

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 Standards, interpretations and amendments to approved accounting standards that are effective in the current year

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective Date - Annual Periods Beginning on or After
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 1, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets Onerous Contracts — cost of fulfilling a contract	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9)	January 1, 2022

The management is in the process of assessing the impact of these amendments.

2.5.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IAS 12 ' Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

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Note 3
Summary of 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 except otherwise stated.

3.1 Property, plant and equipment

Owned

Property, plant and equipment are stated at revalued amount, being the fair value at the date of their revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. Additions, subsequent to revaluation, are stated at cost less any identified impairment loss.

Depreciation on property, plant and equipment is charged to statement of income and expenditure by applying straight line method so as to write off the value of the assets over their estimated useful lives at the rates given in Note 5.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases when the asset is derecognized. Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

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

Normal repairs are charged to statement of income and expenditure as and when incurred. Gains or losses on disposal of property, plant and equipment are included in the current year's statement of income and expenditure. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any, 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. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

3.2 Intangibles

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the Company and the cost of such asset can be measured reliably. Cost of intangible assets includes purchase cost and directly attributable expenses incidental to bring the software to its intended use.

Costs that are directly associated with identifiable software and have probable economic benefits beyond one year, are recognized as an intangible asset. However, costs associated with the maintenance of software are recognized as an expense.

Intangible assets are stated at revalued amount, being the fair value at the date of their revaluation, less any subsequent accumulated amortization and subsequent accumulated impairment losses, if any. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. Additions, subsequent to revaluation, are stated at cost less any identified impairment loss.

Intangible assets are amortized, when these assets are available for use, using the straight line method, over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method is reviewed and adjusted, if appropriate, at each reporting date. The rates determined to amortize the intangible assets are disclosed in Note 6.

3.3 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 statement of income and expenditure. 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. If 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. Any reversal of impairment loss of a revalued asset is treated as a revaluation increase.

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Note 3, Summary of Significant Accounting Policies - Continued...

3.4 Project assets

The Company operates under the authority of the Ministry of Industries and Production (MoIP), Government of Pakistan. The Company implementing various Public Sector Development Program (PSDP) funded projects as indicated in Note 9 of the financial statements. During the development phase, the Company does not have the ownership of these projects. Therefore, the assets and liabilities of these projects have been recognized separately from the Company's assets and liabilities. The fate of these projects shall be decided by the Government after completion. The grants received for such projects are recognized in Note 18 of the financial statements and same shall be adjusted on completion of the relevant project.

3.5 Stores and spares

Useable stores, spares and loose tools are valued principally at First In First Out (FIFO) methods, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made in the financial statements for slow moving store based on management's best estimate.

3.6 Employment benefits obligations

3.6.1 *Defined contribution plan*

The Company operates a funded provident fund for all its regular employees. Equal monthly contributions are made to the fund both by the Company and the employees at the rate of 6.67% of the basic salary. Obligation for contributions to defined contribution plan is recognized as an expense in the statement of income and expenditure as and when incurred.

3.6.2 *Compensated absences*

The Company provides for accumulating compensated absences up to two years, when the employees render services that increase their entitlement to future compensated absences.

3.7 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within short period. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.8 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and of which a reliable estimate can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.9 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of the Company.

A contingent liability is also disclosed when there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits would be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.10 Leases

The Company assesses whether a contract contains a lease or not at the inception of a contract and reassesses whether a contract is, or contains, a lease further when the terms and conditions of the contract are modified.

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.

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Note 3, Summary of Significant Accounting Policies - Continued...

Company as a lessee

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 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.

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.

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).

Right-of-use asset

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 income and expenditure statement, 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.

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 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.

3.11 Government grants

Grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as revenue over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. The Company meets its expenses with other income, if any, to the extent possible while the balance expenses are covered by the amortization of grant. When the grant relates to an asset, it is recognized as deferred income and transferred to the statement of income and expenditure in amounts equal to depreciation over the expected useful life of related asset.

Note 3, Summary of Significant Accounting Policies - Continued...

3.12 Income recognition

Income represents the fair value of the consideration received or receivable for services rendered, net of discounts. Income is recognized when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of Income, and the associated cost incurred, or to be incurred, can be measured reliably.

Income from project implementation (service fee) is recognized over the period for which the activities on projects are going on, based upon percentage of completion method.

Income on investment is recognized on accrual basis and profit on saving bank accounts is recognized on receipt basis.

Grants related to income are accounted for in accordance with the requirement of IAS-20 "Accounting for Government Grants and Disclosure of Government Assistance" i.e. Grants are recognized on a systematic basis as income over the periods necessary to match them with the related cost which they are intended to compensate.

Grants related to assets are recognized in statement of income and expenditure over the life of the depreciable assets.

3.13 Taxation

In accordance with section 100C of the Income Tax Ordinance, 2001 (the Ordinance), the Company is allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final tax payable under any of the provisions of the Ordinance, subject to conditions as outlined in section 100C. Accordingly, no provision for tax / deferred tax has been recognized in the financial statements of the Company.

3.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.14.1 Financial assets

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

Classification

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through statement of income and expenditure. This classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial recognition and measurement

All financial assets are initially measured at fair value plus transaction costs that are directly attributable to its acquisition except for trade receivable. Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15.

Subsequent measurement

Financial assets measured at amortized cost are subsequently measured using the effective interest rate method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gain or loss and impairment is recognized in statement of income and expenditure.

Financial assets measured at fair value through statement of income and expenditure are subsequently measured at fair value prevailing at the reporting date. The difference arising is charged to the statement of statement of income and expenditure.

Financial assets measured at fair value through other comprehensive income are subsequently measured at fair value prevailing at the reporting date. The difference arising is charged to the other comprehensive income.

Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired. The difference between the carrying amount and the consideration received is recognized in statement of income and expenditure.

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Note 3, Summary of Significant Accounting Policies - Continued...

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

3.14.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and include trade and other payables and project liabilities etc.

Subsequent measurement

The Company measures its financial liabilities subsequently at amortized cost using the EIR method. 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 statement of income and expenditure. Difference between carrying amount and consideration paid is recognized in statement of income and expenditure when the liabilities are derecognized.

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 statement of income and expenditure. 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 statement of income and expenditure.

3.14.3 Offsetting of financial assets and financial 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 offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.15 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, these comprise cash in hand and cash at banks.

3.16 Foreign currency transactions and translations

Transactions denominated in foreign currencies are initially recorded in Pak Rupees by applying the foreign exchange rate ruling on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the reporting date. Exchange differences are included in statement of income and expenditure.

3.17 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party of the Company are at arm's length basis determined using the comparable uncontrolled price method except in circumstances where it is not in the interest of the Company to do so.

Note 4
Rectification of Error

The Company carried out revaluation of its property, plant and equipment on June 30, 2021. As per the audited financial statements of the Company for the year ended June 30, 2021, assets were recorded at forced sale value rather than market value, and the same balances were carried forwarded to the subsequent year. As per IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, only those assets are recorded at forced sale value, which fulfill the criteria of "Held for sale Assets". Thus, the difference of forced sale value and market value has been added to Property plant and equipment and the Company has restated its different account heads with retrospective effect for correction of errors and better presentation of its financial statements as under:

	2022 Rupees	2021 Rupees
Statement of Financial Position		
Revaluation surplus		
As previously reported	925,609,368	926,844,273
Correction of error and reclassification	182,205,382	250,649,120
	1,107,814,750	1,177,493,393
Property, plant and equipment		
As previously reported	1,200,525,109	1,005,987,155
Correction of error and reclassification	275,457,735	249,447,870
	1,475,982,844	1,255,435,025
Intangibles		
As previously reported	2,364,262	2,253,750
Correction of error and reclassification	1,674,722	751,250
	4,038,984	3,005,000
Right-of-use asset		
As previously reported	1,080,000	1,350,000
Correction of error and reclassification	360,000	450,000
	1,440,000	1,800,000
Accumulated deficit		
As previously reported	(699,072,644)	(664,569,545)
Correction of error and reclassification	51,200,665	-
	(647,871,979)	(664,569,545)
Deferred grant		
As previously reported	967,196,449	1,061,444,866
Correction of error and reclassification	44,086,411	-
	1,011,282,860	1,061,444,866

Statement of Income and Expenditure

	2022
Amortization of grant related to income	
As previously reported	89,569,234
Correction of error and reclassification	5,257,818
	94,827,052
Operating cost	
As previously reported	132,657,829
Correction of error and reclassification	18,093,536
	150,751,365
Administrative expenses	
As previously reported	110,454,220
Correction of error and reclassification	5,785,320
	116,239,540
Other income	
As previously reported	7,259,563
Correction of error and reclassification	63,785
	7,323,348

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Note 5

Property, Plant and Equipment

	Note	2023 Rupees	2022 Rupees *(Restated)*
Operating fixed assets	5.1	1,372,254,370	1,475,982,844
Capital work in progress		40,031,560	-
		1,412,285,930	1,475,982,844

5.1 Operating fixed assets

Year Ended June 30, 2023

Description	Cost / Revalued Amount					Rate	Depreciation					Book Value as at June 30, 2023
	As at June 30, 2022	Additions	Acquisition through merger	Disposals	As at June 30, 2023		As at June 30, 2022	Charge for the Year	Acquisition through merger	Disposals	As at June 30, 2023	
	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Land	570,754,115	-	-	-	570,754,115	-	-	-	-	-	-	570,754,115
Buildings and improvements	398,359,083	-	-	-	398,359,083	5-10	265,949,813	12,624,120	-	-	278,573,933	119,785,150
Office equipment	27,067,322	-	-	-	27,067,322	10	19,745,179	812,490	-	-	20,557,669	6,509,653
Plant and machinery	1,678,755,427	-	-	-	1,678,755,427	10	942,553,415	81,800,225	-	-	1,024,353,640	654,401,787
Computer equipment	107,314,190	-	-	-	107,314,190	33	97,504,790	4,769,429	-	-	102,274,219	5,039,971
Furniture and fixtures	26,679,869	-	-	-	26,679,869	10	18,417,965	916,210	-	-	19,334,175	7,345,694
Vehicles	81,654,635	-	-	-	81,654,635	20	70,430,635	2,806,000	-	-	73,236,635	8,418,000
Library books	250,775	-	-	-	250,775	20	250,775	-	-	-	250,775	-
	2,890,835,416	-	-	-	2,890,835,416		1,414,852,572	103,728,474	-	-	1,518,581,046	1,372,254,370

Year Ended June 30, 2022 - Restated

Description	Cost / Revalued Amount					Rate	Depreciation					Book Value as at June 30, 2022
	As at June 30, 2021	Additions	Acquisition through merger	Disposals	As at June 30, 2022		As at June 30, 2021	Charge for the Year	Acquisition through merger	Disposals	As at June 30, 2022	
	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Land	550,754,115	-	20,000,000	-	570,754,115	-	-	-	-	-	-	570,754,115
Buildings and improvements	346,880,443	-	51,478,640	-	398,359,083	5-10	253,325,693	7,476,256	5,147,864	-	265,949,813	132,409,270
Office equipment	26,379,880	584,323	375,500	(272,381)	27,067,322	10	19,143,555	771,141	37,550	(207,067)	19,745,179	7,322,143
Plant and machinery	1,439,603,978	-	239,154,000	(7,551)	1,678,755,427	10	860,754,978	57,884,900	23,915,400	(1,863)	942,553,415	736,202,012
Computer equipment	99,492,188	809,666	7,902,150	(889,814)	107,314,190	33	93,677,188	2,056,056	2,607,710	(836,164)	97,504,790	9,809,400
Furniture and fixture	21,435,225	443,150	5,119,250	(317,756)	26,679,869	10	17,762,725	394,338	511,925	(251,023)	18,417,965	8,261,904
Vehicles	81,654,635	-	-	-	81,654,635	20	67,624,635	2,806,000	-	-	70,430,635	11,224,000
Library books	250,775	-	-	-	250,775	20	250,775	-	-	-	250,775	-
	2,566,451,239	1,837,139	324,029,540	(1,482,502)	2,890,835,416		1,312,539,549	71,388,691	32,220,449	(1,296,117)	1,414,852,572	1,475,982,844

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Note 5, Property, Plant and Equipment - Continued...

5.1.2 Depreciation for the year has been allocated as follows:

	Note	2023 Rupees	2022 Rupees (Restated)
Operating cost	24	81,800,225	81,800,300
Administrative expenses	26	21,928,249	21,808,840
		103,728,474	103,609,140

5.1.3 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location	Usage of immovable property	Total area (Sq. Yards)	Covered area (Sq. Yards)
Sialkot By-Pass Chowk, Sialkot Road, Gujranwala	Land and building	16,335	4,850
12-KM Kamoki, Gujranwala	Land and building	9,680	4,530
Plot No. A-49 SIE Extension, Hyderabad	Land and building	1,000	1,000

5.1.4 Latest revaluation of property, plant and equipment was carried out by an independent valuer as on June 30, 2021. Had there been no revaluation, the net book values of the revalued assets would have been as follows:

	As on June 30, 2023 Net Book Value	As on June 30, 2022 Net Book Value	As on June 30, 2021 Forced Sale Value
	Rupees	Rupees	Rupees
Land	46,500,001	46,500,001	468,140,998
Buildings and improvements	50,375,815	76,532,019	79,181,538
Office equipment	-	1,280,603	3,173,494
Plant and machinery	191,321,400	215,236,800	434,136,750
Computer equipment	2,272,216	5,147,116	8,115,000
Furniture and fixture	4,501,868	5,727,690	2,716,875
Vehicles	-	793,001	10,522,500
	294,971,300	351,217,230	1,005,987,155

5.1.5 In the previous year, three Engineering Support Centres (ESCs) located in Hyderabad, Lasbela, and Peshawar, which were part of a project sponsored by the Ministry of Industries and Production (referred to as "the Ministry"), underwent a merger with the Company. This merger was carried out in accordance with the exit strategy as approved in the PC-1. Following this approval, the Company's Board of Directors, during their meeting on 20 November 2021, sanctioned the following measures:

- The valuation of all fixed assets from the ESCs was recorded in TUSDEC's records at their fair values, as determined by an independent valuer. Simultaneously, current assets and liabilities were documented at their carrying values, with effect from July 01, 2021.

- The bank accounts of the ESCs were transitioned to operate under the name of TUSDEC.

- As of July 01, 2021, all employees previously affiliated with the ESCs, namely Hyderabad Engineering Support Centre (HESC), Light Engineering Upgradation Centre, Lasbela (LEUC), and Peshawar Light Engineering Centre (PLEC), officially became employees of TUSDEC.

- The financial and operational policies approved by the TUSDEC Board of Directors were extended to cover the ESCs.

5.1.6 The following methods and assumptions were used to estimate the fair values:

The significant inputs used in the fair value measurements categorized within Level 2 of the fair value hierarchy, together with a quantitative sensitivity analysis as at June 30, 2023 are as shown below:

Description	Fair value Hierarchy	Valuation Technique
Land	Level 2	Market Value
Building and improvements	Level 2	Depreciated
Office equipment	Level 2	Depreciated
Plant and machinery	Level 2	Depreciated
Computer equipment	Level 2	Depreciated
Furniture and fixture	Level 2	Depreciated
Vehicles	Level 2	Depreciated

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Note 6
Intangible Assets

Year Ended June 30, 2023

Description	Cost / Revalued Amount				Rate	Amortization				Book Value as at June 30, 2023
	As at June 30, 2022	Additions	Acquisition through merger	As at June 30, 2023		As at June 30, 2022	Charge for the Year	Acquisition through merger	As at June 30, 2023	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Accounting softwares	500,000	-	-	500,000	33	165,000	165,000	-	330,000	170,000
Modelling softwares	5,528,335	-	-	5,528,335	33	1,824,351	1,824,351	-	3,648,702	1,879,633
	6,028,335	-	-	6,028,335		1,989,351	1,989,351		3,978,702	2,049,633

Year Ended June 30, 2022 - Restated

Description	Cost / Revalued Amount				Rate	Amortization				Book Value as at June 30, 2022
	As at June 30, 2021	Additions	Acquisition through merger	As at June 30, 2022		As at June 30, 2021	Charge for the Year	Acquisition through merger	As at June 30, 2022	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Accounting softwares	500,000	-	-	500,000	33	-	165,000	-	165,000	335,000
Modelling softwares	4,028,335	-	1,500,000	5,528,335	33	-	1,329,351	495,000	1,824,351	3,703,984
	4,528,335	-	1,500,000	6,028,335		-	1,494,351	495,000	1,989,351	4,038,984

6.1 Latest revaluation of property, plant and equipment was carried out by an independent valuer as on June 30, 2021. Had there been no revaluation, the net book values of the revalued assets would have been as follows:

	As on June 30, 2023	As on June 30, 2022	As on June 30, 2021
	Net Book Value	Net Book Value	Forced Sale Value
	Rupees	Rupees	Rupees
Accounting softwares	-	-	375,000
Modelling softwares	-	-	3,021,251
	-	-	3,396,251

6.2 Amortization for the year has been allocated to administrative expenses (Refer to Note 26) amounting to Rs. 1,989,351 (2022: Rs. 1,989,351).

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Note 7
Right-of-Use Asset

	Note	2023 Rupees	2022 Rupees (Restated)
Opening balance		1,440,000	1,800,000
Add: Additions during the year		-	-
Less: Depreciation charge for the year		(360,000)	(360,000)
Closing balance	7.1	1,080,000	1,440,000
Lease term (Years)		5	5
Remaining lease term (Years)		-	-

7.1 Gujranwala Tools, Dies and Moulds Centre (GTDMC) leased a Toyota Corolla GLI with the registration number WD-834 on June 21, 2012. The lease agreement had a duration of five years, and the Right-of-Use (ROU) should have been reduced to zero after the completion of the five-year term. However, when the client inquired about this matter, it was revealed that the bank had lost the vehicle's registration book, which is why the remaining lease liability of Rs 333,148 had not been settled with the bank. The entity chose the revaluation model for the leased vehicle. In July 2021, the vehicle's value was revalued to an amount of 1,800,000.

7.2 Depreciation of right-of-use asset is charged to administrative expenses.

Note 8
Long Term Deposits

	Note	2023 Rupees	2022 Rupees
Sui Northern Gas Pipelines Limited		2,988,324	2,742,424
Rented premises		381,883	381,883
Electricity		1,657,677	1,657,677
Others	8.1	624,416	1,063,132
		5,652,300	5,845,116

8.1 It includes bid deposits amounting to Rs. 453,211 (2022: Rs. 891,927).

Note 9
Projects Assets

	Note	2023 Rupees	2022 Rupees
Projects in progress	9.1	905,427,918	676,292,815
Advances to suppliers	9.2	-	9,134,958
Other receivables	9.3	117,468	124,683
		905,545,386	685,552,456

9.1 Projects in progress

	Note	2023	2022
Footwear Cluster Development (FCD)	9.1.1	74,996,800	57,227,219
Industrial Designing and Automation Centres (IDAC)	9.1.2	417,542,433	314,836,853
National Strategic Program for Acquisition of Industrial Technology (NSPAIT)	9.1.3	230,421,309	138,622,092
Support Centre for Dental and Surgical Implants (SCDS)	9.1.4	176,870,440	165,606,651
Center for Acquisition of Semiconductor Technology (CAST)	9.1.5	1,995,246	-
Naphtha Cracking Complex (NCC)	9.1.6	3,601,690	-
		905,427,918	676,292,815

9.1.1 Within Footwear Cluster Development (FCD), individual components of shoes such as moulds, soles and shoe lasts are being manufactured. This initiative is essential as manufacturers currently have to import these components due to their unavailability in the local market. The project is scheduled for completion within a span of three years.

9.1.2 The project encompasses the establishment of various facilities, including Simulation/Automation, 3D Scanning, Designing, Prototyping, Training, and Human Resource Development. These facilities will enhance the organization's capabilities in areas such as design and innovation, workforce development, and product prototyping. The project is scheduled to be executed over a span of three years.

9.1.3 The purpose of this project is to procure, integrate, and enhance technology utilized in diverse industrial sectors across Pakistan, encompassing textiles, construction (including cement, ceramics, marble, and granite), as well as engineering and technology (including light engineering, cutlery, gems, and jewelry). The project is scheduled for implementation over a three-year period.

9.1.4 This project is dedicated to the manufacturing of surgical and dental implants, which are specialized medical devices designed to replace missing biological structures, provide support to damaged structures, or enhance existing ones. The project is set to unfold over a three-year period, ensuring the production of these crucial medical components.

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Note 9, Project Assets - Continued...

9.1.5 The central aim of this project is to provide comprehensive printed circuit board solutions, including multi-layer design capabilities, to benefit the local industry. Presently, the project is in the early stages of feasibility studies and has not yet progressed to the implementation phase. During this feasibility study phase, assessments are being made to determine the project's viability, resource requirements, market demand, and potential advantages for the industry. Once the feasibility studies are concluded and the project's viability is confirmed, it will move forward to the implementation stage.

9.1.6 In this project, the extraction of Ethylene and Propylene plays a pivotal role in improving the trade balance by reducing the need for imports. Currently, the project remains in the preliminary phase of feasibility studies and has not been implemented yet.

9.1.7 Projects in progress

	FCD	IDAC	NASPAT	SCDS	CAST	NCC
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Capital Expenditure						
Balance as at June 30, 2022	41,083,801	254,362,903	64,984,694	137,026,000	-	-
Land	-	235,103	-	-	-	-
Building/civil work	48,128	9,806,166	1,520,376	150,000	-	-
Office equipment	-	76,615,409	-	-	-	-
Machinery and equipment	9,132,851	1,901,554	25,912,741	-	-	-
IT Infrastructure	-	2,069,248	-	-	-	-
Stores and Spares	197,821	-	-	-	-	-
Balance as at June 30, 2023	50,462,601	344,990,383	92,417,811	137,176,000	-	-
Operational Expenditure						
Balance as at June 30, 2022	16,143,418	60,473,950	73,637,398	28,580,651	-	-
Employees cost	3,693,283	6,606,270	10,941,210	5,503,594	1,971,243	365,470
TUSDEC service fee	-	2,970,000	43,106,290	4,180,000	-	3,000,000
Travelling & conveyance	386,495	1,474,580	1,662,313	264,255	-	-
Electricity, fuel and power	949,793	119,480	1,182,738	235,831	-	-
Consumables	843,198	68,900	576,264	-	-	124,220
Advertisement	855,155	559,384	951,980	329,305	-	-
Other expenses	1,662,857	279,486	5,945,305	600,804	24,003	112,000
Balance as at June 30, 2023	24,534,199	72,552,050	138,003,498	39,694,440	1,995,246	3,601,690
Balance as at June 30, 2023	74,996,800	417,542,433	230,421,309	176,870,440	1,995,246	3,601,690

	FCD	ESCs	IDAC	NASPAT	SCDS
	Rupees	Rupees	Rupees	Rupees	Rupees
Capital Expenditure					
Balance as at June 30, 2021	35,901,351	511,486,625	79,100,953	-	-
Land	-	-	127,896,155	-	137,026,000
Building/civil work	-	-	42,215,795	18,455,756	-
Office equipment	277,056	-	-	1,973,057	-
Machinery and equipment	4,185,722	-	-	38,251,000	-
IT Infrastructure	-	-	5,000,000	2,920,310	-
Furnitures & fixtures	180,000	-	150,000	3,384,571	-
Stores and Spares	539,672	-	-	-	-
Balance as at June 30, 2022	41,083,801	511,486,625	254,362,903	64,984,694	137,026,000
Operational Expenditure					
Balance as at June 30, 2021	9,091,084	242,546,424	48,642,182	39,761,271	-
Employees cost	3,656,176	-	5,786,047	4,493,740	3,419,807
TUSDEC service fee	420,000	-	3,594,000	27,000,000	23,999,000
Travelling & conveyance	357,954	-	1,276,318	623,530	271,061
Electricity, fuel and power	762,133	-	77,657	990,725	217,184
Consumables	583,354	-	59,301	164,040	97,990
Advertisement	182,310	-	799,439	89,750	274,490
Other expenses	1,090,407	-	239,006	514,342	301,119
Balance as at June 30, 2022	16,143,418	242,546,424	60,473,950	73,637,398	28,580,651
Less: transferred to TUSDEC on completion of project	-	(754,033,049)	-	-	-
Balance as at June 30, 2022	57,227,219	-	314,836,853	138,622,092	165,606,651

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Note 9, Project Assets - Continued...

9.2 Advances to suppliers

	2023 Rupees	2022 Rupees
National Vocational and Technical Training Commission (NAVTTC)	-	2,106
Footwear Cluster Development (FCD)	-	9,132,852
	-	9,134,958

9.3 Other Receivables

	2023 Rupees	2022 Rupees
National Vocational and Technical Training Commission (NAVTTC)	89,933	89,833
National Strategic Program for Acquisition of Industrial Technology (NSPAIT)	14,399	14,399
Footwear Cluster Development (FCD)	13,136	20,451
	117,468	124,683

Note 10
Trade Receivables - Unsecured

	Note	2023 Rupees	2022 Rupees
Trade receivables - considered good		4,125,047	4,848,586
Trade receivables - considered doubtful	10.1	4,379,702	5,756,280
		8,504,749	10,604,866
Less: Provision for expected credit loss	10.2	(4,379,702)	(5,756,280)
		4,125,047	4,848,586

10.1 This balance includes receivable from PIDC amounting to Rs. 4,199,514 (2022: Rs. 4,199,514) in respect of expenses incurred by the Company on its behalf for Skills Development Centre (SDC) Khaki and Batgram and it is past due for more than 5 years.

10.2 Provision for expected credit loss

	2023	2022
Opening balance	5,756,280	4,480,348
Provision for the year	-	1,275,932
	5,756,280	5,756,280
Less: Reversal of expected credit loss	(1,376,578)	-
	4,379,702	5,756,280

Note 11
Stores and Spares

	2023 Rupees	2022 Rupees
Stores and spares	12,501,456	11,547,503
Less: Provision for slow moving items	(1,154,750)	(1,154,750)
	11,346,706	10,392,753

Note 12
Advances, Prepayments and Other Receivables

	2023 Rupees	2022 Rupees
Advances to employees against expenses	702,722	1,215,632
Advances to suppliers	-	108,184
Advance against rented premises	40,000	-
Prepaid insurance	1,172,586	1,404,403
Other receivables	210,753	265,011
	2,126,061	2,993,230

Note 13
Short Term Investments

	Note	2023 Rupees	2022 Rupees
Faysal Bank Limited	13.1	10,000,000	15,000,000

13.1 This represents Term Deposit Receipts (TDRs) which are on roll-over basis, having maturity period of one to three months and carry mark-up ranging from 7.3% to 9.05% (2022: 5.5% to 7.75%) per annum.

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Note 14
Tax Refund Due from Government

	2023	2022
	Rupees	Rupees
Advance Income Tax	21,672,740	21,379,308
Sales tax receivable	490,298	1,329,168
	22,163,038	22,708,476

Note 15
Cash and Bank Balances

	Note	2023	2022
		Rupees	Rupees
Cash in hand		402,179	479,673
Cash at banks:			
- Current accounts		8,147,371	8,598,210
- Savings accounts	15.1 & 15.2	8,365,593	27,747,866
		16,915,143	36,825,749

15.1 The deposits in saving accounts carry mark-up ranging from 10.5% to 17.5% (2022: 5.5% to 7.5 %) per annum.

15.2 This includes an amount of Rs. 1.2 million (2022: Rs. 1.2 million) on which bank has marked lien against guarantee issued on behalf of the Company.

Note 16
Issued, Subscribed And Paid-Up Capital

	Note	2023	2022
		Rupees	Rupees
Issued, subscribed and paid up capital:			
23,883,000 (2022: 23,883,000) ordinary shares of Rs. 10 each fully paid in cash	16.1	238,830,000	238,830,000

16.1 As at the reporting date, Pakistan Industrial Development Corporation (PIDC) holds 99.99% (2022: 99.99%) shares of the Company.

	Number of shares	
	23,882,998	23,882,998

16.2 The Company has not issued / cancelled any shares during the year.

16.3 There are no agreements with shareholders for any specific voting rights, board selection, rights of first refusal and block voting etc.

Note 17
Surplus on Revaluation of Property, Plant and Equipment

Description	Land	Buildings and improvements	Office equipment	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Leased Vehicle	Intangibles	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2021 - Restated	524,254,114	43,528,655	5,232,555	578,849,000	5,799,205	2,188,374	11,705,971	1,474,400	4,461,119	1,177,493,393
Incremental depreciation charged during the year - Restated	-	(4,579,216)	(677,011)	(57,884,887)	(2,397,427)	(300,815)	(2,341,194)	(294,880)	(984,410)	(69,459,840)
Surplus realized on disposal of assets - Restated	-	-	(71,252)	(751)	(74,000)	(72,800)	-	-	-	(218,803)
	-	(4,579,216)	(748,263)	(57,885,638)	(2,471,427)	(373,615)	(2,341,194)	(294,880)	(984,410)	(69,678,643)
Balance as at June 30, 2022 - Restated	524,254,114	38,949,439	4,484,292	520,963,362	3,327,778	1,814,759	9,364,777	1,179,520	3,476,709	1,107,814,750
Incremental depreciation charged during the year	-	(4,181,578)	(602,419)	(57,884,825)	(2,377,077)	(249,920)	(2,341,194)	(294,880)	(984,410)	(68,916,303)
Balance as at June 30, 2023	524,254,114	34,767,861	3,881,873	463,078,537	950,701	1,564,839	7,023,583	884,640	2,492,299	1,038,898,447

Note 18
Deferred Grant

Description	Grant related to assets	Grant related to income									Total
		Engineering Support Centres (ESCs)	Footwear Cluster Development (FCD)	National Strategic Program for Acquisition of Industrial Technology (NSPAIT)	Industrial Designing and Automation Centres (IDAC)	Support Centre for Dental and Surgical Implants (SCDS)	Center for Acquisition of Semiconductor Technology (CAST)	Naphtha Cracking Complex (NCC)	National Vocational and Technical Training Commission (NAVTTC)	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Note	18.1	18.2	18.3	18.3	18.3	18.3	18.3	18.3	18.4	18.5	
Balance as at June 30, 2021	4,684,180	801,082,870	45,380,155	39,775,670	128,095,136	-	-	-	16,977,580	25,449,275	1,061,444,866
Funds received during the year	-	-	22,300,000	98,940,000	191,100,000	165,587,000	-	-	17,799,340	29,192,864	524,919,204
Other income	-	-	80,001	-	-	-	-	-	-	1,519,024	1,599,025
Acquisition through merger	325,529,540	-	-	-	-	-	-	-	-	-	325,529,540
Amortization of grant for the year (Note 23)	(36,446,713)	-	-	-	-	-	-	-	(24,937,906)	(33,442,433)	(94,827,052)
Funds returned / Transferred	-	(801,082,870)	(1,528,343)	(305,728)	(4,462,219)	(3,563)	-	-	-	-	(807,382,723)
	289,082,827	(801,082,870)	20,851,658	98,634,272	186,637,781	165,583,437	-	-	(7,138,566)	(2,730,545)	(50,162,006)
Balance as at June 30, 2022	293,767,007	-	66,231,813	138,409,942	314,732,917	165,583,437	-	-	9,839,014	22,718,730	1,011,282,860
Funds received during the year	-	49,866,000	12,559,000	110,000,000	130,000,000	17,600,002	2,000,000	5,000,000	13,089,172	118,870	340,233,044
Other income	-	-	765,500	-	16,000	-	-	-	1,988	2,223,386	3,006,874
Amortization of grant for the year (Note 23)	(36,414,327)	-	-	-	-	-	-	-	(13,348,033)	-	(49,762,360)
Funds returned / Transferred	-	(15,971,443)	(3,859,860)	(17,974,506)	(27,294,420)	(6,345,853)	(4,754)	(1,398,310)	-	(25,060,986)	(97,910,132)
	(36,414,327)	33,894,557	9,464,640	92,025,494	102,721,580	11,254,149	1,995,246	3,601,690	(256,873)	(22,718,730)	195,567,426
Balance as at June 30, 2023	257,352,680	33,894,557	75,696,453	230,435,436	417,454,497	176,837,586	1,995,246	3,601,690	9,587,141	-	1,206,850,286

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Note 18, Deferred Grant - Continued...

18.1 This represents grants received for assets acquired during Public Sector Development Program (PSDP) funded projects, including the National Institute of Design and Analysis (NIDA) and three Engineering Support Centers in Hyderabad, Lasbela, and Peshawar. These assets were subsequently transferred to TUSDEC after the completion of their respective projects.

18.2 As per the exit strategy sanctioned in PC-1 and the subsequent approval by the Company's Board of Directors during its 63rd meeting, three Engineering Support Centers (ESCs) situated in Hyderabad, Lasbela, and Peshawar were integrated into the Company, effective from July 1, 2021.

18.3 These are ongoing projects funded by the Public Sector Development Program (PSDP). Their future status and continuation will be determined once these projects reach completion and their outcomes are assessed.

18.4 The National Vocational and Technical Training Commission (NAVTTC) is an ongoing project, sustained by donor funding and overseen by the Ministry of Federal Education and Professional Training. NAVTTC holds the central mandate of advancing, facilitating, regulating, strategizing, overhauling, endorsing curricula, conducting training, and shaping policy direction for the nation's comprehensive Technical & Vocational Education and Training (TVET) system. The project is slated for completion in accordance with the stipulated terms outlined in the agreement.

18.5 Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), a Germany-based project, was focused on providing comprehensive training in employable skills to the youth. The courses offered by GIZ encompassed a wide spectrum of fields, including Business Administration, Mechanical Technology, Automobile Technology, Electrical Technology, and Information Technology. Through these offerings, GIZ sought to empower and uplift the local youth in these regions, ultimately contributing to their skill development and expanding their employment opportunities. The project reached its conclusion on October 31, 2021.

Note 19-
Trade and Other Payables

	Note	2023 Rupees	2022 Rupees
Creditors		13,078,698	5,554,015
Accrued liabilities		20,700,585	15,398,394
Contract liabilities	19.1	3,900,055	1,292,825
Provident fund payable		7,466,337	2,421,137
Withholding income tax payable		927,947	510,325
Employees benefits payable		3,684,861	2,142,354
Payable to machinery supplier		-	10,679,360
Payable to PIDC		-	66,242
		49,758,483	38,064,652

19.1 These represent advances received from customers Rs. 1,038,825 is recorded as revenue during the year from the opening balance.

Note 20
Project Liabilities

	2023 Rupees	2022 Rupees
These represent accrued expenses and payables in respect of the following projects:		
Industrial Designing and Automation Centres (IDAC)	3,639,115	2,750,435
National Strategic Program for Acquisition of Industrial Technology (NSPAIT)	4,621,589	3,557,605
Support Centre for Dental and Surgical Implants (SCDS)	118,809	289,123
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	-	3,519
Footwear Cluster Development (FCD)	232,700	1,179,618
National Vocational and Technical Training Commission (NAVTTC)	502,464	4,536,385
	9,114,677	12,316,685

Note 21
Contingencies and Commitments

21.1 Contingencies

The Company has provided bank guarantee in favour of Pakistan State Oil amounting to Rs. 1.2 million (2022: Rs. 1.2million).

21.2 Commitments

There are no material commitments outstanding as at the reporting date (2022: Nil).

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Note 22
Income from Services

	Note	2023 Rupees	2022 Rupees
Income from:			
Trainings	22.1	26,735,849	14,903,600
Projects	22.2	10,128,442	12,701,287
Laboratory test and 3D scanning	22.3	13,617,666	10,638,898
Toll manufacturing	22.4	31,490,933	29,934,608
Grant income	22.5	-	47,013,342
Project implementation fee	22.6	53,256,290	55,048,032
		135,229,180	170,239,767

22.1 This figure represents the amount recognized in respect of income generated from various training courses, including CAD/CAM courses and AutoCAD, as well as other administrative fees associated with different donor projects.

22.2 This represents the amount recognized in respect of projects for the overheads shared.

22.3 This represents the amount being recognised in respect of income from laboratory test fee and 2D/3D scanning.

22.4 This represents the amount being recognized in respect of services provided at Gujranwala Tools, Dies and Moulds Centre (GTDMC) and Ceramics Development and Training Complex (CDTC).

22.5 This represents the grant income received, considering the net current assets and current liabilities of Engineering Support Centers (ESCs) during their merger into the Company.

22.6 This represents the amount being recognized as income from the Government of Pakistan, specifically under the Ministry of Industries and Production, in the form of project implementation fees for Public Sector Development Programme (PSDP) projects.

Note 23
Amortization of Grant

	Note	2023 Rupees	2022 Rupees
Amortization of grant related to asset - (2022: Restated)	18.1	36,414,327	36,446,713
Amortization of grant related to income	18.4 & 18.5	13,348,033	58,380,339
		49,762,360	94,827,052

23.1 Amortization of grant related to asset - Restated

	2023	2022
Land	2,000,000	2,000,000
Building	5,147,864	5,147,864
Office Refurbishment	724,542	724,542
Office equipment	317,136	317,136
Machinery	23,915,400	23,947,786
IT Infrastructure	2,607,710	2,607,710
Furniture & Fixture	876,675	876,675
Vehicles	330,000	330,000
Software	495,000	495,000
	36,414,327	36,446,713

23.2 Amortization of grant related to income

	Note	2023	2022
National Vocational and Technical Training Commission (NAVTTC)	25.1	13,348,033	24,937,906
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	25.2	-	33,442,433
		13,348,033	58,380,339

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Note 24
Operating Cost

	Note	2023 Rupees	2022 Rupees
Salaries, wages and other benefits	24.1	38,831,433	47,190,492
Power and gas		27,335,547	19,289,213
Stores and spares consumed		160,816	388,370
Repairs and maintenance		606,838	671,155
Insurance		257,266	126,796
Training expenses		136,828	15,389
Provision for slow moving items		-	1,154,750
Other expenses		24,484	114,900
Depreciation on property, plant and equipment (2022: Restated)	5	81,800,225	81,800,300
		149,153,437	150,751,365

24.1 This includes an amount of Rs. 1,279,924 (2022: Rs. 1,838,604) recognized in respect of Provident Fund and Rs. 449,592 (2022: Rs. 334,072) in respect of compensated absences.

Note 25
Project Expenses

	2023 Rupees	2022 Rupees
25.1 National Vocational and Technical Training Commission (NAVTTC):		
Employee cost	6,679,314	13,311,124
Consumables	1,330,334	2,889,542
Other expenses	5,338,385	8,737,240
	13,348,033	24,937,906
25.2 Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ):		
Employee cost	-	6,636,488
Vehicle running and maintenance cost	-	1,239
Advertisement	-	2,536,987
Travelling and conveyance	-	1,593,225
Postage and telephone	-	129,899
Other expenses	-	22,544,595
	-	33,442,433
	13,348,033	58,380,339

Note 26
Administrative Expenses

	Note	2023 Rupees	2022 Rupees
Salaries, wages and other benefits	26.1	54,445,740	59,984,917
Traveling, vehicle running and maintenance		12,258,536	8,621,283
Printing and stationery		568,837	383,759
Postage and telephone		1,719,403	1,794,853
Utilities		3,936,458	2,712,650
Rent, rate and taxes	26.2	2,397,155	2,872,857
Legal and professional charges		358,385	363,380
Fees and subscription		331,958	155,133
Insurance		1,226,390	1,234,829
Repairs and maintenance		937,321	1,273,173
Consumables		4,412,531	2,195,031
Janitorial services		1,505,148	1,910,585
Security services		2,912,727	4,911,946
Project expenses		3,170,559	952,670
Advertisement and business development		140,408	369,525
Finance cost		46,716	91,213
Other expenses		242,013	145,491
Auditors' remuneration		330,000	330,000
Balances written-off		2,363,251	391,737
Loss on disposal of property, plant and equipment (2022: Restated)		-	110,385
Provision for expected credit loss		-	1,275,932
Depreciation on property, plant and equipment (2022: Restated)	5	21,928,249	21,808,840
Depreciation on right-of-use asset (2022: Restated)		360,000	360,000
Amortization on intangibles (2022: Restated)	6	1,989,351	1,989,351
		117,581,136	116,239,540

Note 26, Administrative Expenses - Continued...

26.1 This includes an amount of Rs. 2,784,469 (2022: Rs. 3,146,544) recognized in respect of Provident Fund and Rs. 1,850,631 (2022: Rs. 1,916,285) in respect of compensated absences.

26.2 Rent, rates & taxes include expense in respect of short term leases.

Note 27
Other Income

	2023 Rupees	2022 Rupees
Bank profit on:		
- Savings accounts	1,112,562	1,693,075
- Term deposit receipts	1,224,714	962,338
Excess liabilities written back	16,132,486	341,625
Miscellaneous	215,557	4,326,310
	18,685,319	7,323,348

Note 28
Taxation

In accordance with section 100C of the Income Tax Ordinance, 2001 (the Ordinance), the Company is allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final tax payable under any of the provisions of the Ordinance, subject to conditions as outlined in section 100C. Accordingly, no provision for tax / deferred tax has been recognized in the financial statements of the Company.

Note 29
Cash and Cash Equivalents

	Note	2023 Rupees	2022 Rupees
Cash and bank balances	15	16,915,143	36,825,749
Short term investments	13	10,000,000	15,000,000
		26,915,143	51,825,749

Note 30
Related Party Balances and Transactions

The related parties comprise associated undertakings, directors of the Company, key management personnel and post employment benefit plans. The parent of the entity is Pakistan Industrial Development Corporation (Private) Limited which holds 99.9% capital of the entity. Amounts due from and to related parties are shown under respective notes to the financial statements.

Transactions during the year

During the year, there were no transactions involving the company and its related party.

Outstanding Balance as at the year end

Related party	Relationship	Nature of transactions	2023 Rupees	2022 Rupees
Pakistan Industrial Development Corporation (Private) Limited	Holding Company	Expenses incurred by the Company on its behalf for Skills Development Centre (SDC) (Refer to Note 10.1)	4,199,514	4,199,514

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Note 31
Financial Risk Management

31.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

(ii) 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 has no significant long-term interest-bearing financial instruments. The Company's interest rate risk arises from short term investments and bank balances only. There are no financial instruments obtained at variable rates so the Company is not exposed to cash flow interest rate risk. Saving accounts and short term investments are carried at fixed rate which expose the Company to fair value interest rate risk.

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

	2023	2022
Fixed rate instruments	Rupees	Rupees
Short term investments	10,000,000	15,000,000
Floating rate instruments		
Saving bank accounts	8,365,593	27,747,866

Cash flow sensitivity analysis for variable rate instruments

As at June 30, 2023, if interest rates on the Company's borrowings had been 1% higher / lower with all other variables held constant, deficit before tax for the year would have been lower / higher by Rs. 83,656 (2022: Rs. 277,479), mainly as a result of interest exposure on variable rate borrowings.

(iii) Price risk

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 individual financial instrument or its issuer or factors affecting all similar financial instrument traded in the market. The Company is not exposed to any market price risk.

(b) 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 maximum exposure to credit risk at the reporting date was as follows:

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Note 31, Financial Risk Management - Continued...

	2023	2022
	Rupees	Rupees
Long term deposits	5,652,300	5,845,116
Trade receivables	4,125,047	4,848,586
Advances, prepayments and other receivables	2,126,061	2,993,230
Short term investment	10,000,000	15,000,000
Bank balances	16,915,143	36,825,749
	38,818,551	65,512,681

The aging of trade receivables as at reporting date is as follows:

	2023	2022
Past due 1–30 days	897,707	1,628,775
Past due 31–60 days	1,200,840	938,000
Past due 61–120 days	1,223,328	1,544,571
Past due 121–365 days	618,830	90,088
More than one year	4,564,044	6,403,432
	8,504,749	10,604,866

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

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	2023	2022
	Short term	Long term	Agency		
				Rupees	Rupees
Askari Bank Limited	A1+	AA+	PACRA	7,489,293	26,867,811
Bank Alfalah Limited	A1+	AA+	PACRA	6,665	4,758
MCB Bank Limited	A1+	AAA	PACRA	400,632	281,817
Soneri Bank Limited	A1+	AA-	PACRA	18,435	16,291
Faysal Bank Limited	A1+	AA+	PACRA	450,568	577,190
National Bank of Pakistan	A1+	AAA	PACRA	8,147,371	8,598,209
				16,512,964	36,346,076

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.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
	------ Rupees ------			
Contractual maturities of financial liabilities as at June 30, 2023:				
Trade and other payables	41,364,199	41,364,199	41,364,199	-
Project liabilities	9,114,677	9,114,677	9,114,677	-
	50,478,876	50,478,876	50,478,876	-
Contractual maturities of financial liabilities as at June 30, 2022:				
Trade and other payables	35,133,190	35,133,190	35,133,190	-
Project liabilities	12,316,685	12,316,685	12,316,685	-
	47,449,875	47,449,875	47,449,875	-

(d) 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.

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Note 31, Financial Risk Management - Continued...

The Company classifies the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value measurement hierarchy:

Level 1	Quoted market prices
Level 2	Valuation techniques using market observable inputs
Level 3	Valuation techniques using non market observable inputs

There are no financial instruments measured at fair value by the Company as at year end.

31.2 Financial instruments by categories

	Cash and cash equivalents	Loans and advances	Total
	------------------- Rupees -------------------		
Financial assets as at June 30, 2023			
Long term deposits	-	5,652,300	5,652,300
Trade receivables	-	4,125,047	4,125,047
Short term investments	10,000,000	-	10,000,000
Bank balances	16,915,143	-	16,915,143
	26,915,143	9,777,347	36,692,490
Financial assets as at June 30, 2022			
Long term deposits	-	5,845,116	5,845,116
Trade receivables	-	4,848,586	4,848,586
Short term investments	15,000,000	-	15,000,000
Bank balances	36,825,749	-	36,825,749
	51,825,749	10,693,702	62,519,451

Financial liabilities at amortized cost

	2023	2022
	Rupees	Rupees
Trade and other payables	41,364,199	35,133,190
Project liabilities	9,114,677	12,316,685
	41,364,199	35,133,190

31.3 Fair values of financial assets and liabilities

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.

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Note 32
Remuneration of Chief Executive Officer and Directors

	2023			2022		
	Chief Executive Officer	**Director**	**Executives**	**Chief Executive Officer**	**Director**	**Executives**
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	144,000	-	34,264,374	-	-	35,652,884
Contribution to provident fund	-	-	2,135,651	-	-	2,135,175
Board meeting fee	-	420,000	-	-	420,000	-
Committee's meeting fee	-	560,000	-	-	480,000	-
Travelling and medical reimbursements	-	133,600	2,135,651	-	165,200	2,135,175
Fuel and Mobile Allowance	-	-	9,425,000	-	-	5,744,700
	144,000	1,113,600	47,960,676	-	1,065,200	45,667,934
Number of persons	1	8	20	1	8	20

32.1 An executive is defined as an employee, other than the chief executive and executive directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

Note 33
Provident Fund

The Company has maintained an employee provident fund and investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act 2017 and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	2023 Rupees *(Unaudited)*	2022 Rupees *(Audited)*
Size of the fund		19,115,409	20,655,609
Cost of investment made	33.1	10,000,000	10,000,000
Percentage of investment made		52%	48%
Fair value of investment		10,000,000	17,000,000

33.1 Breakup of investment

	2023		2022	
	Investments (Rupees)	**Investment as % of size of the fund**	**Investments (Rupees)**	**Investment as % of size of the fund**
Bank balance in schedule bank	10,000,000	52%	10,000,000	48%

Note 34
Number of Employees

	2023 Number	2022 Number
Number of employees as at June 30,		
- TUSDEC	136	155
- Projects	11	7
	147	162

The average number of employees during the year were as follows:

- TUSDEC	145	143
- Projects	9	25
	154	168

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Note 35
Authorization of Financial Statements

These financial statements were approved and authorized by the Board of Directors of the Company for issuance on 24-11-2023

Note 36
General

Figures have been rounded off to the nearest rupees, unless otherwise stated. Corresponding figures are rearranged / reclassified for better presentation. Following reclassifications / rearrangements have been made in these financial statements:

Statement	**Nature**	**From**	**To**	**Amount** Rupees
Statement of financial position	Accrued interest	Short-Term Investments	Advances, Prepayments and Other Receivables	242,261
		(Note 13)	(Note 12)	
Statement of financial position	Right-of-Use Assets	Property, Plant and Equipment	Right-of-Use Assets	1,440,000
		(Note 5)	(Note 7)	
Statement of financial position	Sales tax receivable	Advances, Prepayments and Other Receivables	Tax Refund Due from Government	1,329,168
		(Note 12)	(Note 14)	
Statement of Income and expenditure	Salaries, wages and other benefits	Selling and Distribution Expenses	Administrative Expenses	1,314,180
			(Note 26)	
Statement of Income and expenditure	Liabilities written back	Other Income	Other Income	341,625
		(Note 27)	(Note 27)	
Statement of Income and expenditure	Loss on disposal of property, plant and equipment.	Other Income	Administrative Expenses	110,385
		(Note 27)	(Note 26)	

DIRECTOR **DIRECTOR**