



## VISION

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

## MISSION STATEMENT

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

Create new standards of product offering in basic and value added telephony by being more cost effective, easily accessible and dependable. Thus ensuring real value for money to all segments of market.

Be a leader within indigenous operators in terms of market share, gross revenues and ARPU within five years and maintain the same positioning thereafter.

Achieve utmost customer satisfaction by setting up high standards of technical quality and service delivery.

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



## CONTENTS

<b>Company Information</b>	<b>04</b>
<b>Notice of 23rd Annual General Meeting</b>	<b>06</b>
<b>Message from the Chairman</b>	<b>10</b>
<b>Directors' Report to the Shareholders</b>	<b>11</b>
<b>Six Year Financial Performance Income Statements</b>	<b>24</b>
<b>Statement of Compliance with Code of Corporate Governance</b>	<b>25</b>
<b>Review Report on Statement of Compliance with Code of Corporate Governance</b>	<b>27</b>
<b>Independent Auditor's Report on Separate Financial Statements</b>	<b>28</b>
<b>Separate Financial Statements</b>	<b>31</b>
<b>Independent Auditors Report on Consolidated Separate Financial Statements</b>	<b>90</b>
<b>Consolidated Financial Statements</b>	<b>93</b>
<b>Pattern of Shareholding</b>	<b>154</b>
<b>Investors' Education</b>	<b>156</b>
<b>Form of Proxy</b>	<b>157</b>



**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2022**

**COMPANY INFORMATION**

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



## Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Al Habib Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
BankIslami (Pakistan) Limited  
MCB Bank Limited  
National Bank of Pakistan  
Pak Oman Investment Co. Limited  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Summit Bank Limited  
Telenor Microfinance Bank Limited  
The Bank of Punjab  
United Bank Limited  
Silkbank Limited  
Meezan Bank Limited  
Mobilink Microfinance Bank Limited

## Registrar and Shares Transfer Office

THK Associates (Pvt.) Limited  
Plot No. 32-C, Jami Commercial Street 2,  
D.H.A., Phase VII,  
Karachi-75500 Pakistan.  
☎ (+92 21) 35310191-6  
☎ (+92 21) 35310190  
✉ [sfc@thk.com.pk](mailto:sfc@thk.com.pk)

## Registered Office/Head Office

Plot No. 112/113, Block S,  
Quaid-e-Azam Industrial Estate,  
Kot Lakhpat,  
**Lahore - Pakistan**  
☎ (+92 42) 35400544, 35400609,  
☎ (+92 42) 35110965

## Webpage

[www.worldcall.com.pk](http://www.worldcall.com.pk)  
[www.worldcall.net.pk](http://www.worldcall.net.pk)



## NOTICE OF 23<sup>rd</sup> ANNUAL GENERAL MEETING

Notice is hereby given that 23<sup>rd</sup> Annual General Meeting (“AGM”) of the shareholders of WorldCall Telecom Limited (the “Company” or “WTL”) will be held on **Sunday, 30<sup>th</sup> April 2023 at 11:00 a.m.** at Registered Office: Plot No. 112-113, Block S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore-Pakistan to transact the following business:

### **ORDINARY BUSINESS:**

1. To confirm the minutes of the 22<sup>nd</sup> Annual General Meeting held on 30 September 2022;
2. To receive, consider, adopt and approve the separate as well as consolidated Financial Statements for the year ended December 31, 2022 read together with notes forming part thereof, Director's, Auditor's, Code of Corporate Governance (CCG) & Chairman's Review Report thereon and ancillary matters thereto;
3. To appoint Auditors of the Company for the year ending 31<sup>st</sup> December 2023 and to fix their remuneration;
4. To transact any other business with the permission of the Chair.

By Order of the Board

09 April, 2023  
Lahore:

**Muhammad Zaki Munawar**  
Company Secretary

### **Notes:**

#### **1. Closure of Share Transfer Books:**

The Share Transfer Books of the Company will remain closed from **23 April 2023 to 30 April 2023** (both days inclusive). Transfers received at the office of the Company's Registrars, M/s THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, DHA Phase-VII, Karachi-75500, by the close of business on 22 April 2023 will be treated in time.

#### **2. Participation in the Annual General Meeting:**

All members entitled to attend and vote at the meeting, are entitled to appoint another member in writing as their proxy to attend and vote on their behalf. A corporate entity, being a member, may appoint any person, regardless they are member or not, as its proxy. In case of corporate entities, a resolution of the Board of Directors / Power of attorney with specimen signature of the person nominated to represent and vote on behalf of corporate entity shall be submitted to the Company along with completed proxy form. The proxy holders are requested to produce their CNICs or original passports at the time of meeting.

In order to be effective, duly completed and signed proxy forms must be received at the Company's Registered Office at Plot No. 112-113, Block S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore-Pakistan at least 48 hours before the time of the meeting.

#### **3. Guidelines for CDC Account Holders:**

Member who have deposited their shares into CDC will further have to follow the under-mentioned guidelines as laid down in circular 01 of 2000 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

##### **a. For attending the meeting personally:**

- i. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall authenticate his/her original valid Computerized National Identity Card (CNIC) or the original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Director's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

##### **b. For appointing other members as proxies:**

- i) In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per above requirements.
- ii) Attested copies of valid CNIC or of the passport of the beneficial owner and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce original valid CNIC or original passport at the time of meeting.
- iv) In case of corporate entity, the Board of Director's resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.
- v) Proxy form will be witnessed by two persons whose names, addresses and valid CNIC numbers shall be mentioned on the forms.



## NOTICE OF 23<sup>rd</sup> ANNUAL GENERAL MEETING

**c. For exercising electronic voting right through Intermediary by providing consent in writing regarding appointment of execution officer as proxy as per the Companies (E-Voting) Regulations, 2016:**

- i) (name of the person), (designation) is appointed as execution officer for the meeting.
- ii) The instruction to appoint execution officer and opting to e-vote through Intermediary as per the Companies (E-Voting) Regulations, 2016 shall be deposited to the company at least Ten days before holding of general meeting at Plot No. 112-113, Block S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore-Pakistan or through email [corp.info@worldcall.pk](mailto:corp.info@worldcall.pk)
- iii) The proxy/e-voting form shall be witnessed by two persons whose names, addresses and CNIC members shall be mentioned on the form.
- iv) The company will arrange for e-voting if the company receives demand for poll from at least five members or by any member or members having not less than one tenth of the voting power.

**4. Audited Financial Statement Through Email:**

SECP through its Notification SRO 787 (I)/2014 dated 08 September 2014 has allowed circulation of Audited Financial Statements along with and notice which falls in the ambit of sections 50, 158 and 233 of the Companies Ordinance 1984. Therefore, all members who wish to receive soft copy of Annual Report and notices are requested to send their email addresses. The consent for electronic transmission to be updated on investor's information link of the Company's website: [www.worldcall.com.pk](http://www.worldcall.com.pk)

The Company shall, however, provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request. Members are requested to notify any change in their registered address if any, immediately.

The Company shall place the financial statements and reports on the Company's website: [www.worldcall.com.pk](http://www.worldcall.com.pk) at least twenty one (21) days prior to the date of the Annual General Meeting in terms of SRO 634 (I)/2014 dated 10 July 2014 issued by the SECP.

**5. Conversion of Physical Securities into Book Entry Form**

As per Section 72 of the Companies Act, 2017 every listed company is required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act, i.e., May 30, 2017. Further, vide its letter dated March 26, 2021, SECP has directed all the listed companies to pursue its shareholder for conversion of their physical securities into book entry form.

In light of the aforementioned directives, the Shareholders having physical shareholding are encouraged to open CDC account with CDS participant/CDC Investor Account Services and convert their existing physical securities into book entry form.

**6. Form for Video Conference Facility**

Members can also avail video conference facility in (Karachi, Lahore) In this regard please fill the following and submit to registered address of the Company 10 days before holding of general meeting.

If the company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the company will arrange video conference facility in that city subject to availability at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of World Call Telecom Limited, holder of \_\_\_\_\_ (Ordinary Share(s) as per Register Folio No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_

\_\_\_\_\_  
Signature of Member





## ورلڈ کال ٹیلی کام لمیٹڈ تیسواں نوٹس برائے سالانہ اجلاس عام

بذریعہ نوٹس بذراطلاع کیا جاتا ہے کہ ورلڈ کال ٹیلی کام لمیٹڈ کے حصص یافتگان کا تیسواں سالانہ اجلاس عام کمپنی کے رجسٹرڈ آفس، پلاٹ نمبر 112-113، بلاک ایس، قائد اعظم انڈسٹریل اسٹیٹ، کوٹ لکھپت، لاہور پر بروز اتوار 30 اپریل 2023 صبح 11:00 بجے منعقد ہوگا۔

### عام کاروبار:

- (1) 30 ستمبر 2022 کو منعقدہ گزشتہ سالانہ اجلاس عام کی کارروائی کی توثیق؛
- (2) 31 دسمبر 2022 کو ختم ہونے والے سال کے لئے کمپنی کے سالانہ آڈٹ شدہ اکاؤنٹس (اسٹیٹڈ انون اور مستحکم) کے ساتھ ڈائریکٹرز اور چیئرمین کی جائزہ رپورٹ اور اس کے ساتھ متعلقہ معاملات کی وصولی اور اس کا اطلاق۔
- (3) 31 دسمبر 2023 کو ختم ہونے والے سال کے لئے کمپنی کے آڈیٹڈ تقرر کرنا اور ان کے معاوضے کا تعین کرنا؛
- (4) چیئرمین کی اجازت سے کسی اور امر پر بحث کرنا۔

بجگم بورڈ آف ڈائریکٹرز

09 اپریل 2023

لاہور:

محمد ذکی منور

کمپنی سیکریٹری

گزارشات:

### (1) حصص منتقلی کی کتابوں کی بندش

کمپنی کی شیئر ٹرانسفرنسز 23 اپریل 2023 سے 30 اپریل 2023 تک بند رہیں گی (بشمول دونوں دن)۔ اس مدت کے دوران رجسٹریشن کے لئے کسی بھی منتقلی کو قبول نہیں کیا جائے گا۔ 22 اپریل 2023 کو کاروبار کے اختتام پر شیئر رجسٹر آفس میسرز THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پلاٹ نمبر C-32، جامع کمرشل اسٹریٹ 2، ڈی ایچ اے VII، کراچی 75500 میں تبادلہ وصول ہوگا۔ 22 اپریل 2023 کو دفتر کی اوقات ختم ہونے تک موصول ہونے والی منتقلیوں کو اجلاس میں شرکت اور ووٹ ڈالنے کے لئے بروقت تصور کیا جائے گا۔

### (2) سالانہ اجلاس عام میں شرکت:

مینگل میں شرکت کرنے اور ووٹ دینے کے حقدار تمام ممبران کو تحریری طور پر کسی دوسرے ممبر کو بطور پراسی مقرر کرنے کا حق حاصل ہے تاکہ وہ اپنی طرف سے شرکت کر سکیں اور ووٹ دیں۔ ایک کارپوریٹ ادارہ، ایک رکن ہونے کے ناطے، کسی بھی شخص کو، چاہے وہ ممبر ہو یا نہ ہو، اس کا پراسی مقرر کر سکتا ہے۔ کارپوریٹ اداروں کے معاملے میں، بورڈ آف ڈائریکٹرز/پاور آف اٹارنی کی ایک قرارداد جس میں کارپوریٹ ادارے کی جانب سے نمائندگی کرنے اور ووٹ دینے کے لیے نامزد شخص کے نمونے کے دستخط ہوں گے مکمل پراسی فارم کے ساتھ کمپنی کو جمع کرائے جائیں گے۔ پراسی ہولڈرز سے درخواست کی جاتی ہے کہ وہ اجلاس میں شرکت کے وقت اپنا شناختی کارڈ یا اصل پاسپورٹ پیش کریں۔ پراسی فارم کو دستخط شدہ مناسب طریقے سے پُر کر کے کمپنی کے رجسٹرڈ آفس پلاٹ نمبر 112-113، بلاک ایس، قائد اعظم انڈسٹریل اسٹیٹ، کوٹ لکھپت، لاہور پاکستان سے کم از کم 48 گھنٹے پہلے موصول ہونا چاہیے۔

### (3) ICDC کا وٹ ہولڈرز کے لیے گائیڈ لائنز:

سی ڈی سی میں اپنے حصص جمع کروانے والے ممبر کو درج ذیل میں دی گئی گائیڈ لائنز پر عمل کرنا ہوگا جیسا کہ سرکلر نمبر 01 جو کہ 26 جنوری 2000 کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے جاری کیا گیا ہے۔

#### (a) اجلاس میں حاضری کیلئے

(i) انفرادی صورت میں کھاتے دار یا ذیلی کھاتے دار اور/یا وہ افراد جن کے حصص گروپ اکاؤنٹ کی صورت میں ہیں۔ اور ان کی تفصیلات ریگولیشنز کے تحت اپ لوڈ کر دی گئی ہیں وہ اپنی شناخت کیلئے اپنا اصل کمپیوٹرز ڈیجیٹل شناختی کارڈ (CNIO) یا اصل پاسپورٹ اجلاس میں حاضری کے وقت پیش کریں گے۔

(ii) کارپوریٹ اتھٹیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد مختار نامہ مع نامزد فرد کے نمونے دستخط اجلاس میں حاضری کے وقت پیش کئے جائیں گے (اگر پہلے فراہم نہ کئے گئے ہوں)

#### (b) دوسرے اراکین کو پراسی کے طور پر مقرر کرنے کے لیے:

(i) افراد کے معاملے میں، اکاؤنٹ ہولڈرز یا ذیلی اکاؤنٹ ہولڈرز جن کی رجسٹریشن کی تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہیں، مندرجہ بالا ضروریات کے مطابق پراسی فارم جمع کرائیں گے۔



## CHAIRMAN'S REVIEW REPORT

Dear Shareholders,

I am pleased to present the annual report and audited financial statements of the Company for the year ended December 31, 2022. The key aspects for evaluation of Company's performance, its results and financial/ material highlights underlining the fiscal year have been thoroughly elaborated in the Director's report.

The Company has a diverse and competent Board of Directors which adheres to the Company's vision and mission with the ultimate goal of serving the interests of shareholders. The Board of Directors lead and guide the Company through strategic planning with a focus on minimizing risk and maximizing value. Our long term success is and will be driven by our relentless focus on recruiting and developing the most talented pool of human capital in our industry.

The Company maintains an unwavering commitment to governance and quality right across our business. It has implemented a strong governance framework that supports effective and prudent management, which is instrumental in achieving long-term success. The Board of Directors have reviewed the Annual Report and financial statements, which are fair, balanced and comprehensive. The Board has policies and procedures that ensure a professional corporate environment that promotes timely disclosure, accountability, high ethical standards, and compliance with applicable laws, regulations and corporate governance. During the year under review, the Board has effectively discharged its responsibility towards the Company and looked for ways to meet and exceed expectations of our stakeholders and enhance the quality of our work.

I would also applaud our Chief Executive Officer whose never say die attitude keeps us motivated and his resilience and entrusted leadership is an epitome of stability in Company despite all the economic uncertainty and business challenges.

The Board has formed three committees, the Audit Committee, Human Resource & Remuneration Committee and Executive Committee to review, deliberate and present their valuable recommendations as per their mandates. The members are adequately and appropriately placed in the respective Committees suited to their professional expertise and functional areas.

There isn't a more opportune time to extend my unfeigned gratitude towards Board, the management and our employees for concentrated efforts & in cognizance of their steadfastness and ingenuity.

I feel immense pride in knowing that people associated with WorldCall Telecom Limited have their hearts in the right place and they continue to challenge stereotypical benchmarks of success by walking the talk and showing what "Think Big" actually means by transcending borders through technology.

Lahore,  
Date: April 09, 2023

**Muhammad Shoab**  
Chairman, Board of Directors  
WorldCall Telecom Limited



## DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED DECEMBER 31, 2022

DEAR SHAREHOLDERS,

We are pleased to present the standalone and consolidated Financial Statements of WorldCall Telecom Limited for the year ended December 31, 2022.

### ECONOMIC OVERVIEW

2022 was challenging, to say the least, on a global level. The world, as we know, witnessed insurmountable hike in prices of perishable commodities and necessities. Being part of global economy, Pakistan also faced the same challenges and were compounded due to devastating floods in August 2022. Pakistan continues to face balance of payment situation in addition to that. With every passing day, policy change is anticipated as is evident from the new energy conservation regime wherein our fragile economy continues to struggle with multiple challenges. Ministerial directive during the year under review to federal departments for reduction in their energy consumption by 30% seemed a step in the right direction but vicious. Radical changes in macroeconomic policies are touted to be contributing primarily to the purported economic crisis we find ourselves in or at least made to believe and the insatiable statements from those on the helm of affairs have only made matters worse in blowing this equation out of proportion. Investors seem shaky and the ever spreading rumors wrt potential threat of default and not meeting the IMF bailout tranche release covenants have transpired in affecting the stocks market.

To sum up, the challenges faced after the exhaustive commentary above are manifold. Import bans translating to disruptions in supply chain, flood wreaking havoc in agriculturally rich parts of the country, telecom rules made more stringent and those on the helm devising policies averse to Foreign Direct Investment (FDI), continuing optimal equity injection in the telecom based companies to address innovative needs no longer a feasibility and overall macroeconomic environment not conducive to return based investments are to name a few. We long cherish foreign investment but on the other hand practically make it impossible to retain existing level of remittances and thoroughly discourage those living abroad to invest in our land through diabolical repatriation policies.

With heightened interest rates, funding working capital requirements and servicing debt has become a challenge for corporates. But all is not lost and history tends to repeat itself more often than not in our part of the globe wherein it suggests that we have come out brighter and stronger after every catastrophe and dilemma. Although the statement might not sound promising to the ears considering the tide of hyper-inflation we find ourselves in but there's silver lining to the clouds in the form of staff level agreement for next tranche under the IMF program seeming likely than not to come around eventually; just a matter of time.

### FINANCIAL PERFORMANCE REVIEW

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

#### WorldCall Telecom Limited – Standalone Financial Statements

Summary of financial results on standalone basis for the year ended December 31, 2022 is as follows:

Particulars	December 31, 2022	December 31, 2021
	Rs. in million	
Revenue - net	2,301	2,114
Direct Cost (Excluding Depreciation and Amortization)	(1,854)	(1,744)
Other Income	223	287
EBITDA	108	(91)
Depreciation and Amortization	(1,072)	(1,076)
Finance Cost	(379)	(303)
Profit / (Loss) after tax	(1,381)	(1,506)



The company has reported a net loss of Rs. 1,381 million for the year ended December 31, 2022 as compared to net loss of PKR 1,506 million in the year 2021. Line items mentioned hereinabove have remained static or impacted positively during the year under review which was anticipated and elaborated as such in our previous report. Revenue has witnessed an increase of PKR 187 M/ 9% and corresponding hike; more or less of 6% is reported in direct cost. As permanent feature, Long Distance & International (LDI) has done bulk of the earning and Broadband segment with the launch of FTTH Conversion lending added support/ comfort. EBITDA is positive which is highlight and major improvement from the comparative year. Increase in finance cost is primarily attributable to continual hike in base policy KIBOR/ LIBOR by the ace Bank to appease those in charge of IMF – Extended Fund Facility (EFF) Program.

## **WorldCall Telecom Limited – Consolidated Financial Statements**

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

## **DIVIDEND**

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

## **Earnings per Share**

The company recognized loss per share of Rupee 0.31 on a standalone basis. On a consolidated basis, the loss per share was Rs. 0.32.

## **FUTURE OUTLOOK**

Despite the traditional accounting approach, there's a pressing need to look beyond the figures and annotate financials in a rational/ entrepreneurial mindset which would give way to stark realization that despite reporting loss in the ongoing & previous fiscal year, this enterprise is actually growing both horizontally and vertically. Continuum of cash generation through conglomerate ventures and reinvesting the same in R & D, lucrative undervalued business endeavors and expansion/ upgradation of existing network/ infrastructure has reaped phenomenal results diluting the catastrophic aftereffects of pandemic materially. WorldCall stands resolute in its commitment to evolve into technology driven business enterprise and with the blessings of Almighty, MOUs with pioneers of the field are being entered into thereby synergizing capabilities and combining talent/ innovation with resources to stamp authority and exploring alternative streams of revenue along the way on existing infrastructure with minimal new capital expenditure.

## **WorldCall's Technology Transformation**

The captioned heading reflects the essence of where we are headed mapped with where we want to be; split in three broader segments of (1) Fiber to The Home planned deployment & penetration in urban areas (2) Blockchain deployment and (3) strategic alliance with World Mobile Group (WVG) by lending technological/ logistic support to them in their initiatives for the underprivileged nations around the globe namely “connect the unconnected” and broadband for all. Pivotal point which needs utmost emphasis is that our existing infrastructure is massive, ample and positioned in a way to fully augment and advance business segments mentioned hereinabove and our future technological roadmap. Our FTTH conversion project – Phase I commenced with Wapda Town wherein our success ratio was near perfect. This gave us immense boost to plan our next conversion area aggressively and Gulberg, Lahore was a testament to our pride earned. WorldCall being largest cable operator and awarded as such on multiple platforms, intends penetration in other digitally urban areas of Lahore i.e. DHA, Cantonment and in South subsequently. Further, as shown in past few years, our Parent Company, Worldcall Services (Pvt.) Ltd., while remaining true to its commitment for execution of WTL's technological transformation continually, is aggressively pursuing multiple monetization alternatives i.e. exploration of capital markets beyond Pakistan and has selected NASDAQ for its listing.



For blockchain deployment, in the initial phase, the authentication onboarding will be managed by the company, and smart contract development will be executed through in-house resources. On a conceptual plane, the Blockchain network deployed can be considered as a Blockchain-as-a-service, which can be utilized by business entities without any upfront investment in the blockchain infrastructure. This approach will allow businesses to focus on their core operations while utilizing the blockchain network to streamline their commercial transactions. In light of the foregoing, we believe that our blockchain network harbors immense potential to generate substantial value for our esteemed users and partners. We are ardently enthusiastic about introducing this pioneering solution to the market and cannot wait to witness its game-changing impact.

WTL's proven track record of rising from the ashes under the guided leadership of our resilient management ensures that we are here to stay and we have not only survived but thrived whichever adversity that has come our way.

## AUDITORS' REPORT

The External Auditors have given their unqualified opinion on the financial statements of the parent company, on standalone basis, for the year ended December 31, 2022 wherein they have given a 'Material Uncertainty relating to Going Concern' para on going concern indicating that the Company has accumulated losses of Rs. 15,167 million and current liabilities exceeds current assets by Rs. 6,051 million. These conditions, along with other factors like declining revenue and contingencies and commitments as mentioned in note 21 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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

## STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

- The financial statements for the year ended December 31, 2022 present fairly the state of affairs, the results of the operations, cash flow and changes in equity;
- Proper books of accounts have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended December 31, 2022 and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements;
- The systems of internal control are sound in design and has been effectively implemented and monitored;
- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations as on December 31, 2022;
- The key operating and financial data for last six years is given in this report;
- Information regarding outstanding taxes & levies / default is given in notes to the financial statements for the year ended December 31, 2022.

## BOARD OF DIRECTORS COMPOSITION

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



During the year under review, (02) meeting (s) of the Board of Directors were held from January 1, 2022 to December 31, 2022. The attendance of the Board members at the meetings was as follows:

<b>Board Composition</b>	<b>Attendance at Meetings</b>
<b><u>CHIEF EXECUTIVE OFFICER</u></b>	
Mr. Babar Ali Syed	2/2
<b><u>EXECUTIVE DIRECTOR</u></b>	
Mr. Muhammad Azhar Saeed	2/2
<b><u>NON-EXECUTIVE DIRECTORS</u></b>	
Mrs. Hina Babar	2/2
Mr. Tariq Hasan	2/2
Mr. Mansoor Ali	2/2
Mr. Faisal Ahmed	2/2
<b><u>INDEPENDENT DIRECTORS</u></b>	
Mr. Muhammad Shoaib (Chairman - Board)	2/2
Mr. Mubasher Lucman (Chairman - Audit Committee)	2/2

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

#### **DIRECTORS 'TRAINING**

Two of our Directors, Mr. Muhammad Azhar Saeed (CFO) and Mr. Mansoor Ali (Director) have already obtained the prescribed certifications under the Directors Training Program (DTP) in 2019. Further, in 2021, the Company arranged DTP for CEO, Mr. Babar Ali Syed, Chairman AC/ Independent Director, Mubasher Lucman and Non-Executive Director Mr. Faisal Ahmed. As per CCG guidelines reissued in September, 2019, all Board members were required to acquire the said certification which we expect to comply with in the ongoing year i.e. 2023. All Directors are fully conversant with their fiduciary duties and responsibilities being Directors and discharge those as such.

#### **BOARD COMMITTEES**

The Board has the following committees:

- Audit Committee
- Human Resource and Remuneration Committee
- Executive Committee

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

#### **Audit Committee**

Audit Committee comprises four members out of which three are non-executive directors and Chairman is Independent director in accordance with compliance to Code of Corporate Governance (CCG) 2019. Audit Committee meetings preceded each Board of Directors' meeting held to review financial statements during which audit reports, compliance with Code of Corporate Governance (CCG) requirements were reviewed by the committee members. These meetings also included meetings held with external auditors before and after completion of audit for the year ended December 31, 2022 and other statutory meetings as required by the Code of Corporate Governance (CCG). The composition of Audit Committee is as follows:



<b>Committee Composition</b>	<b>Designation</b>	<b>Attendance at Meetings</b>
Mr. Mubasher Lucman	Chairman	5
Mr. Faisal Ahmed	Member	5
Mr. Mansoor Ali	Member	5
Mrs. Hina Babar	Member	5

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

#### **Human Resource and Remuneration (HR & R) Committee**

Human Resource & Remuneration Committee consist of five members. Chairman of the HR & R Committee is an independent director in adherence to Code of Corporate Governance Guidelines issued on September 25, 2019. The Committee holds meetings to discuss the matters falling under its ambit generally and terms of reference specifically. One meeting was held during the year on August 31, 2022 which was attended by all the members as follows:

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

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

#### **Executive Committee (EC)**

Executive Committee consists of four members. The Committee holds meetings to discuss the matters falling under its Terms of Reference. One meeting was held during the period on December 26, 2022 for deliberation on size of the Board to be reconstituted upon "Election of Directors" when existing term expires on May 30, 2023 and Board Composition in light of ideal governance practices. Following are the details about existing members.

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



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

## AUDITORS

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

## HOLDING COMPANY

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

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

## CHAIRMAN'S REVIEW

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

## PATTERN OF SHAREHOLDING

The pattern of shareholding as on December 31, 2022 and its disclosure as required by the Act and Code of Corporate Governance is annexed with this report.

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

## COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in their Listing Regulations relevant for the year ended December 31, 2022 have been adopted by the Company and have been duly complied with. A statement of this fact is annexed to the report.

## MATERIAL CHANGES

There have been no material changes since year end December 31, 2021 till date of the report except as disclosed in this annual report and the company has not entered into any commitment which would affect its financial position at the date except for those mentioned in audited financial statements of the company for the year ended December 31, 2022.

## STATUTORY COMPLIANCE

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

## CODE OF CONDUCT

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



## RELATED PARTY TRANSACTIONS

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

## WEB PRESENCE

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

## CORPORATE SOCIAL RESPONSIBILITY

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

## HEALTH AND SAFETY ENVIRONMENT

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

## EMPLOYEE OF THE MONTH AWARDS

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

## ACKNOWLEDGEMENT

The Board of Directors hereby extend their heartfelt gratitude for unwavering loyalty of their customers, contractors and stakeholders. We also deeply acknowledge; how much vigor and passion our employees/ management put in to maintain and improve on the elevated standards we have set for ourselves.

It is high time that we clap in awe of those who remain obscured behind multiple veils of cumbersome assignments and stand tall in the face of any and every challenge without demanding recognition for the same. Our team is supremely blessed to possess abundant human capital who know giving; whether they are respected, appreciated, acknowledged or loved for that matter. We position our center of success on these immaculate selfless individuals and they always find new ways to cultivate inspiration in dire circumstances through their consistent brilliance.

Members of the Board deeply acknowledge the pivotal role played by Audit, Human Resource and Executive Committees in setting this exciting enterprise; straight on the path of ideal governance practices while growing exponentially.

**For and on behalf of the Board of Directors**

**Babar Ali Syed**  
Chief Executive Officer

Lahore, Pakistan  
April 09, 2023



## قانونی تعمیل

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

## ضابطہ اخلاق

بورڈ نے کوڈ آف کنڈکٹ کو ایک فریم ورک کے طور پر اپنایا ہے تاکہ اندرونی لین دین اور صارفین، سپلائرز، ریگولیٹرز اور دیگر اسٹیک ہولڈرز کے ساتھ معاملات میں درست اور اخلاقی رویے کو ظاہر کیا جاسکے۔ بورڈ نے معاون پالیسیوں اور طریقہ کار کے ساتھ کوڈ کو پوری کمپنی میں پھیلانے کے لیے اقدامات کیے ہیں جبکہ یہ کوڈ ملازم کے ویب پورٹل پر بھی دستیاب ہے۔

## متعلقہ پارٹی لین دین

متعلقہ فریقوں کے ساتھ تمام لین دین بشمول قیمتوں کا تعین کرنے والی پالیسیاں جو آڈٹ کمیٹی کی سفارشات پر لاگو ہوتی ہیں اور جیسا کہ اس پر سالانہ آڈٹ شدہ مالیاتی گوشواروں کے نوٹس میں ظاہر کیا گیا ہے۔ بورڈ کی طرف سے جائزہ لیا اور منظور کیا جاتا ہے۔

## ویب کی موجودگی

کمپنی کے بارے میں تازہ ترین معلومات کمپنی کی ویب سائٹ [www.worldcall.com.pk](http://www.worldcall.com.pk) پر حاصل کی جاسکتی ہیں۔ ویب سائٹ کمپنی کے پروفائل کے ساتھ کمپنی کے تازہ ترین مالیاتی نتائج پر مشتمل ہے۔ اپنے صارفین کی سہولت کے لیے، کمپنی کے پاس اپنی تجارتی ویب سائٹ [www.worldcall.net.pk](http://www.worldcall.net.pk) بھی ہے جس میں کمپنی کی جانب سے پیش کردہ پروڈکٹ اور خدمات کے بارے میں معلومات شامل ہیں جن میں جاری کاروباری پیشرفت کو فوری طور پر پھیلا نا بھی شامل ہے۔

## کارپوریٹ سماجی ذمہ داری

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

## صحت اور حفاظتی ماحول

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

## مہینے کے بہترین ملازم کا ایوارڈ

کمپنی اس بات کو یقینی بنانے کے لیے پرعزم ہے کہ اعلیٰ کارنامے انجام دینے والے اعلیٰ افسران کے مکمل اطمینان اور کمپنی کی خوشحالی کے ساتھ عزت و احترام کے ساتھ برتاؤ کیا جائے اور ان کی حوصلہ افزائی کی جائے۔ ہم ملازمین کے ساتھ طویل مدتی رفاقت پر یقین رکھتے ہیں اور ان کے KPIs کی کامیاب تکمیل پر غیر معمولی کوششوں کا معقول صلہ دیتے ہیں۔ پچھلے کچھ سالوں سے یہ ایک باقاعدہ ماہانہ خصوصیت رہی ہے کہ ایسے ملازمین کو ایوارڈ/مالی فوائد فراہم کیے جائیں جو نمایاں ہیں۔

## اعتراف

بورڈ آف ڈائریکٹرز اپنے وفادار صارفین، ٹھیکیداروں، اور اسٹیک ہولڈرز کا ان کی غیر متزلزل حمایت کا شکر ادا کرتا چاہے گا۔ ہم اعلیٰ معیار کو برقرار رکھنے اور بہتر بنانے میں اپنے ملازمین اور انتظامی ٹیم کی محنت اور لگن کو کبھی تسلیم کرتے ہیں۔

ہم ان لوگوں کو بچکان دینا چاہتے ہیں جو پردے کے پیچھے محنت کرتے ہیں اور تعریف کی توقع کیے بغیر چیلنجز کا سامنا کرتے ہیں۔ ہماری ٹیم خوش قسمت ہے کہ بہت سے بے لوث افراد ہیں جو اپنا سب کچھ دیتے ہیں، قطع نظر اس کے کہ ان کی بچکان ہو یا تعریف کی جائے۔ یہ افراد ہماری کامیابی کی کلید ہیں اور مشکل وقت میں ہمیشہ ہماری حوصلہ افزائی کرتے ہیں۔

بورڈ آڈٹ، ہیومن ریسورس، اور ایگزیکٹو کمیٹیوں کا ہماری کمپنی کے گورننس کے طریقوں کو ترتیب دینے اور ہماری ترقی میں مدد کرنے کے لیے ان کے اہم کردار کے لیے شکر ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کے لئے اور اس کی طرف سے

Babur Ahmad

بابر علی سید

چیف ایگزیکٹو آفیسر

لاہور، پاکستان

109 اپریل 2023

(نوٹ:- آڈیٹ میں کسی اہم کی صورت میں انگریزی متن کو ترجیح دی جائے۔)



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

### ایگزیکٹو کمیٹی (EC)

ایگزیکٹو کمیٹی چار اراکان پر مشتمل ہے۔ کمیٹی اپنے ٹرمز آف ریفرنس کے تحت آنے والے معاملات پر بات کرنے کے لیے اجلاس منعقد کرتی ہے۔ 26 دسمبر 2022 کی مدت کے دوران ایک میٹنگ منعقد کی گئی تھی جس میں بورڈ کے سائز پر غور و خوض کیا گیا تھا جس میں موجودہ مدت 30 مئی 2023 کو ختم ہونے پر "ڈائریکٹرز کے انتخاب" پر دوبارہ تشکیل دی جانے کی اور مثالی حکمرانی کے طریقوں کی روشنی میں بورڈ کی تشکیل۔ موجودہ اراکین کے بارے میں تفصیلات درج ذیل ہیں۔

کمیٹی کی پیشکش	مہمہ
جناب محمد شعیب	چیئر مین
جناب بابر علی سید	سی ای او
جناب محمد ظہیر سعید	ممبر
جناب فیصل احمد	ممبر

کمیٹی کو فعال حکمرانی کے کام سونپے گئے ہیں، بورڈ کی مدد کے لیے کمیٹی کی کارکردگی کا جائزہ لینا اور کاروباری منصوبوں اور بجٹ کا جائزہ لینا اور منظور کرنا، بورڈ کی طرف سے منظور شدہ کمیٹی کے اسٹریٹجک ارادے کی کامیابیوں کی پیروی کرنا، سرمایہ کاری کا جائزہ لینا اور تجویز کرنا، تجاویز، قلیل مدتی اور طویل مدتی دونوں طرح کے مالیاتی اختیارات کی منظوری کے لیے سفارش کریں، بورڈ کی طرف سے اختیار کردہ انتظامی اور کنٹرول پالیسیوں کی پابندی کو یقینی بنانے اور ان کی تعمیل کی نگرانی کریں۔ کمیٹی بورڈ کی جانب سے دیگر فرآیند کے علاوہ جب بورڈ آف ڈائریکٹرز کے اجلاس میں نہ ہونے والی نوعمیت کے معاملات سے نمٹنے کے لیے بھی ذمہ دار ہے۔

### آڈیٹرز

انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوائٹی کنٹرول ریویو پروگرام کے تحت آڈیٹرز میسرز طارق عبدالغنی مقبول اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی درجہ بندی تسلی بخش ہے اور کوڈ آف اکاؤنٹنٹس پرائیویٹ لیڈر شپ آف اکاؤنٹنٹس (IFAC) کے رہنما اصولوں کی تعمیل ہے۔ اخلاقیات، جیسا کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان نے اپنایا ہے۔ ان کے پاس آڈٹ اور سائبر بورڈ (AOB) سے تسلی بخش درجہ بندی ہے۔ موجودہ آڈیٹرز، طارق عبدالغنی مقبول اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہونے اور اہل ہونے کے بعد، خود کو دوبارہ تفری کے لیے پیش کرتے ہیں۔

### ہولڈنگ کمیٹی

ورلڈ کال ٹیلی کام لیمیٹڈ جو کہ ورلڈ کال سروسز (پرائیویٹ) لیمیٹڈ (ہنر بینٹ کمیٹی) کا ذیلی ادارہ ہے۔ ہولڈنگ کمیٹی ورلڈ کال ٹیلی کام لیمیٹڈ کے اکثریتی حصص کی مالک ہے۔ ورلڈ کال سروسز پاکستان میں ایک پرائیویٹ لیمیٹڈ کمیٹی ہے جسکی میٹرز ایکٹ 2017 کے تحت شامل کیا گیا ہے۔ کمیٹی کے مقاصد میں پھون سروسز فراہم کرنے کے کاروبار کو جاری رکھنا اور پاکستان میں مواصلاتی خدمات سے آمدنی پیدا کرنا شامل ہے۔

### چیئر مین کا جائزہ

چیئر مین کا جائزہ کمیٹی کی سال بھر کی کارکردگی اور مستقبل کے نقطہ نظر کا اندرونی خلاصہ فراہم کرتا ہے۔ کمیٹی کے ڈائریکٹرز جائزے کے مواد کی توثیق کرتے ہیں۔

### شیئر ہولڈنگ کا پیٹرن

31 دسمبر 2022 تک شیئر ہولڈنگ کا پیٹرن اور اس کا انکشاف جیسا کہ ایکٹ اور کوڈ آف کارپوریٹ گورننس کی ضرورت ہے اس رپورٹ کے ساتھ منسلک ہے۔ زیر جائزہ سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر، کمیٹی سکرٹری، چیف فنانشل آفیسر، چیف انٹرنل آڈیٹر، چیف آپرینٹنگ آفیسر اور ان کے شریک حیات یا نالغ بچوں کے ذریعے کمیٹی کے شیئرز کی فروخت یا خریداری کا کوئی دوسرا لین دین نہیں ہوا، ماسوائے اس کے کہ شیئر ہولڈنگ کے پیٹرن میں دیا گیا ہے۔

### کوڈ آف کارپوریٹ گورننس کے ساتھ تعمیل

پاکستان اسٹاک ایکسچینج کی جانب سے 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے متعلقہ فہرست سازی کے ضوابط میں وضع کردہ ضابطہ کارپوریٹ گورننس کے تقاضوں کو کمیٹی نے اپنایا ہے اور ان کی مناسب تعمیل کی گئی ہے۔ اس حقیقت کا بیان رپورٹ کے ساتھ منسلک ہے۔

### مادی تبدیلیاں

سال کے آخر 31 دسمبر 2021 سے رپورٹ کی تاریخ تک کوئی مادی تبدیلیاں نہیں ہوئی ہیں سوائے اس سالانہ رپورٹ کے جس کا انکشاف کیا گیا ہے اور کمیٹی نے کوئی ایسا عہد نہیں کیا ہے جس سے اس تاریخ پر اس کی مالی حالت متاثر ہوتی ہو ماسوائے آڈٹ شدہ مالیاتی میں مذکور کے 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے کمیٹی کے بیانات۔



کمپنی کی انتظامیہ نے غیر ایگزیکٹو اور آزاد ایگزیکٹوز کے معاوضے کے تعین کے لیے ایک منصفانہ اور شفاف پالیسی وضع کی ہے۔ معاوضے اسی کے لیے صنعت میں مروجہ پیکجز، متعلقہ تجربے، تعلیمی پس منظر، تکنیکی ذہانت، کمپنی کے اسٹریٹجک وژن کے لیے قابل قدر ان پٹ اور کمپنی کو اس کے مقرر کردہ اہداف کی تکمیل کی طرف لے جانے کے لیے مستقبل کی بصیرت کو مد نظر رکھتے ہوئے مقرر کیے جا رہے ہیں۔

### ڈائریکٹرز ٹریڈ پروگرام

ہمارے دو ڈائریکٹرز، جناب محمد اطہر سعید (سی ایف او) اور جناب منصور علی (ڈائریکٹر) نے پہلے ہی 2019 میں ڈائریکٹرز ٹریڈنگ پروگرام (DTP) کے تحت مقررہ سرٹیفیکیشن حاصل کر لیے ہیں۔ مزید یہ کہ 2021 میں، کمپنی نے CEO کے لیے DTP کا انتظام کیا، جناب بابر علی سید، چیئر مین اے سی / انڈیپنڈنٹ ڈائریکٹر، بشیر لقمان اور نان ایگزیکٹو ڈائریکٹر فیصل احمد۔ ستمبر 2019 میں دوبارہ جاری کردہ CCG کے مطابق، بورڈ کے تمام اراکین کو مذکورہ سرٹیفیکیشن حاصل کرنے کی ضرورت تھی، جس کی ہم جاریہ سال یعنی 2023 میں تکمیل کرنے کی توقع رکھتے ہیں۔

بورڈ کی مندرجہ ذیل کمیٹیاں ہیں:

- آڈٹ کمیٹی
- ہیومن ریسورس اینڈ ریموڈیشن کمیٹی
- ایگزیکٹو کمیٹی

ان کمیٹیوں کے ذریعے، بورڈ کا دوبارہ کچھ اہم شعبوں اور سی ای او کی کارکردگی کی تفصیلی نگرانی فراہم کرتا ہے۔ بورڈ باقاعدگی سے ان کمیٹیوں کے متعلقہ چارٹرز اور مز آف ریفرنسز (ٹی او آر) کا جائزہ لیتا ہے۔

### آڈٹ کمیٹی

آڈٹ کمیٹی چار اراکین پر مشتمل ہے جن میں سے تین نان ایگزیکٹو ڈائریکٹر ہیں اور کوڈ آف کارپوریٹ گورننس (CCG) 2019 کی تعمیل کے مطابق چیئر مین آزاد ایگزیکٹر ہے۔ کمیٹی کے اراکین کے ذریعہ آڈٹ رپورٹس، کوڈ آف کارپوریٹ گورننس (CCG) کی ضروریات کی تعمیل کا جائزہ لیا گیا۔ ان میٹنگوں میں 31 دسمبر 2022 کو ختم ہونے والے سال کے آڈٹ کی تکمیل سے پہلے اور بعد میں بیرونی آڈیٹرز کے ساتھ ہونے والی میٹنگیں اور کوڈ آف کارپوریٹ گورننس (CCG) کے مطابق دیگر قانونی میٹنگیں بھی شامل تھیں۔ آڈٹ کمیٹی کی تفصیل حسب ذیل ہے:

کمیٹی کیپوریشن	عہدہ	حاضریوں کی تعداد
جناب بشیر لقمان	چیئر مین	5
جناب فیصل احمد	ممبر	5
جناب منصور علی	ممبر	5
مسز حنا بابر	ممبر	5

آڈٹ کمیٹی بورڈ کے منظور شدہ ٹی او آر (TOR) کے تحت کام کرتی ہے۔ آڈٹ کمیٹی کے ٹی او آر ایس ای سی پی کے جاری کردہ کوڈ آف کارپوریٹ گورننس کے تقاضوں کو پورا کرتے ہیں اور اس میں بہترین طرز عمل کے تقاضے شامل ہیں۔ کمیٹی بیرونی آڈیٹرز کی تقرری کی سفارش، آڈٹ کے کام کی ہدایت اور نگرانی اور آڈٹ کے عمل کی مناسبت اور معیار کا جائزہ لینے کے لیے بورڈ کے سامنے جوابدہ ہے۔ کمیٹی اندرونی آڈٹ ڈپارٹمنٹ کی کارکردگی پر بھی نظر رکھتی ہے جو قیمت میں اضافے اور کمپنی کے کاموں کو بہتر بنانے کے لیے یقین دہانی اور مشاورتی اسٹیمٹس کی منصوبہ بندی اور عمل درآمد کے لیے خطرے پر مبنی نقطہ نظر اپناتا ہے۔ مزید کمیٹی اس بات کو یقینی بناتی ہے کہ کمیٹی کے پاس ایک موثر اندرونی کنٹرول فریم ورک ہے۔ ان کنٹرولز کے مقاصد میں اثاثوں کی حفاظت، قانون سازی کے مطابق اکاؤنٹنگ کے مناسب ریکارڈ کو برقرار رکھنا، مالی معلومات کی شوشنیت اور آڈیٹرز کی کارکردگی اور حساسیت کو یقینی بنانا شامل ہے۔ چیف انٹرنل آڈیٹر براہ راست آڈٹ کمیٹی کے چیئر مین کو رپورٹ کرتا ہے۔

### ہیومن ریسورس اینڈ ریموڈیشن کمیٹی (HR&R)

انسانی وسائل اور معاوضہ کمیٹی پانچ اراکان پر مشتمل ہے۔ HR&R کمیٹی کے چیئر مین 25 ستمبر 2019 کو جاری کردہ کوڈ آف کارپوریٹ گورننس گائیڈ لائنز کی تعمیل میں ایک خود مختار ڈائریکٹر ہیں۔ کمیٹی عام طور پر اپنے دائرہ کار میں آنے والے معاملات اور خاص طور پر حوالہ جات کی شرائط پر تبادلہ خیال کرنے کے لیے اجلاس منعقد کرتی ہے۔ سال کے دوران ایک میٹنگ 31 اگست 2022 کو ہوئی جس میں تمام ممبران نے شرکت کی:

کمیٹی کیپوریشن	عہدہ
جناب محمد شعیب	چیئر مین
جناب بابر علی سید	سی ای او
جناب محمد اطہر سعید	ممبر
مسز حنا بابر	ممبر
جناب منصور علی	ممبر



## آڈیٹرز کی رپورٹ

بیرونی آڈیٹرز نے 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے اسٹینڈ الون بنیاد پر پیرنٹ کمپنی کے مالیاتی گوشواروں پر اپنی نا اہل رائے دی ہے جس میں انہوں نے گونگ کنسرن سے متعلق مادی غیر یقینی صورتحال کا پیرا دیا ہے جو اس بات کی نشاندہی کرتا ہے کہ کمپنی کو 15,167 ملین روپے کا نقصان ہوا ہے۔ اور موجودہ واجبات موجودہ اثاثوں سے 6,051 ملین روپے سے زیادہ ہیں۔ یہ حالات، آمدنی میں کمی اور ہنگامی حالات، جیسا کہ نوٹ 21 میں مالیاتی گوشواروں کا ذکر کیا گیا ہے، ایک مادی غیر یقینی صورتحال کی موجودگی کی نشاندہی کرتی ہے جو کمپنی کی جاری توثیق کے طور پر جاری رکھنے کی صلاحیت کے بارے میں اہم شکوک پیدا کر سکتی ہے۔

تاہم کمپنی کی انتظامیہ نے کمپنی کے بارے میں توثیق کا جائزہ لیا ہے اور اس کا خیال ہے کہ ان مالیاتی گوشواروں کی تیاری کے لیے استعمال ہونے والی توثیق کا اندازہ مناسب ہے۔

## کارپورٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان

پاکستان اسٹاک ایکسچینج کی فہرست سازی کے ضوابط کی تعمیل میں، بورڈ کے اراکین درج ذیل بیانات کو ریکارڈ پر رکھتے ہوئے خوش ہیں:

- 31 دسمبر 2022 کو ختم ہونے والے سال کے مالی بیانات کا فی حد تک معاملات کی حالت، آپریشنز کے نتائج، بحش فلو اور ایکویٹی میں تبدیلیاں پیش کرتے ہیں۔
- کھاتوں کی مناسب کتابیں برقرار رکھی گئی ہیں۔
- 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS)، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالی بیانات کی تیاری میں بیرونی کی گئی ہے۔
- اندرونی کنٹرول کے نظام ڈیزائن کے لحاظ سے درست ہیں اور ان پر مؤثر طریقے سے عمل درآمد اور نگرانی کی گئی ہے۔
- کارپورٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے، جیسا کہ 31 دسمبر 2022 کو فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔
- اس رپورٹ میں پچھلے چھ سالوں کا اہم آپریٹنگ اور مالیاتی ڈیٹا دیا گیا ہے۔
- بقایا ٹیکس اور لیویز/ڈیفالٹ کے بارے میں معلومات 31 دسمبر 2022 کو ختم ہونے والے سال کے مالیاتی گوشواروں میں دی گئی ہیں۔

## بورڈ آف ڈائریکٹرز کی تشکیل

فی الحال بورڈ میں ہمارے چیف ایگزیکٹو آفسر (سی ای او) جناب بابر علی سید کو چھوڑ کر سات ڈائریکٹرز شامل ہیں۔ ان سب کے پاس متنوع تجربہ اور ممتاز مہارت ہے جو اسٹیک ہولڈرز اور کمپنی کے ذاتی مفادات کی حفاظت کے لیے صنعت کی مخصوص بنیادی صلاحیتوں کے ساتھ ہے۔ ان میں سے دو ڈائریکٹرز کو ڈی آف کارپورٹ گورننس میں طے شدہ معیار کے مطابق آزاد ہیں۔

زیر نظر سال کے دوران، یکم جنوری 2022 سے 31 دسمبر 2022 تک بورڈ آف ڈائریکٹرز کے (02) اجلاس منعقد ہوئے۔ اجلاسوں میں بورڈ کے اراکین کی حاضری حسب ذیل تھی:

بورڈ ممبر	حاضر ہونے کی تعداد
<b>چیف ایگزیکٹو آفسر</b>	
جناب بابر علی سید	2/2
<b>ایگزیکٹو ڈائریکٹرز</b>	
جناب محمد طاہر سعید	2/2
<b>نان ایگزیکٹو ڈائریکٹرز</b>	
مسز حنا باہر	2/2
جناب طارق حسن	2/2
جناب منصور علی	2/2
جناب فیصل احمد	2/2
<b>آزاد ڈائریکٹرز</b>	
جناب محمد شعیب (چیئر مین - بورڈ)	2/2
جناب بشیر لقمان (چیئر مین - آڈٹ کمیٹی)	2/2



## ورلڈ کال ٹیلی کام لمیٹڈ - سیکھائی بیانات

کنسلوٹیڈ فنانشل سٹیٹمنٹس روتھ 1 ڈیجیٹل (پرائیویٹ) لمیٹڈ (سپیڈ ری کینی) کے ساتھ مل کر ورلڈ کال ٹیلی کام لمیٹڈ (بیزنس کینی) کے مالی نتائج پر مشتمل ہیں۔ روتھ 1 ڈیجیٹل ایک پرائیویٹ لمیٹڈ کینی ہے جسے پاکستان میں 21 دسمبر 2016 کو ریجسٹرڈ اینڈ اینس، 1984 (اسپیڈ ری ایکٹ، 2017) کے تحت شامل کیا گیا تھا۔ بنیادی کاروبار تمام نقل و حمل کی خدمات کا کاروبار کرنا، موبائل فون کی نقل و حمل کو کسی دوسرے یا دوسرے کے ساتھ بانٹنا، اور انفارمیشن ٹیکنالوجی، سافٹ ویئر ڈویلپمنٹ اور اس سے متعلق تمام سرگرمیوں کے شعبے میں مشاورت کرنا ہے۔ ذیلی ادارہ پاکستان میں مقیم ہے اور اس کا رجسٹرڈ دفتر اور کاروبار کی اصل جگہ پلاٹ #112-113، بلاک-ایس، کوٹ کھپت، لاہور میں واقع ہے۔

## ڈیویڈنڈ

کیش فلو کی صورت حال اور توسیع کے منصوبوں پر غور و خوض کے بعد ڈیویڈنڈز نے اس سال کسی بھی الاؤنس یا یونٹس شیئرز کی سفارش نہیں کی ہے۔

## فیحصہ آمدنی

کینی نے انفرادی طور پر فیحصہ 0.31 روپے کا نقصان حاصل کیا اور مجموعی طور پر فیحصہ نقصان کا تخمینہ 0.32 روپے تھا۔

## مستقبل کا نقطہ نظر

روایتی اکاؤنٹنگ نقطہ نظر کے باوجود، اعداد و شمار سے باہر دیکھنا اور کاروباری نقطہ نظر سے مالی بیانات کو دیکھنا ضروری ہے۔ اس سے ہمیں یہ سمجھنے میں مدد ملتی ہے کہ اگرچہ ہم نے موجودہ اور پچھلے مالی سالوں میں نقصانات کی اطلاع دی تھی، لیکن ہمارا کاروبار رفتی اور عمومی طور پر پچھل رہا ہے۔ ہم مختلف اجتماعی منصوبوں کے ذریعے کیش فلو پیدا کرنے، تحقیق اور رفتی میں سرمایہ کاری، کم قیمت والے کاروباری مواقع کی تلاش، اور اپنے موجودہ نیٹ ورک اور انفراسٹرکچر کو اپ گریڈ کرنے میں کامیاب رہے ہیں۔ ان کوششوں سے ہمیں وبائی امراض کے منفی اثرات پر قابو پانے میں مدد ملی ہے۔ ورلڈ کال ٹیکنالوجی سے چلنے والا کاروبار ی ادارہ بننے کے لیے پرعزم ہے اور ہمارے وسائل اور صلاحیتوں کو یکجا کرنے اور کم سے کم سرمائے کے اخراجات کے ساتھ متبادل آمدنی کے سلسلے کو تلاش کرنے کے لیے MOUs کے ذریعے صنعت کے علمبرداروں کے ساتھ تعاون کر رہا ہے۔

## ورلڈ کال کی ٹیکنالوجی کی تبدیلی

اس سیکشن کا عنوان ہمارے وژن کے مرکزی نمائندگی کرتا ہے، جس راستے کو ہم اپنی منزل تک پہنچنے کے لیے لے رہے ہیں اور اگر کرتا ہے۔ اسے تین اہم حصوں میں تقسیم کیا گیا ہے: (1) شہری علاقوں میں گھر تک فائبر کی منصوبہ بندی اور رسائی، (2) بلاک چین کی تعیناتی، اور (3) ورلڈ مو بائل گروپ (WBG) کے ساتھ اسٹریٹجک شراکت داری، انہیں تکنیکی اور لاجسٹک فراہم کرنا۔ غیر منسلک افراد کو جوڑنے اور دنیا بھر کے پسماندہ ممالک کو براڈ بینڈ فراہم کرنے کی ان کی کوششوں میں تعاون۔ اس بات پر زور دینا ضروری ہے کہ ہمارا موجودہ انفراسٹرکچر بہت بڑا، وسیع اور پوزیشن میں ہے تاکہ اوپر بیان کیے گئے کاروباری حصوں کے ساتھ ساتھ ہمارے مستقبل کے تکنیکی روڈ میپ کو مکمل سپورٹ اور آگے بڑھایا جاسکے۔

ہمارا FTTH کنورژن پروجیکٹ - پہلا مرحلہ اپڈائٹن سے شروع ہوا اور ہماری کامیابی کا تناسب بالکل درست تھا۔ ورلڈ کال پہلا کیبل آپریٹر ہے جسے تمام پلیٹ فارمز اور دیگر ڈیجیٹل شہری علاقوں جیسے ڈی ایچ اے، کنٹونمنٹ اور جنوبی لاہور پر نوازا گیا۔ ہماری بنیادی کینی، ورلڈ کال سروسز (پرائیویٹ) لمیٹڈ نے ڈیویڈنڈ ایل کی تکنیکی تبدیلی کے لیے اپنی وابستگی کو برقرار رکھا ہے، مینجمنٹ کے مختلف متبادلات کی پیروی کی ہے اور کیمپنل مارکیٹوں کی تلاش کے لیے پاکستان کے بجائے NASDAQ کا انتخاب کیا ہے۔

بلاک چین ٹیکنالوجی کی تعیناتی کے آغاز میں، ہماری کینی صارفین کو محفوظ طریقے سے اس تک رسائی کی اجازت دینے کے عمل کو سنبھالے گی۔ ہم اپنے وسائل کا استعمال کرتے ہوئے ضروری سمارٹ معاہدے بھی بنائیں گے۔ ہمارا مقصد بلاک چین کو دوسرے کاروباروں کو بطور سروس دستیاب کرانا ہے، ان کے لیے انفراسٹرکچر میں سرمایہ کاری کے بغیر۔ ایسا کرنے سے، کاروبار اپنے لین دین کو ہموار بنانے کے لیے بلاک چین نیٹ ورک کا استعمال کرتے ہوئے اپنے اہم کام پر توجہ مرکوز کر سکتے ہیں۔ ہمیں یقین ہے کہ ہمارے بلاک چین نیٹ ورک میں ہمارے صارفین اور شراکت داروں کو قدر فراہم کرنے کی بہت زیادہ صلاحیت ہے، اور ہم اسے مارکیٹ میں متعارف کرانے کے لیے پرعزم ہیں۔

WTL نے باضی میں چینلر کا سامنا کیا ہے، لیکن ہماری مضبوط قیادت کی ٹیم نے ان پر قابو پانے اور مزید کامیاب ہونے میں ہماری مدد کی ہے۔ ہم طویل مدت تک کاروبار میں رہنے کے لیے پرعزم ہیں، چاہے ہمیں کسی بھی چیلنج کا سامنا ہو۔



## ورلڈ کال ٹیلی کام لمیٹڈ

شیر ہولڈرز کوڈ ازیکٹرز کی رپورٹ  
31 دسمبر 2022 کو ختم ہونے والے سال کے لیے  
محترم شیر ہولڈرز،  
ہمیں 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے ورلڈ کال ٹیلی کام لمیٹڈ کے اسٹیٹمنٹ اسکیلے اور کیجا مالی بیانات پیش کرتے ہوئے خوشی ہو رہی ہے۔

### اقتصادی جائزہ

2022 عالمی سطح پر چیلنجنگ تھا۔ جیسا کہ ہم جانتے ہیں، دنیا نے ایشیا، اوسط درجے کی قیمتوں میں ناقابل تخیل اضافہ دیکھا ہے۔ عالمی معیشت کا حصہ ہونے کے ناطے، پاکستان کو بھی انہی چیلنجوں کا سامنا کرنا پڑا اور اگست 2022 میں تباہ کن سیلاب کی وجہ سے اس میں مزید اضافہ ہوا۔ ہرگزرتے دن کے ساتھ، پالیسی میں تبدیلی متوقع ہے جیسا کہ توانائی کے تحفظ کے نئے نظام سے ظاہر ہوتا ہے جس میں ہماری کمزور معیشت متعدد چیلنجوں سے نبرد آزما ہے۔ سال کے دوران وفاقی محکموں کو ان کی توانائی کی کھپت میں 30 فیصد کمی کے لیے وزارتی ہدایت درست سمت میں ایک قدم تھا۔ ٹیکرواکنامک پالیسیوں میں بنیادی تہذیبیاں بنیادی طور پر اس متوقع معاشی بحران میں حصہ ڈال رہی ہیں جس میں ہم خود کو پاتے ہیں یا کم از کم اس پر یقین کرتے ہیں اور ان معاملات کے غیر تسلی بخش بیانات نے معاملات کو مزید خراب کیا ہے۔ سرمایہ کار متنازل دکھائی دیتے ہیں اور ڈیفالٹ کے ممکنہ خطرے اور IMF کے تیل آؤٹ کی قسط کے اجراء کے معاہدوں پر پورا نہ اترنے کی افواہوں نے اسٹاک مارکیٹ کو متاثر کیا ہے۔

خلاصہ یہ کہ مندرجہ بالا مکمل تفسیر کے بعد درپیش چیلنجنگی گنا ہیں۔ درآمدی پابندیاں جو سپلائی چین میں رکاوٹوں ہیں، ملک کے زرعی حصوں میں سیلاب سے تباہی پھیلی ہے، ٹیلی کام کے قوانین کو مزید سخت بنا دیا گیا ہے اور وہ پالیسیاں جو براہ راست غیر ملکی سرمایہ کاری (FDI) کے خلاف ہیں، ٹیلی کام پر مبنی کمپنیوں میں زیادہ سے زیادہ ایکویٹی انجکشن جاری رکھنا۔ ضروریات کو پورا کرنے کے لیے اب کوئی فرہنگی نہیں ہے اور مجموعی طور پر معاشی ماحول جو کہ سرمایہ کاری کے لیے سازگار نہیں ہے، چند ایک کے نام درج ہیں۔ ہم طویل عرصے سے غیر ملکی سرمایہ کاری کو پسند کرتے ہیں لیکن دوسری طرف عملی طور پر ترسیلات کی موجودہ سطح کو برقرار رکھنا ناممکن بنا دیتے ہیں اور بیرون ملک مقیم افراد کو پالیسیوں کے ذریعے ہماری زمین میں سرمایہ کاری کرنے کی مکمل حوصلہ شکنی کرتے ہیں۔

سوڈی بلند ترین شرح سے کارپوریٹ اداروں کے لیے ورکنگ کینیٹل کی ضروریات کو پورا کرنا اور قرض کی ادائیگی کرنا ایک چیلنج بن گیا ہے۔ لیکن سب کچھ ٹھونہ نہیں گیا تاریخ اپنے آپ کو براتی ہے۔ جس میں بعض اوقات زمینی حقائق میں ہمارے حصے سے زیادہ بھر پور نتائج سامنے آتے ہیں۔ اور ہم مصیبت اور مشکل کے بعد بہتر اور مضبوط طریقے سے باہر نکلتے ہیں۔ اگرچہ مہنگائی کی لہر کو مد نظر رکھتے ہوئے یہ بیان ماضی کے حالات کے مطابق نہیں لگ رہا۔ صرف وقت کی بات ہے۔

### مالی کارکردگی کا جائزہ

ورلڈ کال ٹیلی کام لمیٹڈ کے مالی بیانات اسٹیٹمنٹ اسکیلے بنیادوں پر بنیادی کمپنی کے مالی بیانات کے ساتھ ساتھ مجموعی مالیاتی بیانات پر مشتمل ہوتے ہیں۔

### ورلڈ کال ٹیلی کام لمیٹڈ - اسٹیٹمنٹ اسکیلے مالی بیانات

31 دسمبر 2022 کو ختم ہونے والے سال کے لیے اسٹیٹمنٹ اسکیلے مالیاتی نتائج کا خلاصہ حسب ذیل ہے:

Particulars	December 31, 2022	December 31, 2021
	Rs. in million	
Revenue - net	2,301	2,114
Direct Cost (Excluding Depreciation and Amortization)	(1,854)	(1,744)
Other Income	223	287
EBITDA	108	(91)
Depreciation and Amortization	(1,072)	(1,076)
Finance Cost	(379)	(303)
Profit / (Loss) after tax	(1,381)	(1,506)

کمپنی نے روپے کے خالص نقصان کی اطلاع دی ہے۔ 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے 1,381 ملین روپے جبکہ سال 2021 میں 1,506 ملین روپے کے خالص نقصان کے مقابلے میں۔ اوپر بیان کردہ آن بیلڈ زبر جائزہ سال کے دوران مستحکم یا مثبت طور پر متاثر ہوئے ہیں جن کی ہماری پچھلی رپورٹ میں توقع اور وضاحت کی گئی تھی۔ ریونیو میں 187 ملین روپے پر 9% کا اضافہ دیکھا گیا ہے اور اسی طرح 6% کم یا زیادہ اضافہ براہ راست لاگت میں رپورٹ کیا گیا ہے۔ مستقل خصوصیت کے طور پر، (LDI) نے FTTH کنورژن قرضے کے اجراء کے ساتھ زیادہ سے زیادہ کمائی اور براڈ بینڈ سگنل کو مزید سپورٹ/آرام پہنچایا ہے۔ EBITDA مثبت ہے جو کہ تقابلی سال سے نمایاں اور بڑی بہتری ہے۔ مالیاتی لاگت میں اضافہ بنیادی طور پر آئی ایم ایف - توسیعی فنڈ ہولٹ (ای ایف ایف) پروگرام کے انچارجوں کو خوش کرنے کے لیے ایس بینک کی طرف سے بنیادی پالیسی LIBOR/KIBOR میں مسلسل اضافے سے منسوب ہے۔



## SIX YEAR FINANCIAL PERFORMANCE INCOME STATEMENTS

	Dec'22	Dec'21	Dec'20	Dec'19	Dec'18	Dec'17
	Rupees in Thousands					
Revenue - net	2,301,245	2,114,223	3,140,134	3,881,844	4,386,953	2,321,750
Direct cost excluding depreciation and amortization	(1,854,341)	(1,744,366)	(1,874,837)	(2,385,421)	(3,059,519)	(1,947,727)
Operating cost	(395,048)	(407,865)	(409,828)	(592,239)	(725,928)	(615,280)
Other income	223,426	287,379	609,538	1,144,581	1,573,111	8,145,200
Other expenses	(167,384)	(339,985)	(265,912)	(495,520)	(244,749)	(243,767)
<b>Profit / (Loss) before Interest, Taxation, Depreciation and Amortization</b>	<b>107,898</b>	<b>(90,614)</b>	<b>1,199,095</b>	<b>1,553,245</b>	<b>1,929,868</b>	<b>7,660,176</b>
Depreciation and amortization	(1,072,431)	(1,075,992)	(953,359)	(1,254,179)	(1,126,175)	(1,067,169)
Finance cost	(378,655)	(303,130)	(536,025)	(493,839)	(233,493)	(347,694)
<b>Profit / (Loss) before Taxation</b>	<b>(1,343,188)</b>	<b>(1,469,736)</b>	<b>(290,289)</b>	<b>(194,773)</b>	<b>570,200</b>	<b>6,245,313</b>
Taxation	(38,116)	(36,514)	143,952	267,071	(123,305)	(143,553)
<b>Net Profit / (Loss) for the Year</b>	<b>(1,381,304)</b>	<b>(1,506,250)</b>	<b>(146,337)</b>	<b>72,298</b>	<b>446,895</b>	<b>6,101,760</b>
<b>Earnings / (Loss) per share - basic (Rupees)</b>	<b>(0.40)</b>	<b>(0.51)</b>	<b>(0.06)</b>	<b>0.04</b>	<b>(0.18)</b>	<b>6.18</b>
<b>Earnings / (Loss) per share - diluted (Rupees)</b>	<b>(0.36)</b>	<b>(0.51)</b>	<b>(0.06)</b>	<b>0.03</b>	<b>(0.18)</b>	<b>1.86</b>



## STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 OF WORLDCALL TELECOM LIMITED FOR THE YEAR ENDED DECEMBER 31, 2022

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

1. The total number of directors are 7 as per the following,-
  - a) **Male: 6**
  - b) **Female: 1**
2. The composition of the Board is as follows:

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to \*frequency, recording and circulating minutes of meeting of the Board.  
\*Board has met for the first quarter of the year on 16 July, 2022. Overall two board meetings were held during the year.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has arranged Directors' Training Program (DTP) for all directors on Board except for Mrs. Hina Babar and Mr. Tariq Hassan (Nominee – Pak Oman). All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies.
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.



12. The Board has formed committees comprising of members given below-
- a. Executive Committee (Name of members and Chairman)**
- Mr. Muhammad Shoaib (Chairman)
  - Mr. Babar Ali Syed (Member)
  - Mr. Muhammad Azhar Saeed (Member)
  - Mr. Faisal Ahmed (Member)
  - Mr. Muhammad Zaki Munawar (Secretary)
- b. Audit Committee (Name of members and Chairman)**
- Mr. Mubasher Lucman (Chairman)
  - Mr. Faisal Ahmed (Member)
  - Mrs. Hina Babar (Member)
  - Mr. Mansoor Ali (Member)
  - Mr. Ansar Iqbal (Secretary)
- c. HR and Remuneration Committee (Name of members and Chairman)**
- Mr. Muhammad Shoaib (Chairman)
  - Mr. Babar Ali Syed (Member)
  - Mr. Muhammad Azhar Saeed (Member)
  - Mrs. Hina Babar (Member)
  - Mr. Mansoor Ali (Member)
  - Mr. Muhammad Zaki Munawar (Secretary)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following, -
- a. Executive Committee: Annual**  
**b. Audit Committee: \*\*Quarterly**  
**c. HR and Remuneration Committee: Annual**
- \*\*Audit committee has met for the first quarter of the year on 16 July, 2022. Overall five audit committee meetings were held during the year.**
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. There is no non – compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36.

Lahore,  
Date: April 09, 2023

  
**Muhammad Shoaib**  
Chairman, Board of Directors  
WorldCall Telecom Limited



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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of “**WorldCall Telecom Limited**” (the Company) for the year ended **December 31, 2022** in accordance with the requirement of regulation 36 of the Regulations.

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

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

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

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with requirements contained in the Regulations as applicable to the Company for the year ended **December 31, 2022**.

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

<b>Sr. #</b>	<b>Paragraph Reference</b>	<b>Description</b>
1.	7	The Board did not have meeting in respect of first quarter until as late as July 16, 2022 and later had meeting on 09 September, 2022; after that no board meeting was held during the year.
2.	9	As at 30 June 2022, 100% of the members of the Board of Directors had not acquired the prescribed certification under any director training program.

*Tariq Abdul Ghani Maqbool & Co.*

**Tariq Abdul Ghani Maqbool & Co.**

**Chartered Accountants**

**Name of Engagement Partner: Muhammad Safdar**

**Lahore**

**Date: April 09, 2023**

**UDIN# CR202210233Hxlmz5SoV**



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

We have audited the annexed financial statements of WorldCall Telecom Limited ("the Company"), which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement or financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give us information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Material Uncertainty Relating to Going Concern

We draw attention to Note 2.2 in the annexed financial statements, which states that the Company has incurred a loss after taxation of Rs. 1,381.304 million during the year ended December 31, 2022 (2021: Rs. 1,506.250 million) which includes the impact of write back of liabilities for Rs. 52.207 million (2021: 95.522 million). As at December 31, 2022, the accumulated loss of the Company stands at Rs. 15,167.270 million. (2021: Rs. 14,023.097 million) and its current liabilities exceed, current assets by Rs. 6,051.052 million (2021: RS. 6,323.663 million).

The other factors like declining revenue and contingencies and commitments as mentioned in note 21, indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Our opinion is not qualified in respect of this matter.

### Emphasis of Matter Paragraph

We draw attention to note 28 to the accompanying financial statements, wherein the Company recognize deferred tax asset of Rs. 2,371.463 million, the realization of which would depend on generation of sufficient profits in the future as projected by the management. Our opinion is not qualified in respect of this matter.

### Key Audit Matter(s)

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

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

Following are the Key audit matter(s):

Sr. No.	Key Audit Matter(s)	How the matter was addressed in our audit
01.	<p><b>Revenue Recognition</b></p> <p>The Company has reported revenue amounting to Rs. 2,301 million for the year ended December 31, 2022 for details refer note 38 to the financial statements.</p> <p>There is a risk around the accuracy and completeness of revenue recorded. The complex billing system that involves processing a large volume of data making it inherent industry risk.</p> <p>We identified recognition of revenue as a key audit matter because;</p> <p>(i) revenue is one of the key performance indicators of the Company</p>	<ul style="list-style-type: none"><li>• Our audit procedures to assess the</li><li>• Recognition of revenue amongst others, include the following:</li><li>• Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue.</li><li>• Comparing a sample of transactions comprising of various revenue streams recorded during the year with relevant underlying supporting documents and cash receipt where applicable.</li><li>• We evaluated the relevant IT systems and the design of controls, and tested the operating effectiveness of controls over the:</li></ul>



Sr. No.	Key Audit Matter(s)	How the matter was addressed in our audit
	<p>(ii) it gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets and</p> <p>(iii) recognition and measurement of revenue and contract related assets may involve significant judgement as per IFRS . 15 “Revenue from Contracts with Customers”.</p>	<ul style="list-style-type: none"> <li>capturing and recording of revenue transactions; authorization of rate changes and the input of this information to the billing systems - and calculation of amounts billed to customers.</li> <li>We also tested a sample of customer bills and checked these to cash received from customers.</li> <li>Assessing the appropriateness of accounting policies for revenue recognition and relevant contract assets and liabilities for compliance with applicable financial reporting framework including their correct application to the amounts recognized during the year</li> <li>Inspecting journal entries relating to revenue recognized during the year and the corresponding underlying documentation for those journal entries which were considered to be material or met certain specified risk - based criteria; and</li> <li>Considering the appropriateness of disclosures in the financial statements.</li> </ul>
02.	<p><b>Recoverability of Trade Debts</b></p> <p>As at December 31, 2022, the Company’s gross trade debtors were Rs. 4,299.463 million against which allowances for doubtful debts of Rs. 3,104.118 million were recorded for details refer note 32 of the financial statements.</p> <p>We identified the recoverability of trade debtors as a key audit matter because it involves significant management judgment in assessing the amount likely to be received and estimates in determining the allowance of expected credit loss.</p>	<p>Our audit procedures to assess the valuation of trade debts amongst others included the following:</p> <ul style="list-style-type: none"> <li>Obtaining an understanding of and testing the design and implementation of management’s key internal control, debt collection and making allowances for doubtful debts;</li> <li>Agreeing on a sample basis, the balances used in management’s estimate of expected credit loss with the books of accounts of the company;</li> <li>Testing the assumptions and estimates made by management for the allowances for doubtful debts; and</li> <li>Evaluating that the allowance for doubtful debt is in accordance with the requirements of applicable financial reporting framework.</li> </ul>
03.	<p><b>Contingencies</b></p> <p>There are a number of threatened and actual legal, regulatory and tax cases against the Company for details refer note 21 of the financial statements. The contingencies require management to make judgments and estimates in relation to the interpretation of laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Involvement of subjectivity, inherent uncertainty and the time period such matters may take to resolve, the management judgments and estimates in relation to such contingencies may be complex and can significantly impact the financial statements.</p>	<p><b>Our key audit procedures include:</b></p> <ul style="list-style-type: none"> <li>Discussing the process of identifying and recording contingencies in the financial statement with management.</li> <li>Review of correspondence of company with the relevant tax authorities including judgements and orders passed by the competent authorities;</li> <li>Discussing with company’s in - house tax expert to assess and validate management’s conclusion;</li> <li>Obtaining and reviewing external confirmation from company’s legal counsels and tax advisors for their views on case status and;</li> <li>Assess adequacy of disclosures in the financial statements.</li> </ul>

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

Management is responsible for the other information. The other information comprises the information included in the annual report including, in particular, the Chairman’s Review, Director’s Report and Financial Highlights, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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



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

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

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

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

## Auditor's responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

## Report on other Legal and Regulatory Requirements:

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

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017. (XIX of 2017).
- b) The statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) Investment made, expenditure incurred and guarantees extended during the year for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

## Other Matter Paragraph:

The financial statements of the Company for the year ended December 31, 2021 were audited by another firm of auditors, who issued a modified report on those financial statements by including a Material Uncertainty Related To Going Concern paragraph on August 22, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Muhammad Safder, FCA.

**Date: April 09, 2023**  
**Lahore**  
**UDIN: AR202210233fhnlaD631**

*Tariq Abul Ghani Maqbool & Co.*  
**Tariq Abul Ghani Maqbool & Co.**  
**Chartered Accountants**



## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

	Note	2022 ------(Rupees in '000)-----	2021
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		29,000,000	29,000,000
Ordinary share capital	5	13,136,257	12,495,571
Preference share capital	6	1,185,479	1,576,870
Dividend on preference shares	7	425,652	571,600
Capital reserves	8	236,897	353,853
Accumulated loss		(15,167,270)	(14,023,097)
Surplus on revaluation of fixed assets	9	1,804,747	2,027,672
		1,621,762	3,002,469
<b>NON-CURRENT LIABILITIES</b>			
Term finance certificates	10	917,312	1,204,445
Long term financing	11	450,462	182,264
Sponsor's loan	12	2,171,307	1,676,880
License fee payable	13	45,513	45,513
Post employment benefits	14	200,030	193,756
Long term deposit	15	100,915	93,215
Lease liabilities	16	194,460	195,016
		4,079,999	3,591,089
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	6,456,393	6,006,492
Accrued mark up	18	598,184	415,372
Current and overdue portion of non-current liabilities	19	1,023,425	842,866
Short term borrowings	20	116,419	411,912
Unclaimed dividend		1,807	1,807
Provision for taxation - net		353,012	344,437
		8,549,241	8,022,886
<b>Contingencies and Commitments</b>			
	21	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>			
		14,251,002	14,616,444
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	22	5,320,386	5,794,029
Right of use assets	23	3,407,381	3,694,104
Intangible assets	24	592,619	997,491
Investment properties	25	51,470	51,218
Deferred taxation	28	2,371,463	2,369,644
Long term deposits	29	9,494	10,735
		11,752,813	12,917,221
<b>CURRENT ASSETS</b>			
Stores and spares	30	31,182	30,355
Stock-in-trade	31	210,858	209,401
Trade debts	32	1,195,345	456,651
Loans and advances	33	316,011	251,570
Deposits and prepayments	34	580,646	554,696
Short term investments	35	37,296	54,340
Other receivables	36	117,412	109,002
Cash and bank balances	37	9,439	33,208
		2,498,189	1,699,223
<b>TOTAL ASSETS</b>			
		14,251,002	14,616,444

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

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

**STATEMENT OF PROFIT OR LOSS ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 2022**

		2022	2021
	Note	------(Rupees in '000)-----	
Revenue	38	2,301,245	2,114,223
Direct costs excluding depreciation and amortization	39	(1,854,341)	(1,744,366)
Operating costs	40	(395,048)	(407,865)
Other income - net	41	223,426	287,379
Other Expenses	42	(167,384)	(339,985)
<b>Profit/ (loss) before Interest, Taxation, Depreciation and Amortization</b>		<b>107,898</b>	<b>(90,614)</b>
Depreciation and amortization	43	(1,072,431)	(1,075,992)
Finance cost	44	(378,655)	(303,130)
<b>Loss before Taxation</b>		<b>(1,343,188)</b>	<b>(1,469,736)</b>
Taxation	45	(38,116)	(36,514)
<b>Net Loss for the Year</b>		<b>(1,381,304)</b>	<b>(1,506,250)</b>
<b>Loss per Share - basic (Rupees)</b>	46	<b>(0.40)</b>	<b>(0.51)</b>
<b>Loss per Share - diluted (Rupees)</b>	46	<b>(0.36)</b>	<b>(0.51)</b>

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

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022	2021
	------(Rupees in '000)-----	
<b>Net loss for the Year</b>	(1,381,304)	(1,506,250)
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
- Remeasurement of post employment benefit obligations - net of tax	14,206	9,526
- Surplus on revaluation of fixed assets - net of tax	-	-
- Changes in fair value of financial assets through other comprehensive income - net of tax	(13,609)	6,307
<i>Item that may be subsequently reclassified to profit or loss:</i>	-	-
<b>Other Comprehensive (loss)/Income - net of tax</b>	597	15,833
<b>Total Comprehensive loss for the Year - net of tax</b>	<u>(1,380,707)</u>	<u>(1,490,417)</u>

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

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Particulars	Ordinary Share Capital	Preference Share Capital	Dividend on Preference Shares	Capital Reserves			Revenue Reserve (Accumulated Loss)	Surplus on Revaluation of Fixed Assets	Total
				Fair Value Reserve	Exchange Translation Reserve	Total Capital Reserves			
<b>Balance as at December 31, 2020</b>	11,863,206	1,963,178	715,652	(13,215)	462,766	449,551	(12,801,935)	2,318,768	4,508,420
Net loss for the year	-	-	-	-	-	-	(1,506,250)	-	(1,506,250)
Other comprehensive income for the period - net of tax	-	-	-	6,307	-	6,307	9,526	-	15,833
Total comprehensive income for the period - net of tax	-	-	-	6,307	-	6,307	(1,496,724)	-	(1,490,417)
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	275,562	(275,562)	-
Adjustment of Surplus on retirement of tangible assets	-	-	-	-	-	-	(15,534)	(15,534)	(15,534)
Conversion of preference shares and dividend thereon	5,297,339	(386,308)	(144,052)	-	(102,005)	(102,005)	-	-	4,664,974
Discount on issuance of ordinary shares	(4,664,974)	-	-	-	-	-	-	-	(4,664,974)
Total transactions with owners, recognized directly in equity	632,365	(386,308)	(144,052)	-	(102,005)	(102,005)	-	-	-
<b>Balance as at December 31, 2021</b>	12,495,571	1,576,870	571,600	(6,908)	360,761	353,853	(14,023,097)	2,027,672	3,002,469
Net loss for the period	-	-	-	-	-	-	(1,381,304)	-	(1,381,304)
Other comprehensive income for the period - net of tax	-	-	-	(13,609)	-	(13,609)	14,206	-	597
Total comprehensive income for the period - net of tax	-	-	-	(13,609)	-	(13,609)	(1,367,098)	-	(1,380,707)
Adjustment of Surplus on retirement of tangible assets	-	-	-	-	-	-	16,254	(16,254)	-
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	206,671	(206,671)	-
Conversion of preference shares and dividend thereon	5,367,041	(391,391)	(145,948)	-	(103,347)	(103,347)	-	-	4,726,355
Discount on issuance of ordinary shares	(4,726,355)	-	-	-	-	-	-	-	(4,726,355)
Total transactions with owners, recognized directly in equity	640,686	(391,391)	(145,948)	-	(103,347)	(103,347)	-	-	-
<b>Balance as at December 31, 2022</b>	13,136,257	1,185,479	425,652	(20,517)	257,414	236,897	(15,167,270)	1,804,747	1,621,762

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

*Babbar Singh*  
CHIEF EXECUTIVE OFFICER

*Arif*  
DIRECTOR

*Shah*  
CHIEF FINANCIAL OFFICER



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022 ------(Rupees in '000)-----	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash used in operations</b>	47	(179,978)	(277,559)
<i>Increase / (Decrease) in non-current liabilities:</i>			
- Long term deposit		-	-
<i>Decrease / (Increase) in non-current assets:</i>			
- Long term trade receivables		-	-
- Long term deposits		1,241	6,486
		1,241	6,486
		(178,737)	(271,073)
Post employment benefits paid		(4,398)	(1,843)
Finance cost paid		(3,064)	(8,882)
Income tax paid		(29,541)	(23,790)
<b>Net Cash used in Operating Activities</b>		(215,740)	(305,588)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(23,630)	(41,737)
Short term investments		3,435	3,641
Income on deposit and savings accounts		34,290	26,924
Proceeds from disposal of inventory		-	18,050
Proceeds from disposal of property, plant and equipment		9,025	53,577
<b>Net Cash (Used in)/ Generated from Investing Activities</b>		23,120	60,455
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of term finance certificates		(131,554)	(27,958)
Repayment of long term financing		(66,662)	(16,033)
Sponsor's loan		403,569	311,254
Short term borrowings - net		(3,255)	1,255
Repayment of lease liability		(33,248)	(46,617)
<b>Net Cash Generated from Financing Activities</b>		168,850	221,901
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>		(23,770)	(23,232)
Cash and cash equivalents at the beginning of the year		33,208	56,440
<b>Cash and Cash Equivalents at the End of the Year</b>		9,439	33,208

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

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1

### The Company and its Operations

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

Worldcall Services (Pvt.) Limited is the Parent Company.

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

Business unit	Address
Main Offices	Plot # 112-113, Block S, Quid-e-Azam Industrial Estate, Kot Lakh Pat, Lahore. 92-B, Gulberg III, Lahore Y-194/1, Commercial Phase-III, DHA, Lahore.
Regional offices	Ali Tower, 105-BII, MM Alam Road, Lahore. Shop # 35,34, J-I Market, WAPDA Town, Lahore. House # 81, FG Colony, Hassan Garhi Shami Road, Peshawar.
Warehouse	Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore. Plot # F15/F16, Ground Portion situated at P&T Colony, Gizri Road, Clifton, Karachi.
Headends	Office # 315, Plot # G-7, Block-9, K.D.A Scheme # 5, Kehkashan Clifton, Karachi. Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakh Pat, Lahore. P-1410-11-B, People's Colony-1, Faisalabad. Plot # 321, St # 04, Sector I-9/3, Islamabad.

Note 2

### Basis of Preparation

#### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

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

#### 2.2 Going concern assumption

2.2.1 The Company has incurred a loss Rs. 1,381.304 million during the year ended December 31, 2022 (2021: Rs. 1,506.250 million). As at December 31, 2022, the accumulated loss of the Company stands at Rs. 15,167.270 million (December 31, 2021: Rs. 14,023.097 million) and its current liabilities exceed its current assets by Rs. 6,051.052 million (December 31, 2021: Rs. 6,323.662 million). These conditions, along with the other factors like declining revenue and contingencies and commitments as mentioned in note 21, indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.



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

## 2.2.2 Net Liabilities Position - Risk Mitigation

As mentioned above, there is a net current liability position of approximately Rs. 6.051 billion as on the reporting date, which has the following major components:

Description	Note	Rs in million
Short term Borrowings	2.2.2.1	116
Pakistan Telecommunication Authority (PTA)	2.2.2.2	2,342
Claims of Parties Challenged	2.2.2.3	927
Regularly revolving creditors	2.2.2.4	65
Contract liabilities	2.2.2.5	573
Provision for taxation	2.2.2.6	353
		<b>4,376</b>

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

**2.2.2.1** The Company is in negotiation with bank for roll over of this facility (note 20). Moreover, short term borrowings include funds obtained from related party to the tune of Rs. 85.677 million.

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

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

**2.2.2.4** The amount payable to creditors amounting Rs. 65 million represents routine trade credits extended by regular parties and these balances are of revolving nature. Thus, no immediate net cash outlay would be required.

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

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

## 2.2.3 Continued Support from a Majority Shareholder

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

## 2.3 Presentation currency

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

## 2.4 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for Company's annual accounting period which began on January 1, 2022. However, these do not have any significant impact on the Company's financial reporting.

b) Standards and amendments to published approved accounting standard that are not yet effective

There are standards and certain other amendments to the accounting and reporting standards that will be mandatory for the Company's annual reporting periods beginning on or after January 1, 2023. However, these are considered either not to be relevant or not to have any significant impact on the Company's financial statements and operations and, therefore have not been disclosed in these financial statements.



## Note 3

### **Basis of Measurement**

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

#### **3.1 Use of estimates and judgments**

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

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

## Note 4

### **Significant Accounting Policies**

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

#### **4.1 Share capital**

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

#### **4.2 Post employment and other benefits**

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

##### **4.2.1 Defined benefits plan**

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

##### **4.2.2 Accumulating compensated absences**

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

#### **4.3 Leases**

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

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

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



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

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

#### **4.3.1 Company as a lessee**

##### **4.3.1.1 Recognition**

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

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

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

##### **4.3.1.2 Initial measurement**

###### *Lease liability*

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

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

###### *Right-of-use asset*

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

##### **4.3.1.3 Subsequent measurement**

###### *Lease liability*

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

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

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

###### *Right-of-use asset*

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

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



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

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

#### **4.3.2 Company as a lessor**

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

##### **4.3.2.1 Finance leases**

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

- a) the lease payments receivable by the Company under a finance lease; and
- b) any unguaranteed residual value accruing to the Company.

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

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

##### Company as a Manufacturer of Dealer Lessor

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

- a) revenue being the lower of fair value of the underlying asset and the present value of the lease payments accruing to the Company, discounted using a market rate of interest;
- b) the cost of sale being the cost, or carrying amount if different, of the underlying asset less the present value of the unguaranteed residual value; and
- c) selling profit or loss in accordance with its policy for outright sales to which IFRS 15 applies. The Company recognizes selling profit or loss on a finance lease at the commencement date, regardless of whether the Company transfers the underlying asset as described in IFRS 15.

##### Subsequent measurement of finance leases:

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

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

##### Lease modifications:

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

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



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

#### **4.3.2.2 Operating leases**

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

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

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

#### **4.4 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources shall be required to settle the obligation and the amount has been reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

#### **4.5 Taxation**

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

##### **4.5.1 Current**

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

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

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

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

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

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

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

##### **4.5.2 Deferred**

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

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

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



The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

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

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

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

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

#### 4.6 **Contingent liabilities**

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

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

#### 4.7 **Property, plant and equipment**

##### 4.7.1 **Operating fixed assets**

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

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

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

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

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

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

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

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



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

#### **4.7.2 Capital work-in-progress**

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

#### **4.7.3 Major spare parts and stand-by equipment**

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

### **4.8 Intangible assets**

#### **4.8.1 Goodwill**

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

#### **4.8.2 Other intangible assets**

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

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

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

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

### **4.9 Investment properties**

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

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

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



#### 4.10 Impairment of non-financial assets

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

#### 4.11 Investments

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

##### 4.11.1 Long term investments in equity instruments of subsidiaries

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

#### 4.12 Stores and spares

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

#### 4.13 Stock-in-trade

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

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

#### 4.14 Financial instruments

##### 4.14.1 Financial assets

###### **Classification**

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

a) *Financial assets at amortized cost*

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

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

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



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

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

**Reclassification**

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

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

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

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

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

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

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

**Initial recognition and measurement**

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

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

**Subsequent measurement**

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

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

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



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

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

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

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

### **Derecognition**

Financial assets are derecognized when:

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

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

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

### **Impairment of financial assets**

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

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

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

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

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

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

## **4.14.2 Financial liabilities**

### **Initial recognition and measurement**

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



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

The Company does not reclassify any of its financial liabilities.

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

### **Subsequent measurement**

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

#### Financial liabilities at fair value through profit or loss

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

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

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

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

#### All other liabilities

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

### **Derecognition**

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

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

#### **4.14.3 Offsetting of financial assets and liabilities**

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

#### **4.15 Cash and cash equivalents**

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



#### 4.16 Foreign currency transactions and translation

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

#### 4.17 Borrowing costs

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

#### 4.18 Balances from Contract with Customers

##### *Contract costs*

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

##### *Contract assets*

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

##### *Trade receivables*

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

##### *Contract liabilities*

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

#### 4.19 Revenue recognition

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

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

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



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

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

#### **4.20 Dividend and other appropriations**

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

#### **4.21 Fair value measurement**

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

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

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

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

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

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

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



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

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

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

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

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

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

#### 4.22 Earnings per Share

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

#### 4.23 Related parties

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

Name of Related party	Basis of Relationship	% of Holding in the Company
Ferret Consulting - F.Z.C	Common directorship	7.32%
Worldcall Services (Private) Limited	Parent company (note 4.23.1)	22.90%
Worldcall Business Solutions (Private) Limited	Common key management personnel	0%
Worldcall Cable (Private) Limited	Common directorship	0%
Route 1 Digital (Private) Limited	Wholly owned subsidiary	0%
Worldcall Ride Hail (Private) Limited	Common directorship	0%
Mr. Babar Ali Syed	CEO	0.00002%
Mr. Muhammad Azhar Saeed	Director / CFO	0.00001%
Mr. Muhammad Shoaib	Director	0.00597%
Mr. Faisal Ahmed	Director	0.00001%
Mr. Mansoor Ali	Director	0.00003%
Mrs. Hina Babar	Director	0.00003%
Mr. Mubasher Lucman	Director	0.00001%
Mr. Tariq Hasan	Director	0.00001%

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

4.23.1 Worldcall Services (Private) Limited, through other associates namely Ferret Consulting F.Z.C holds 30.22% (2021: 41.44%) ordinary shares in the Company.



Note 5

**Ordinary Share Capital**

2022	2021		Note	2022	2021
		No. of Shares		----- (Rupees in '000) -----	
344,000,000	344,000,000	Ordinary shares of Rs. 10 each fully paid in cash		3,440,000	3,440,000
309,965,789	309,965,789	Ordinary shares of Rs. 10 each issued in accordance with the scheme of merger		3,099,658	3,099,658
98,094,868	98,094,868	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		980,949	980,949
108,510,856	108,510,856	Ordinary shares of Rs. 10 each issued against convertible loan		1,085,109	1,085,109
2,872,331,856	2,335,627,756	Ordinary shares of Rs. 10 each issued against convertible preference shares	5.1	28,723,319	23,356,278
		Less: Discount on issue of shares	5.5	37,329,035 (24,192,778)	31,961,994 (19,466,423)
<u>3,732,903,369</u>	<u>3,196,199,269</u>			<u>13,136,257</u>	<u>12,495,571</u>

5.1 During the year, 38,500 (2021: 38,000) convertible preference shares and accumulated preference dividend thereon amounting to Rs. 145.948 million (2021: Rs. 144.052 million) have been converted into ordinary shares in accordance with the agreed terms and conditions detailed in Note 6.2.

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

5.3 Worldcall Services (Private) Limited, parent of the Company, holds 854,914,152 shares (2021: 854,914,152 shares) in the Company. Out of these shares, 46.7 million shares are pledged to secure TFC liability which will be released with quarterly scheduled principal repayments proportionately (refer to note 8).

5.4 Ferret Consulting F.Z.C., is an associate Company.

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

	2022	2021
	----- (Rupees in '000) -----	
Opening balance	19,466,423	14,801,449
Add: Discount on issuance of ordinary shares during the year	4,726,355	4,664,974
Closing balance	<u>24,192,778</u>	<u>19,466,423</u>

5.6 Reconciliation of ordinary share capital is as follows:

	2022	2021
Opening balance	31,961,994	26,664,655
Add: Shares issued during the year	5,367,041	5,297,339
Closing balance	<u>37,329,035</u>	<u>31,961,994</u>

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



Note 6

<b>Preference Share Capital</b>		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	Note	-----No. of Shares-----		----- (Rupees in '000) -----	
Opening balance		155,700	193,700	1,576,870	1,963,178
Less: Preference shares converted into ordinary shares during the year	6.3	<u>(38,500)</u>	<u>(38,000)</u>	<u>(391,391)</u>	<u>(386,308)</u>
		<u>117,200</u>	<u>155,700</u>	<u>1,185,479</u>	<u>1,576,870</u>

- 6.1 These preference shares are US Dollars denominated, non-voting, cumulative and convertible preference shares ("CPS", or "preference shares") having a face value of USD 100 each.
- 6.2 In accordance with the terms CPS, certain preference shareholders have exercised conversion option. Thus, their CPS and and accrued preference dividend thereon have been converted into ordinary shares as reflected in Note 5.1.
- 6.3 CPS holders are entitled to non-cash dividend which shall be calculated @ 5.9% per annum on each of the preference shares or the dividend declared by WTL for ordinary shareholders, whichever is higher till the date of maturity.
- 6.4 Ferret Consulting F.Z.C., an associate of the Company, holds preference shares in the Company.
- 6.5 Mandatory conversion date of convertible preference shares (CPS) is December 31, 2024.

Note 7

<b>Dividend on Preference Shares</b>		<b>2022</b>	<b>2021</b>
	Note	----- (Rupees in '000) -----	
Dividends on preference shares	7.1	<u>425,652</u>	<u>571,600</u>

- 7.1 This represents accumulated dividend on preference shares which is not payable in cash rather it will be converted into ordinary shares as and when the preference shares are converted into ordinary shares.
- 7.2 During the period, cumulative preference dividend amounting to Rs. 145.948 million (2021: Rs. 144.052 million) was converted into ordinary shares as a result of conversion option exercised by certain preference shareholders in accordance with the terms and conditions given in Note 6.3 above.

Note 8

<b>Capital Reserves</b>		<b>2022</b>	<b>2021</b>
		----- (Rupees in '000) -----	
Fair value reserve		(20,517)	(6,908)
Exchange translation reserve		<u>257,414</u>	<u>360,761</u>
		<u>236,897</u>	<u>353,853</u>

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

Note 9

<b>Surplus on Revaluation of Fixed Assets</b>		<b>2022</b>	<b>2021</b>
		----- (Rupees in '000) -----	
Opening balance - net of tax		2,027,672	2,318,768
Surplus on revaluation arisen during the year		-	-
Related deferred taxation		-	-
Adjustment of related deferred tax due to change in tax rate and proportion of normal sales		-	-
Transfer to retained earnings on retirement of tangible assets		(16,254)	(15,534)
Transfer to retained earnings in respect of net incremental depreciation / amortization net of deferred tax		<u>(206,671)</u>	<u>(275,562)</u>
Closing balance - net of tax		<u>1,804,747</u>	<u>2,027,672</u>

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

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



## Note 10

### Term Finance Certificates

		2022	2021
	Note	------(Rupees in '000)-----	
Opening balance		1,259,152	1,287,110
Less: Payments made during the period / year		(71,299)	(27,958)
		<u>1,187,853</u>	<u>1,259,152</u>
Less: Current and overdue portion	19	(559,022)	(432,016)
		<u>628,831</u>	<u>827,136</u>
Add: Deferred markup	10.1	288,481	377,309
Less: Payment during the period/year		-	-
		<u><u>917,312</u></u>	<u><u>1,204,445</u></u>

Term finance certificates (TFCs) have a face value of Rs. 5,000 per certificate. These TFCs carry mark up at the rate of six months average KIBOR plus 1.0% per annum (2021: six month average KIBOR plus 1.0% per annum), payable quarterly. The mark up rate charged during the period on the outstanding balance ranged from 8.76% to 17.10% (2021: 8.30% to 8.84%) per annum.

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

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

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

The other main terms included appointment of one representative as a nominee director nominated by the Trustee which has been complied with. Further, 175 million sponsor's shares are pledged for investors which will be released with quarterly scheduled principal repayments proportionately starting from June 2019.

The Company has not paid due quarterly installments of June 2019 to December 2022 amounting Rs. 460.00 million. In case of failure to make due payments by the Company, Trustee can instruct the security agent to enforce the letter of pledge and sell the quantum of the pledged shares to generate the amount required for the settlement of the outstanding redemption amount.

Due to non-payment of due instalments, Trustee enforced the letter of pledge in 2021 and called 128.2 million shares from sponsors account out of which 50.38 million shares (2021:13.6 million shares) were sold for the amount of Rs. 113.63 (2021: 45.9 million) out of which Rs. 71.29 million settled against principal and Rs. 42.33 million against accrued markup (2021 Rs. 27.9 million settled against principal and Rs. 17.9 million against accrued mark-up).

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

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

#### 10.1 Deferred markup

Deferred markup	10.1.1	746,494	746,494
Adjustment due to impact of IFRS 9	10.1.2	(75,088)	(116,084)
		<u>671,406</u>	<u>630,410</u>
Payment/Adjustment		(60,255)	-
Less: Current portion	19	(322,670)	(253,101)
		<u><u>288,481</u></u>	<u><u>377,309</u></u>
<b>10.1.1 Reconciliation of deferred markup is as follows:</b>			
Opening balance		746,494	746,494
Add: Markup deferred during the period/year		-	-
		<u><u>746,494</u></u>	<u><u>746,494</u></u>



		2022	2021
		------(Rupees in '000)-----	
<b>10.1.2</b>	Reconciliation is as follows:		
	Opening balance	116,084	156,621
	Add: Discounting impact of deferred markup	-	-
		116,084	156,621
	Less: Unwinding impact of discounted deferred markup	(40,996)	(40,537)
		75,088	116,084
Note 11			
<b>Long Term Financing</b>			
<b>From Banking Companies (secured)</b>			
	Allied Bank Limited	65,365	83,228
	Bank Islami Pakistan Limited	90,952	99,036
	Askari Bank Limited	294,145	-
		450,462	182,264
<b>11.1</b>	<b>Allied Bank Limited</b>		
	Opening balance	75,476	91,509
	Transfer from running finance	-	-
	Repayments	(17,162)	(16,033)
		58,314	75,476
	Less: Current and overdue portion	(30,781)	(20,032)
		27,533	55,444
	Add: Deferred markup	42,001	32,630
	Less: Discounting of deferred markup	(4,170)	(4,846)
		37,831	27,784
		65,364	83,228
<b>11.1.1</b>	Reconciliation of deferred markup is as follows:		
	Opening balance	32,630	25,647
	Add: Markup deferred during the year	9,371	6,983
		42,001	32,630
<b>11.1.2</b>	Reconciliation is as follows:		
	Opening balance	4,846	4,612
	Add: Discounting impact of deferred markup	1,556	1,636
		6,402	6,248
	Less: Unwinding impact of discounted deferred markup	(2,232)	(1,402)
		4,170	4,846

This represents balance transferred as a result of restructuring of short term running finance (RF) facility to Term Loan Facility and subsequently amended on 8th October 2020 and 30th September 2021. Principal will be repaid in 37 stepped up monthly installments starting from August 2021 till August 2024. Markup will be accrued and will be serviced in 12 equal monthly installments, starting from September 2024. Effective markup rate applicable will be 3 Month KIBOR + 85 bps. The mark up charged during the period on the outstanding balance ranged from 11.39% to 16.62% (2021: 8.14% to 8.63%) per annum. The facility is secured against 1st joint pari passu charge on present and future current and fixed assets excluding building of the Company for Rs. 534 million and right to set off on collection account.



		2022	2021
	Note	------(Rupees in '000)-----	
<b>11.2 Bank Islami Pakistan Limited</b>			
Opening balance		81,308	-
Transfer from running finance		-	81,308
Repayments		(27,500)	-
		53,808	81,308
Less: Current and overdue portion	19	(8,637)	(18,068)
		45,171	63,240
Add: Deferred markup	11.2.1	54,659	46,015
Less: Discounting of deferred markup	11.2.2	(8,878)	(10,219)
		45,781	35,796
		90,952	99,036
<b>11.2.1</b> Reconciliation of deferred markup is as follows:			
Opening balance		46,015	-
Add: Deferred markup during the period/year		8,644	46,015
		54,659	46,015
<b>11.2.2</b> Reconciliation is as follows:			
Opening balance		10,219	-
Add: Discounting impact of deferred markup	41.1	1,474	12,456
		11,693	12,456
Less: Unwinding impact of discounted deferred markup		(2,815)	(2,237)
		8,878	10,219

This represents balance transferred as a result of restructuring of short term running finance (RF) facility to Term Loan Facility as on 12th Feb 2021. Principal will be repaid in 29 installments starting from Feb 2022 till May 2026. Markup will be accrued and will be serviced in 24 monthly installments, starting from June 01, 2024. Effective markup rate applicable will be 6 Month KIBOR (Floor 7.5% and capping 17%). The mark up charged during the period on the outstanding balance ranged from 7.65% to 15.87% (2021: 7.50% to 7.65%). The facility is secured against 1st joint pair passu charge on present and future current and fixed assets excluding land & building & licences/receivable of LDI & WLL) of the Company for Rs. 880 million with 25% margin, pledge of various listed securities of the Company having carrying value Rs. 35.087 Million and along with Mortgage over the Company's Offices at Ali Tower MM Alam Road Lahore and at The Plaza Shopping Mall Kehkashan Karachi.

		2022	2021
	Note	------(Rupees in '000)-----	
<b>11.3 Askari Bank Limited</b>			
Opening balance		-	-
Transfer from running finance		310,547	-
Repayments		(22,000)	-
		288,547	-
Less: Current and overdue portion	19	(44,000)	-
		244,547	-
Add: Deferred markup	11.3.1	64,596	-
Less: Discounting of deferred markup	11.3.2	(14,998)	-
		49,598	-
		294,145	-
<b>11.3.1</b> Reconciliation of deferred markup is as follows:			
Opening balance		-	-
Add: Deferred markup during the period/year		64,596	-
		64,596	-
<b>11.3.2</b> Reconciliation is as follows:			
Opening balance		-	-
Add: Discounting impact of deferred markup	41.1	14,998	-
		14,998	-
Less: Unwinding impact of discounted deferred markup		-	-
		14,998	-

This represents balance transferred as a result of settlement agreement from short term running finance (RF) facility to Term Loan Facility as on November 02, 2022. Principal will be repaid in 48 installments starting from Nov 2022 till Oct 2026. Markup outstanding after effective discounts / waivers as per settlement agreement and markup to be accrued will be serviced in 36 monthly installments, starting from Nov 2024. Effective markup rate applicable will be 1MK - 2% (Floor 10%). The mark up charged during the period on the outstanding balance ranged from 13.56% to 14.61%. The facility is secured against 1st joint pair passu charge on present and future current and fixed assets (excluding land & building & licences) of the Company with Margin 25%, collection account with AKBL for routing of LDI receivables alongwith additional mortgage on Properties situated in Sindh.



Note 12

**Sponsor's Loan**

		2022	2021
	Note	----- (Rupees in '000) -----	
<b>Sponsor's Loan - unsecured</b>			
- Interest bearing	12.1	680,700	533,850
- Non-interest bearing	12.2	1,490,607	1,143,030
		<u>2,171,307</u>	<u>1,676,880</u>
<b>12.1</b> Opening balance		533,850	482,400
Exchange loss		146,850	51,450
		<u>680,700</u>	<u>533,850</u>

This represents USD denominated loan obtained from Worldcall Services (Private) Limited, the Parent Company. It carries mark up at 12 months KIBOR plus 1%. The mark up rate charged during the period on the outstanding balance is 12.79% (2021: 8.67%) per annum. The amount is not payable before December 31, 2023.

**12.2** This represents interest free loan obtained from Worldcall Services (Private) Limited, the Parent Company. The amount is not payable before December 31, 2023.

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

Opening balance	1,289,338	978,084
Less: Net receipts /(Payments) during the period/year	403,569	311,254
Amount of loan	1,692,907	1,289,338
Adjustment due to impact of IFRS 9:		
Discounting	(202,300)	(146,308)
	<u>(202,300)</u>	<u>(146,308)</u>
	<u>1,490,607</u>	<u>1,143,030</u>

Note 13

**License Fee Payable**

		2022	2021
	Note	----- (Rupees in '000) -----	
Opening balance		45,513	45,513
Settled against retirement of WLL License		-	-
	13.1	<u>45,513</u>	<u>45,513</u>

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

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

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

Note 14

**Post Employment Benefits**

		2022	2021
	Note	----- (Rupees in '000) -----	
Obligations for defined benefit scheme - gratuity	14.1.1	190,250	183,306
Accumulating compensated absences	14.2.1	9,780	10,450
		<u>200,030</u>	<u>193,756</u>



**14.1 Obligations for defined benefit scheme - gratuity**

Latest actuarial valuation of the gratuity scheme was conducted as on December 31, 2022 using the following assumptions: Results of actuarial valuation are as under:

Discount rate for interest cost - per annum	11.75%	9.75%
Discount rate for year end obligations - per annum	14.50%	11.75%
Expected rate of increase in salary level - per annum	13.50%	10.75%
Weighted average duration of defined benefit obligation	9 Years	9 Years
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Rates Table	

Actuarial cost method

Projected Unit Credit Method

**14.1.1 Movement in net liability for defined benefit scheme obligation**

	<b>2022</b>	<b>2021</b>
	----- (Rupees in '000) -----	
Opening balance	183,306	190,765
Charge for the year - Statement of Profit or Loss Account	14.1.2 39,692	40,003
Net remeasurements for the year - Other comprehensive income	(12,387)	(13,418)
Transferred to trade and other payables	(16,530)	(32,433)
Payments made during the year	(3,831)	(1,611)
Closing balance	<u>190,250</u>	<u>183,306</u>

**14.1.2 Charge for the year**

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

	<b>2022</b>	<b>2021</b>
	----- (Rupees in '000) -----	
Current service cost	19,356	23,074
Interest cost	20,336	16,929
	<u>39,692</u>	<u>40,003</u>

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
	----- (Rupees in '000) -----				
Present value of defined benefit obligation	190,250	183,306	190,765	196,776	222,507
Fair value of plan asset	-	-	-	-	-
Net deficit	<u>190,250</u>	<u>183,306</u>	<u>190,765</u>	<u>196,776</u>	<u>222,507</u>

**14.1.4 Estimated charge for the year 2023**

	<b>Rupees in '000'</b>
Current service cost	18,871
Interest cost	25,757
	<u>44,628</u>

**14.1.5 Year end sensitivity analysis on defined benefits obligations**

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

	<b>2022</b>
	<b>Rupees in '000</b>
Discount rate + 100 bps	(176,243)
Discount rate - 100 bps	206,098
Salary increase + 100 bps	(206,351)
Salary increase - 100 bps	175,778

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



**14.1.6 Allocation of charge for the year**

		2022	2021
	Note	------(Rupees in '000)-----	
Direct costs excluding depreciation and amortization	39	19,450	19,619
Operating costs	40	20,242	20,384
		39,692	40,003

**14.2 Accumulating compensated absences**

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

Discount rate for interest cost - per annum	11.75%	9.75%
Discount rate for year end obligations - per annum	14.50%	11.75%
Expected rate of increase in salary level - per annum	13.50%	10.75%
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table	
Actuarial cost method	Projected Unit Credit Method	

Results of actuarial valuation are as under:

**14.2.1 Movement in net liability for accumulating compensated absences**

		2022	2021
	Note	------(Rupees in '000)-----	
Opening balance		10,450	12,368
Charge for the year - Statement of Profit or Loss Account	14.2.2	865	988
Transferred to trade and other payables		(968)	(2,674)
Payments made during the year		(567)	(232)
Closing balance		9,780	10,450

**14.2.2 Charge for the year**

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

Current service cost	133	296
Interest cost for the year	732	692
	865	988

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

	2022	2021	2020	2019	2018
	------(Rupees in '000)-----				
Present value of defined benefit obligation	9,780	10,450	12,368	14,020	18,513
Fair value of plan asset	-	-	-	-	-
Net deficit	9,780	10,450	12,368	14,020	18,513

**14.2.4 Estimated charge for the year 2023**

	Rupees in '000'
Current service cost	256
Interest cost	1,418
	1,674

**14.2.5 Year end sensitivity analysis on defined benefit obligation**

Reasonably

	2022
	Rupees in '000'
Discount rate + 100 bps	(9,081)
Discount rate - 100 bps	10,572
Salary increase + 100 bps	(10,556)
Salary increase - 100 bps	9,084

**14.2.6 Allocation of charge for the year**

		2022	2021
	Note	------(Rupees in '000)-----	
Direct costs excluding depreciation and amortization	39	43	47
Operating costs	40	822	941
		865	988

**14.3 Risk associated with defined benefit plans**

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

Note 15

**Long Term Deposit**

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



		2022	2021
	Note	----- (Rupees in '000) -----	
Opening balance		93,215	86,103
Amount of security deposit			
Add: Unwinding impact under IFRS 9	44.1	7,700	7,112
Less: Current maturity		-	-
		100,915	93,215

Note 16

### Lease Liabilities

		2022	2021
		----- (Rupees in '000) -----	
Opening balance		314,666	275,931
Add: Additions during the year		7,998	164,509
Add: Interest expense	44	30,955	42,310
Less: Termination of lease agreement		(67,595)	(121,467)
Less: Lease payments		(33,248)	(46,617)
Gross liability		252,776	314,666
Less: Current and overdue portion	19	(58,316)	(119,650)
Closing balance		194,460	195,016

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

			2022	2021
	Included in	Note	----- (Rupees in '000) -----	
Carrying amount of ROU assets	SOFP	23	3,407,381	3,694,104
Depreciation charge for ROU assets	Depreciation and	43	278,113	258,642
Interest expense on lease liabilities	Finance cost	44	30,955	42,310
Repayment of lease liability	Financing Activities	Statement of Cash Flows	33,248	46,617

16.2 Maturity analysis of contractually undiscounted cash flows

At December 31, 2022	Within One Year	Between Two to Five Years	Later than Five Years
	----- (Rupees in '000) -----		
	58,316	60,240	134,220

16.3 Nature of leasing activities

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

Lease terms, and the remaining lease terms at the date of initial application, vary. Remaining lease term of existing lease contracts for which lease liability is booked ranges from 2 to 15 years.

Note 17

### Trade and Other Payables

		2022	2021
	Note	----- (Rupees in '000) -----	
Trade creditors	17.1	2,795,590	2,238,758
Accrued and other liabilities	17.2	1,076,501	1,179,004
Payable to PTA against APC charges		1,766,190	1,766,190
Payable against long term investment		44,000	44,000
Contract liabilities		572,840	571,135
Withholding tax		62,099	49,969
Sales tax		104,037	122,300
Security deposits	17.3	35,136	35,136
		6,456,393	6,006,492

17.1 This includes payable to PTA amounting to Rs. 576.02 million (2021: Rs. 564.55 million). Out of this Rs. 513.71 million (2021: Rs. 497.03 million) represents payable regarding Annual Radio Spectrum Fee in respect of WLL licenses. PTA has issued multiple determinations that have been challenged and contested by the Company on legal grounds as well as on account of preoccupation of frequency / spectrums and losses suffered by the Company due to such preoccupancy for which the Company has demanded due compensation from PTA. In all these matters, the Company has filed appeals against PTA's determinations before the honourable Lahore High Court and the honourable Islamabad High Court and stay orders were obtained against the recovery. This matter has been decided in favour of the Company; however, PTA has gone into appeal before the Honourable Supreme Court of Pakistan.



- 17.2** This includes payable to key management personnel amounting to Rs. 184.718 million (2021: Rs. 180 million).
- 17.3** These represent security deposits received from customers. These are interest free and refundable on termination of relationship with the Company. The relationship of these customers with the Company has ended and these deposits are now payable on demand. These have been utilized by the Company before promulgation of Companies Act, 2017.

**Note 18**

**Accrued Mark up**

		2022	2021
	Note	(Rupees in '000)	
Short term borrowings		14,427	108,574
Term finance certificates		399,377	223,436
Sponsor's loan	18.1	184,380	67,618
Long term financing		-	15,744
		<u>598,184</u>	<u>415,372</u>
<b>18.1</b> The reconciliation is as follows:			
Opening balance		67,618	17,781
Add: Mark-up accrued during the year		<u>89,975</u>	<u>44,185</u>
		157,593	61,966
Less: Paid during the year		-	-
Add: Exchange loss		<u>26,787</u>	<u>5,652</u>
		<u>184,380</u>	<u>67,618</u>

**Note 19**

**Current and Overdue Portion of Non-Current Liabilities**

Term finance certificates	10	559,022	432,016
Mark-up payable on term finance certificate		322,669	253,100
Long term financing	11	83,418	38,100
Lease liabilities	16	<u>58,316</u>	<u>119,650</u>
		<u>1,023,425</u>	<u>842,866</u>

**Note 20**

**Short Term Borrowings**

**Banking companies (secured - interest bearing):**

- Running finances	20.1	32,064	345,756
--------------------	------	--------	---------

**Related parties (unsecured - interest free):**

- Ferret Consulting F.Z.C.	20.2	<u>84,355</u>	<u>66,156</u>
		<u>116,419</u>	<u>411,912</u>

**20.1** Movement in running finance facilities

Opening		345,756	427,419
Payment/Adjustment during the year		(3,145)	(355)
Transferred to long term financing	20.1.1	<u>(310,547)</u>	<u>(81,308)</u>
Closing	20.1.2	<u>32,064</u>	<u>345,756</u>

**20.1.1** During the year 2021, Company restructured one of its running finance facility with Bank Islami Limited amounting Rs. 81.3 million which is transferred to long term financing , for detail refer Note 11.2.2. During the year 2022, the Company restructured its running finance facility with Askari Bank Limited amounting to Rs 310.547 million, which is transferred to long term finance facility. For detail refer Note 11.3.

**20.1.2** Short term running finance facilities available from commercial banks under mark up arrangements amount to Rs. 32.064 million (2021: Rs. 346.11 million). Running finance facilities are available at mark up rate of KIBOR plus 1.5% to 2.0% per annum (2021: KIBOR plus 1.5% to 2.0% per annum), payable quarterly, on the balance outstanding. The mark up charged during the period on outstanding balances ranged from 11.94% to 17.60% (2021: 8.79% to 11.51%) per annum, effectively. As of reporting date Company is in negotiations with Lender for restructuring of its short term liability into long term.

**20.2** This represents interest free USD denominated loan received from M/s Ferret Consulting - F.Z.C to meet working capital requirements. The accumulated balance as at reporting date is USD 377,598 (2021: USD 371,770). In the absence of written agreement, the amount is repayable on demand.

**20.3** **Guarantees**

Of the aggregate facilities of Rs. 398.862 million (2021: Rs. 418.162 million) for guarantees, the amount utilized as at Dec 31, 2022 was Rs. 334.461 million (2021: Rs. 353.761 million).

**20.4** The facilities in note 20.1 are secured against first pari passu hypothecation charge on all present and future current and fixed assets excluding building, WLL / LDI receivables, first joint pari passu hypothecation charge over all present and future current and fixed assets of the Company with security margin over the facility amount, pledge of shares of listed companies in CDC account of the Company, Margin over cash deposit of Rs. 34.563 million, first exclusive assignment of all present and future receivables of LDI business arm of the Company, collection accounts with Bank for routing of LDI receivables, counter guarantee of the Company, equitable mortgage over the property of office # 302, 303, 304, 3rd Floor, the Plaza on Plot # G-7, Block-9, KDA Scheme # 5, Kehkashan Clifton, Karachi and equitable mortgage over the property of office # 07, 08, 09 situated on 1st Floor, Ali Tower, MM Alam Road, Gulberg III.

**Note 21**

**Contingencies and Commitments**

**Contingencies**

**21.1** **Billing disputes with PTCL**

There is a dispute of Rs. 72.64 million (2021: Rs. 72.64 million) with Pakistan Telecommunication Limited (PTCL) in respect of non-revenue time of prepaid calling cards and Rs. 46.92 million (2021: Rs. 46.92 million) in respect of excess minutes billed on account of interconnect and settlement charges. Similarly, PTCL has charged the Company excess Domestic Private Lease Circuits ("DPLC") and other media charges amounting to Rs. 334.08 million (2020: Rs. 334.08 million) on account of difference in rates, distances and date of activations. The management has taken up these issues with PTCL and considers that these would most likely be decided in Company's favour as there are reasonable grounds to defend the Company's stance. Hence, no provision has been made in these financial statements for the above amounts.

**21.2** **Disputes with PTA**

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



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

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

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

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

**21.2.5** The Company has filed a suit before the High Court of Sindh on July 2, 2011 for declaration, injunction and recovery of Rs. 4.944 billion against PTA praying, inter alia, for direction to PTA to determine the Access Promotion Contribution for Fixed Line Local Loop (APCL contribution) and Access Promotion Cost (APC) for Universal Service Fund (USF) strictly in accordance with the formula as per Rule 8(2) and (4) of 2004 Rules and Regulation 7 of 2005 Regulations; restraining PTA from taking coercive actions against the Company to recover the amounts of APCL and APC for USF and direction to PTA to submit accounts and information to the Honourable High Court with regard to collection and, utilization and application of APCL and APC for USF contributions. During the pendency of proceedings, the Court granted interim injunction to the Company and restrained PTA from taking any coercive action against the Company.

The said restraining order was dismissed by the learned single judge through a combined order dated July 27, 2018. The said order has been challenged by the Company before the Divisional Bench of the High Court on August 13, 2018 in High Court Appeal No. 222 of 2018. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these financial statements.

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

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

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

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



- 21.2.8** PTA has demanded amounts of annual license fee (ALF) relating to Non-Voice Communication Network Services (NVCNS) through various demand notices. PTA has filed recovery proceedings against the Company before the District Collector / Deputy Commissioner, Lahore for an amount of Rs. 62.607 million on February 7, 2020 due to non-payment of annual license fee (ALF) relating to Non-Voice Communication Network Services (NVCNS). This includes principal portion of Rs. 31.146 million already recognized in the financial statements and late payment charges amounting to Rs. 31.461 million. The Company has not received any notice from the Revenue department. The Company's management and legal advisor feels that there are strong grounds to defend the Company's stance and that the late payment charges determined unilaterally by PTA will not materialize, hence, no provision has been made in these financial statements.
- 21.2.9** PTA had demanded an amount of Rs. 350 million in respect of fine and loss of Rs. 531.89 million on account of international telephony traffic. The case was decided by Islamabad High Court in favour of the Company, however, PTA went into appeal before the honourable Supreme Court of Pakistan. The honourable Supreme Court dismissed the appeal of PTA. PTA has now filed review petition No. 708 of 2019 before the Supreme Court of Pakistan on November 23, 2019 which is pending adjudication. The Company has not received any notice in this regard. The Company's management feels that there are strong grounds to defend the Company's stance, hence, no provision has been made in these financial statements.
- 21.2.10** PTA has issued show cause notice to the Company with the direction to pay annual regulatory dues for the years ended 2011, 2012, 2013 and 2014 cumulative amount of Rs. 119.65 Million along with late payment charges. The Company has filled the appeals against said notices with PTA which dismissed on December 04, 2020. The Company therefore filled the appeal in Sindh High Court on December 31, 2020 to set aside the order passed by PTA. The Court directed PTA not to take any coercive action against the Company. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these financial statements against this demand.
- 21.2.11** PTA determined the demand amounting to Rs. 223.34 million, on account of annual spectrum fee and other regulatory charges, vide its determination dated February 22, 2010. Being aggrieved, the Company's management preferred an appeal before the Honourable Lahore High Court ("LHC") on March 20, 2010 against the PTA's determination. LHC granted stay against the recovery subject to payment of Rs. 40 million which was complied by the Company. Based on the advice of the Company's legal counsel, the Company's management feels that there are strong grounds to defend the Company's position and the ultimate decision would be in the Company's favour.
- 21.2.12** Other than the amounts recognized in the financial statements and amounts disclosed in the above contingencies, PTA has also demanded amounts of PKR 1.634 billion on account of various charges, default surcharges / penalties / fines. Since the principal amount is disputed, the Company's management feels that there are strong grounds to defend the Company's stance and that the liability determined unilaterally by PTA will not materialize, hence, no provision has been made in these financial statements.
- 21.3 Taxation issues**
- 21.3.1** Separate returns of total income for the Tax Year 2003 were filed by M/s World call Communications Limited, M/s Worldcall Multimedia Limited, M/s Worldcall Broadband Limited and M/s Worldcall Phone Cards Limited, now merged into the Company. Such returns of income were amended by relevant officials under section 122(5A) of the Income Tax Ordinance, 2001 ("Ordinance") through separate orders. Through such amendment orders, in addition to enhancement in aggregate tax liabilities by an amount of Rs. 9.90 million, tax losses declared by the respective companies too were curtailed by an aggregate amount of Rs. 66.19 million. The Company contested such amendment orders before Commissioner Inland Revenue (Appeals) [CIR(A)] and while amendment order for Worldcall Broadband Limited was annulled, partial relief was extended by CIR(A) in respect of appeals pertaining to other companies. The appellate orders extending partial relief were further assailed by the Company before Appellate Tribunal Inland Revenue (ATIR) in January 2010, which are pending adjudication. The Company's management considers that meritorious grounds exist to support the Company's stances and expects relief from ATIR in respect of all the issues being contested. Accordingly, no adjustments / liabilities on these accounts have been incorporated / recognized in these financial statements.
- 21.3.2** Through amendment order passed under section 122(5A) of the Ordinance, the Company's return of total income for Tax Year 2006 was amended and declared losses were curtailed by an amount of Rs. 780.46 million. The Company's appeal filed on September 18, 2007 was not entertained by CIR(A) and the amendment order was upheld whereupon the matter was further agitated before ATIR on July 8, 2008, which is pending adjudication. The Company's management expects relief from ATIR in respect of issues involved in the relevant appeal there being valid precedents available on record supporting the Company's stance. Accordingly, no adjustment on this account has been incorporated in these financial statements.
- 21.3.3** In computer balloting for total audit u/s 177 of the Ordinance, the Company was selected for total audit proceedings for the tax year 2009 and the same has been completed with the issuance of order under section 122(1)/122(5) of the Ordinance creating a demand of Rs. 208.348 million. Against the said impugned order, appeal has been filed before CIR(A) on August 5, 2019 by legal counsel of the Company. Based on the advice of the legal counsel, the Company's management feels that there are strong grounds to defend the Company's stance and the liability will not materialize, hence, no provision has been made in these financial statements.



- 21.3.4** A demand of Rs. 1.059 billion (including default surcharge of Rs. 325.849 million) was raised against the Company under section 161/205 of the Ordinance for the period relevant to Tax Year 2012 alleging non-compliance with various applicable withholding provisions contained in the Ordinance. The management assailed the subject order on March 28, 2014 in usual appellate course and while first appellate authority decided certain issues in the Company's favour, major issues were remanded back to department for adjudication afresh. Such appellate order was further assailed by the Company before ATIR on May 20, 2014, at which forum, adjudication is pending. Meanwhile, the Department concluded the reassessment proceedings, primarily repeating the treatment earlier accorded, however, based on relief allowed by first appellate authority, demand now stands reduced to Rs. 953.355 million (including default surcharge of Rs. 308.163 million). Such reassessment order was assailed by the Company in second round of litigation and the first appellate authority, through its order dated June 29, 2015, has upheld the Departmental action. The management has contested this order before ATIR on August 20, 2015 for favourable outcome. The Company's management feels that there are strong grounds to defend the Company's stance and the liability will not materialize, hence, no provision has been made in these financial statements.
- 21.3.5** In computer balloting for total audit u/s 177 of the ITO, 2001, the Company was selected for total audit proceedings for the tax year 2014 and the same has been completed with the issuance of order under section 122(4) of Income Tax Ordinance, 2001 creating a demand of Rs. 49,013,883 and curtailment of losses by Rs. 5,880.753 million. The said demand was curtailed to Rs. 5,749,260 through a revised demand order on account of rectification application filed by the Company. Against the said impugned order, appeal has been filed before CIR(A) on January 24, 2018 by legal counsel of the Company. Based on the advice of the legal counsel, the Company's management feels that there are strong grounds to defend the Company's stance and the liability will not materialize, hence, no provision has been made in these financial statements.
- 21.3.6** The CIR has raised demand against the Company for super tax for the tax year 2018 amounting to Rs. 43.82 million. The chargeability has been challenged by the Company through writ petition in LHC filed on May 16, 2019. Based on the advice of the legal counsel, the Company's management feels that there are strong grounds to defend the Company's stance and the liability will not materialize, hence, no provision has been made in these financial statements.
- 21.3.7** A sales tax demand of Rs. 167 million was raised against the Company for recovery of an allegedly inadmissible claim of sales tax refund in Tax Year 2006 filed and sanctioned under section 66 of the Sales Tax Act, 1990. The Company's appeal against such order was allowed to the extent of additional tax and penalties; however, principal amount was held against the Company by the then relevant Customs, Excise and Sales Tax Appellate Tribunal (CESTAT). The Company further assailed the issue on November 10, 2009 before Lahore High Court (LHC) where the litigation is presently pending. While, recovery to the extent of 20% of principal demand of sales tax has been made by the tax authorities, an interim injunction by honourable Court debars the Department for enforcing any further recovery. Since the management considers the refund to be legally admissible to the Company, no liability on this account has been recognized in these financial statements and the amount already recovered has been recorded as being receivable from the tax authorities. It is pertinent to highlight here that adverse judgment earlier passed by CESTAT no longer holds the field as through certain subsequent judgments, controversy has been decided by ATIR (forum now holding appellate jurisdiction under the law) in favour of other taxpayers operating in the Telecom Sector. The Honourable LHC has set aside the judgment of the Tribunal on May 24, 2017 and has remanded the case for decision afresh. The Tribunal is yet to issue notice for the hearing. The Company's management feels that there are strong grounds to defend the Company's stance and the liability will not materialize, hence, no provision has been made in these financial statements.
- 21.3.8** On September 30, 2016, Punjab Revenue Authority (PRA) issued show cause notice allegedly demanding Rs. 419.821 million for the periods from May 2013 to December 2013. The Company challenged imposition of sales tax on LDI services on the first appellate authority in 2016 and relief granted by CIR(A) through set aside the demand created by PRA with direction of reassessment proceedings. The Company challenged these proceedings through filing a writ petition in LHC heard on February 9, 2017 on the grounds that it was unconstitutional and in violation of fundamental principles of sales tax and international commitments of Government of Pakistan. The writ petition has been allowed with instructions passed by honourable Judge of Lahore High Court Lahore to PRA restraining from passing final order in pursuance of proceedings. The matter has been taken up by other LDI operators against PRA in June 2015 before LHC on the grounds that imposition of sales tax is unconstitutional and in violation of fundamental principles of sales tax and international commitments of Government of Pakistan. The period pertains to ICH time when amount of sales tax was withheld by PTCL. Based on the advice of the Company's tax advisor, the management is of the view that the Company's case is based on meritorious grounds and hence, relief would be secured from the Court. In view of the above, provision for sales tax on LDI services aggregating Rs. 1,206.734 million (2018: Rs. 884.689 million) has not been made in these financial statements.
- 21.4 Others**
- 21.4.1** One of the Company's supplier has filed the suit for recovery on July 12, 2018 before the Civil Court, Lahore of certain moneys alleged to have not been paid by the Company under its agreements with the supplier. The principal claim is Rs. 18 million however the claim is inflated to Rs. 230 million on frivolous basis. The Company denies the claim and is hopeful for positive outcome. The management is of the view that it is unlikely that any claim of said supplier will materialize.



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

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

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

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

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

During 2019, the supplier has signed an MoU with the Company undertaking to withdraw all legal cases which has completed in August 2022 and both parties have withdrawn their respective cases.

**21.4.5** As stated in note 5.10, the Company is in default of Regulation 11 of the Companies (Further Issue of Shares) Regulations 2020. The Company may be liable to pay penalty amounting to Rs. 5 million. The management is of the view that it is unlikely that any claim will materialize against the Company.

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

**21.5** Outstanding guarantees and letters of credit

**Commitments**

**21.6** Commitments in respect of capital expenditure

	2022	2021
	------(Rupees in '000)-----	
	344,461	353,761
	9,313	9,696

**Property, Plant and Equipment**

	2022	2021
Operating fixed assets	5,307,479	5,781,122
Capital work-in-progress	12,907	12,907
	5,320,386	5,794,029

**22.1 Operating fixed assets**

	Rupees in 000							Total
	Building on Freehold Land	Leasehold Improvements	Plant and Equipment	Office Equipment	Computers	Furniture and Fixtures	Vehicles	
<b>Cost / Revalued Amount</b>								
<b>Balance as at December 31, 2020</b>	97,500	162,225	8,386,544	101,872	176,818	33,132	31,449	21,780
Additions during the year	-	11,858	23,035	3,207	1,600	612	-	-
Disposals /adjustment during the year	-	-	(122,258)	-	(1,167)	-	(726)	-
<b>Balance as at December 31, 2021</b>	<b>97,500</b>	<b>174,083</b>	<b>8,287,321</b>	<b>105,079</b>	<b>177,251</b>	<b>33,744</b>	<b>30,723</b>	<b>21,780</b>
Additions during the year	-	6,639	13,063	1,466	1,765	698	-	23,631
Disposals /adjustment during the year	-	-	(168,151)	-	-	-	-	(168,151)
<b>Balance as at December 31, 2022</b>	<b>97,500</b>	<b>180,722</b>	<b>8,132,233</b>	<b>106,545</b>	<b>179,016</b>	<b>34,442</b>	<b>30,723</b>	<b>21,780</b>
<b>Depreciation and Impairment</b>								
<b>Balance as at December 31, 2020</b>	29,656	143,506	2,298,426	91,037	176,818	27,918	31,449	19,187
Depreciation for the year	4,875	7,027	396,082	2,036	320	1,097	-	748
Depreciation on disposals/adjustment	-	-	(81,930)	-	(1,167)	-	(726)	-
<b>Balance as at December 31, 2021</b>	<b>34,531</b>	<b>150,533</b>	<b>2,612,578</b>	<b>93,073</b>	<b>175,971</b>	<b>29,015</b>	<b>30,723</b>	<b>19,935</b>
Depreciation for the year	4,875	7,731	372,547	1,947	1,103	1,143	-	100
Depreciation on disposals/adjustment	-	-	(60,323)	-	-	-	-	(60,323)
<b>Balance as at December 31, 2022</b>	<b>39,406</b>	<b>158,264</b>	<b>2,924,802</b>	<b>95,020</b>	<b>177,074</b>	<b>30,158</b>	<b>30,723</b>	<b>20,035</b>
<b>Net book value as at December 31, 2022</b>	<b>58,094</b>	<b>22,458</b>	<b>5,207,431</b>	<b>11,525</b>	<b>1,942</b>	<b>4,284</b>	<b>-</b>	<b>1,745</b>
Net book value as at December 31, 2021	62,969	23,550	5,674,743	12,006	1,280	4,729	-	1,845
Annual rate of depreciation (%)	5	10 to 20	5 to 33	10	33.33	10	20	20

Annual rate of depreciation (%)



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

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

Sr. No.	Description	Net Book Value (Rs. in '000')	Persons in whose possession
1	Customer Premises	87,004	Customers

22.1.3 Latest revaluation was carried out on December 31, 2020 by an independent professional valuer M/s Arch-E-Decon that resulted in revaluation surplus of Rs. Nil. Force sale value of revalued plant and equipment was estimated at December 31, 2022: Rs. 4,165.49 Million (2021: Rs. 4,539.79).

**Fair value measurement**

2022	2021
----- (Rupees in '000) -----	
5,207,431	5,674,743

**Recurring fair value measurements**

Plant and equipment (owned)

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

**Fair value measurements using significant unobservable inputs (level 3)**

The following table presents the movement in level 3 items for the year ended December 31, 2022 for recurring fair value measurements:

	LDI and	WLL	Total
	----- (Rupees in '000) -----		
Balance as at December 31, 2021	5,596,050	78,693	5,674,743
Additions	13,063	-	13,063
Disposals	(107,828)	-	(107,828)
Depreciation	(372,547)	-	(372,547)
Revaluation surplus recognized in other comprehensive income	-	-	-
Balance as at December 31, 2022	5,128,738	78,693	5,207,431

**Valuation techniques used to derive level 3 fair values**

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

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

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

**Valuation inputs and relationship to fair value**

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

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

**22.1.4** The carrying amount of temporarily idle property, plant and equipment amounts to Rs.nil (2021: Rs. 78.69 million).

The cost / revalued amount of fully depreciated property, plant and equipment that is still in use of the Company amounts to Rs. 1,521.74 million (2021: Rs. 454.81 million).

**22.1.5** Property, plant and equipment and current assets having charge against borrowings amount to Rs. 12,801.043 million (2021: Rs. 12,801.043 million).

**22.1.6** Had there been no revaluation, the net book value of plant and equipment (owned) would have amounted to Rs. 3,293.93 million (2021: 4,718.69 million).

**22.1.7 Disposal of operating fixed assets**

Particulars	Name of Buyer along with Relationship with the Company or any Director of the Company (if any)	Cost / Revalued Amount	Accumulated Depreciation and Impairment	Written Down Value	Sale Proceeds / Settlement Value	Gain / (Loss)	Mode of Disposal
----- (Rupees in '000) -----							
<b>Plant and Equipment</b>							
Fiber duct	Customer	157,773	57,773	100,000	-	-	Negotiation
Batteries	Yousaf Niamat Metal	3,543	1,275	2,268	2,440	172	Negotiation
Coaxial equipment	Shaheen Insurance	6,835	1,275	5,560	6,584	1,024	Insurance claim
	<b>2022</b>	<b>168,151</b>	<b>60,323</b>	<b>107,828</b>	<b>9,024</b>	<b>1,196</b>	
	2021	124,151	83,823	40,328	53,574	23,224	



	2022	2021
Note	----- (Rupees in '000) -----	
<b>22.2 Capital work-in-progress ("CWIP")</b>		
Advances to suppliers	6,089	6,089
Plant and equipment	6,818	6,818
	<b>22.2.1 12,907</b>	<b>12,907</b>
<b>22.2.1 The reconciliation of the carrying amount is as follows:</b>		
Opening balance	56,083	54,658
Additions during the year	-	21,009
Transfers during the year	-	(19,584)
	56,083	56,083
Provision against advance to suppliers	(43,176)	(43,176)
Closing balance	12,907	12,907

23

Right of use (ROU) assets	2022	2021
Note	----- (Rupees in '000) -----	
Opening balance	3,694,104	3,680,465
Add: Additions during the year	7,998	364,337
Add: Revaluation Surplus during the year	-	-
Less: Lease terminated during the year	(16,608)	(92,056)
Less: Depreciation charge for the year	(278,113)	(258,642)
Closing balance	3,407,381	3,694,104
Lease Term (Years)	up to 11 Years	up to 20 Years

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

**23.1** The right of use assets comprises of following:

	2022	2021
	----- (Rupees in '000) -----	
Indefeasible rights of use of Fiber (IRU)	3,241,765	3,467,884
Leasehold property	165,616	226,220
	3,407,381	3,694,104

**23.2** On December 31, 2020 the IRU assets were revalued by an independent professional valuer, M/s Arch-E-Decon, which resulted in revaluation gain amounting Rs. 1,440 Million. The force sale value of revalued assets at December 31, 2021 Rs. 2,555.54 million (2021: Rs. 2,774.3 million). The fair value of IRU assets is measured using significant unobservable inputs (Level 3). There are no level 1 and level 2 assets and hence no transfers between levels 1 and 2 during the year.

#### Valuation techniques used to derive level 3 fair values:

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

#### Valuation inputs and relationship to fair value

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

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

**23.3** Had there been no revaluation, the net book value of right of use asset would have amounted to Rs. 2,211.08 million (2021: Rs. 2,359.35 million).



23.3 Had there been no revaluation, the net book value of right of use asset would have amounted to Rs. 2,211.08 million (2021: Rs. 2,359.35 million).

Note 24

**Intangible Assets**

		Licenses	Patents	IRU -	Software's	Goodwill	Total
<b>Cost / Revalued Amount</b>	Note	----- (Rupees in '000) -----					
Balance as at December 31, 2020		1,713,828	5,333	784,800	11,280	2,690,403	5,205,644
Additions / (deletions) during the year		-	-	-	-	-	-
Elimination of cost on retirement of assets		-	-	-	-	-	-
Revaluation surplus during the year		-	-	-	-	-	-
Balance as at December 31, 2021		1,713,828	5,333	784,800	11,280	2,690,403	5,205,644
Elimination of cost on retirement of assets		-	-	-	-	-	-
Revaluation surplus during the year		-	-	-	-	-	-
Additions / (deletions) during the year		-	-	-	-	-	-
Revaluation surplus during the year		-	-	-	-	-	-
Balance as at December 31, 2022		1,713,828	5,333	784,800	11,280	2,690,403	5,205,644
<b>Amortization and Impairment</b>							
Balance as at December 31, 2020		577,596	5,333	518,376	11,280	2,690,403	3,802,988
Elimination of accumulated amortization on	24.5	-	-	-	-	-	-
Amortization for the year		352,897	-	52,268	-	-	405,165
Balance as at December 31, 2021		930,493	5,333	570,644	11,280	2,690,403	4,208,153
Amortization for the year		352,605	-	52,268	-	-	404,873
Balance as at December 31, 2022		1,283,098	5,333	622,912	11,280	2,690,403	4,613,026
Net book value as at December 31, 2021		783,335	-	214,156	-	-	997,491
Net book value as at December 31, 2022		430,730	-	161,888	-	-	592,619
Annual amortization rate (%)		5 to 20	10	6.67	20	-	-

24.1 On December 31, 2020, licenses and software's were revalued by an independent professional valuer, M/s Arch-E-Decon, which resulted in revaluation gain amounting Rs. 660 Million. The force sale value of revalued assets at December 31, 2021 Rs. 385.19 million (2021: Rs. 626.67 million). The table below analyses the non-financial assets carried at fair value, by valuation method.

**Recurring fair value measurements of following items of intangible assets**

Licenses

	2022	2021
	----- (Rupees in '000) -----	
	430,730	783,335
	430,730	783,335

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

**Fair value measurements using significant unobservable inputs (level 3)**

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

	Licenses and Software's	
	2022	2021
	----- (Rupees in '000) -----	
Opening balance	783,334	1,136,231
Amortization charged during the year	(352,604)	(352,897)
Closing balance	430,730	783,334

**Valuation techniques used to derive level 3 fair values:**

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

**Valuation inputs and relationship to fair value**

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

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

24.2 Had there been no revaluation, the net book value of licenses and software's would have amounted to Rs. nil Million (2021: Rs. 196.2 million).



- 24.3** Licenses of the Company are encumbered with IGI Holding Limited, Trustee of TFC holders, as disclosed in Note 10.
- 24.4** The licenses include license granted by PTA to the Company for providing the LDI telecommunication services in the country.
- 24.5** PTA has withdrawn licenses for telecom frequency of 1900Mhz, 450Mhz, 479Mhz, 3.5Ghz and LDI operator license. The LDI services of the Company were restored on January 15, 2021 on the direction of Honourable Sindh High Court. The Company has derecognized asset and related license fee payable related to 1900Mhz, 450Mhz and 479Mhz based on the PTA's order. As per the management the PTA has no legal right to terminate frequency of 3.5Ghz as this was already fully paid and based on the legal counsel opinion Company has not derecognized this frequency and filed appeal for restoration of same refer note 13 for detail.

Note 25

Investment Properties		2022	2021
	Note	------(Rupees in '000)-----	
Opening balance		51,218	49,958
Fair value adjustment recognized in profit or loss account	25.1	252	1,260
Closing balance		<u>51,470</u>	<u>51,218</u>

- 25.1** As of the reporting date, investment properties comprise land. Latest valuation of these properties was carried out on December 31, 2022 by an approved independent valuer, M/s Gandhara Consultants. The valuation was carried out using sales comparison approach which resulted in fair value gain of Rs. 0.252 million (2021: Rs. 1.26 million).

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

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

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

Sr. No.	Particulars	Location	Area	Forced Sale Value (Rupees in '000)
1	13 Plots	Super Dream, K.T. Bundar Road, Gharo, Sindh	9600 Sq. Yd.	26,496
2	2 Plots	Windmill Villas, K.T. Bundar Road, Gharo, Sindh	1800 Sq. Yd.	4,968
3	6 Plots	Super Highway, Noriabad, Sindh	1200 Sq. Yd.	3,312
4	2 Plots	Peace City Farm Houses, District Rawalpindi	8000 Sq. Yd.	6,400
				<u>41,176</u>

#### Recurring fair value measurements

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during the year 2022.

#### Valuation techniques used to derive level 2 fair values

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

Note 26

Long Term Investment	2022	2021
	------(Rupees in '000)-----	
<b>Wholly owned subsidiary Company - at cost [unquoted]</b>		

Route 1 Digital (Private) Limited

30,000 (2021: 30,000) ordinary shares of

Rs. 100 each, equity held 100% (December 31, 2021: 100%)

26.2                                                    

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

- 26.2** Due to continuous losses the net assets of the subsidiary became negative. Based on negative net assets and subsidiaries inability to implement the business plan the management of the Company charged impairment of Rs. 50 Million in 2021.

Note 27

#### Long Term Trade Receivable

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



	2022	2021
Note	------(Rupees in '000)-----	
Opening balance	384,642	384,642
Unwinding of discount	41.1	-
	384,642	384,642
Less: Impairment allowance	27.1	(384,642)
	-	-
Note 28		
<b>Deferred Taxation</b>	<b>2022</b>	<b>2021</b>
	------(Rupees in '000)-----	
<i>Asset for deferred taxation comprising temporary differences related to:</i>		
-Unused tax losses	3,013,949	3,425,035
-Provision for doubtful debts	900,194	871,647
-Post employment benefits	58,009	56,190
-Provision for stores and spares & stock-in-trade	1,173	1,173
-Provision for doubtful advances and other receivables	82,981	82,979
<i>Liability for deferred taxation comprising temporary differences related to:</i>		
-Surplus on revaluation of assets	(1,684,843)	(2,067,380)
	2,371,463	2,369,644

Deferred tax asset on tax losses available for carry forward has been recognized to the extent that the realization of related tax benefit is probable from reversal of existing taxable temporary differences and future taxable profit. Management's assertion of future taxable profit is mainly based on income due to write back of liabilities and business plan to initiate fiber to home services with monetary support from the majority shareholder as explained in detail in note 2.7 to these financial statements.

Being prudent, the Company has not recognized deferred tax assets of Rs. 2,615.000 million (2021: Rs. 2,864.28 million) in respect of unused tax losses and unabsorbed depreciation and Rs. 43.80 million (2021: Rs. 80.05 million) in respect of minimum tax available for carry forward under the Income Tax Ordinance, 2001 ("ITO"), as sufficient taxable profits would not be available to utilize these in the foreseeable future. Minimum tax available for carry forward and unused tax losses on which deferred tax asset has not been recognized, would expire as follows:

Accounting year to which minimum tax relates	Amount of minimum tax Rupees in '000	Accounting year in which minimum tax will expire
2021	21,705	2024
2022	22,098	2025
	43,803	

Accounting year to which unused tax loss relates	Amount of unused tax loss Rupees in '000	Accounting year in which unused tax loss will expire
2017	1,221,494	2023
2021	668,611	2027
2022	20,590	2028
	1,910,695	

	2022	2021
Note	------(Rupees in '000)-----	
Opening balance	2,369,644	2,389,069
Deferred tax on surplus on revaluation of fixed assets	-	-
Charged to other comprehensive income	1,819	(3,891)
Charged to statement of changes in equity	-	(15,534)
Charged to the statement of profit or loss account	-	-
Closing balance	2,371,463	2,369,644

The gross movement in net deferred tax asset during the year is as follows:



Note 29

<b>Long Term Deposits</b>	<b>2022</b>	<b>2021</b>
	------(Rupees in '000)-----	
Security deposits with:		
- Rented premises	6,116	7,357
- Utilities	960	960
- Others	8,859	8,859
	<u>15,935</u>	<u>17,176</u>
Current portion of deposit	6,441	6,441
Non Current portion of deposit	<u>9,494</u>	<u>10,735</u>

Note 30

<b>Stores and Spares</b>	<b>2022</b>	<b>2021</b>
	------(Rupees in '000)-----	
Cost	35,226	34,399
Less: Provision for obsolete/slow-moving items	(4,044)	(4,044)
	<u>31,182</u>	<u>30,355</u>

### 30.1 Provision for obsolete/slow-moving items

Opening balance	4,044	50,306
Add: Provision for the year	-	-
Less: Reversal of Provision during the Year	-	(46,262)
Closing balance	<u>4,044</u>	<u>4,044</u>

Note 31

<b>Stock-in-Trade</b>	<b>2022</b>	<b>2021</b>
	------(Rupees in '000)-----	
Cost	210,858	209,401
Less: Provision for obsolete/slow-moving stock-in-trade	-	-
	<u>210,858</u>	<u>209,401</u>

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

	<b>2022</b>	<b>2021</b>
	------(Rupees in '000)-----	
Opening balance	-	4,624
Less: Reversal during the year	-	(4,624)
Closing balance	<u>-</u>	<u>-</u>

Note 32

<b>Trade Debts</b>	<b>2022</b>	<b>2021</b>
	------(Rupees in '000)-----	
Considered good - unsecured	1,195,345	456,651
Considered doubtful - unsecured	3,104,118	3,005,681
	4,299,463	3,462,332
Less: Impairment allowance	(3,104,118)	(3,005,681)
	<u>1,195,345</u>	<u>456,651</u>
<b>32.1</b> Opening balance	3,005,681	2,762,091
Provision for expected credit losses on trade debts	98,437	243,590
Closing balance	<u>3,104,118</u>	<u>3,005,681</u>



## Note 33

### Loans and Advances

		2022	2021
	Note	----- (Rupees in '000) -----	
Advances to employees - considered good	33.1	36,839	28,975
Advances to PTA - considered good	33.2	40,000	40,000
		76,839	68,975
Advances to suppliers:			
- Considered good		239,172	182,595
- Considered doubtful		222,848	222,848
		462,020	405,443
Less: Provision for doubtful advances	33.3	(222,848)	(222,848)
		239,172	182,595
		316,011	251,570

**33.1** This includes advances given to executives amounting to Rs. 18.416 million (2021: Rs. 17.837 million) out of which Rs. 12.69 million (2021: Rs. 12.85 million) represents advances given to key management personnel of the Company. Maximum aggregate amount outstanding, in respect of related parties, at any time during the year calculated by reference to month-end balances was Rs. 12.69 million (2021: Rs. 12.85 million).

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

Upto 1 year	1 to 2 years	2 to 3 years	Over 3 years
----- Rupees in '000 -----			
1,873	280	743	9,794

**35.1.1** Further, it includes advance exceeding Rs. 1 million given to the following employees:

2019		2018	
No. of	Amount in	No. of	Amount in '000
6	#REF!	8	#REF!

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

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

### 33.3 Provision for doubtful advances

	2022	2021
	----- (Rupees in '000) -----	
Opening balance	222,848	191,006
Charged during the year	-	31,842
Closing balance	222,848	222,848

## Note 34

### Deposits and Prepayments

		2022	2021
	Note	----- (Rupees in '000) -----	
Deposit in Escrow Account	34.1	511,979	485,822
Margin and other deposits	34.2	65,300	65,570
Prepayments		3,367	3,304
		580,646	554,696

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

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

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



Note 35

Short Term Investments	2022		2021	
	-----No. of Shares -----		------(Rupees in '000)-----	
The Bank of Punjab	11,844	11,844	51	89
Orix Leasing Pakistan Limited	13,737	13,737	255	295
Shaheen Insurance Company Limited	3,136,963	3,136,963	9,405	13,332
First Capital Securities Corporation Limited	3,991,754	3,991,754	5,389	7,744
Pace (Pakistan) Limited	5,403,605	6,171,820	14,049	23,683
Media Times Limited	4,199,500	4,199,500	8,147	9,197
			<u>37,296</u>	<u>54,340</u>

35.1 All shares have a face value of Rs. 10 each. Share having fair value of Rs. 37.256 Million are pledged against long term financing.

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

Note 36

Other Receivables		2022	2021
	Note	------(Rupees in '000)-----	
Due from related parties - considered good	36.1	132,250	107,685
Other receivables - considered good		(14,838)	1,317
Other receivables - considered doubtful		63,289	63,289
		<u>180,701</u>	<u>172,291</u>
Less: Provision for doubtful receivables		(63,289)	(63,289)
		<u>117,412</u>	<u>109,002</u>

**36.1 Due from related parties**

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

	2022	2021
	------(Rupees in '000)-----	
Worldcall Business Solutions (Private) Limited	107,726	85,992
Route 1 Digital (Private) Limited	21,854	19,081
Worldcall Ride Hail (Private) Limited	20	19
ACME Telecom (Private) Limited	37	34
Worldcall Cable (Private) Limited	2,613	2,416
	<u>132,250</u>	<u>107,542</u>

Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances was Rs. 132.25 million (2021: Rs. 107.54 million). Interest at the rate of 8.3% (2021: 8.3%) has been calculated on the outstanding balances.

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

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years
	----- Rupees in '000 -----			
	<u>24,708</u>	<u>38,798</u>	<u>32,524</u>	<u>36,220</u>

Note 37

Cash and Bank Balances		2022	2021
	Note	------(Rupees in '000)-----	
Cash at bank:			
- Current accounts		3,740	14,647
- Savings accounts	37.1	4,190	16,057
		<u>7,930</u>	<u>30,704</u>
Cash in hand		1,509	1,504
Pay orders in hand		-	1,000
		<u>9,439</u>	<u>33,208</u>

37.1 The balances in savings accounts bear mark up at the rates ranging from 8.25% to 13.75% (2021: 5.5% to 7.25%) per annum.



Note 38

Revenue		2022	2021
	Note	----- (Rupees in '000) -----	
Telecom	38.1	1,674,746	1,602,429
Broadband	38.2	642,310	594,652
Other		2,509	4,696
Gross revenue		2,319,565	2,201,777
Less: Discount		(1,071)	(2,808)
Less: Sales tax		(17,249)	(84,746)
		<u>2,301,245</u>	<u>2,114,223</u>

**38.1** Revenues from Telecom includes revenue from one major customer of the Company amounting Rs. 1,674.746 million (2021: Rs. 1,419.77 Million) out of the Company's total revenues

**38.2** This includes revenue amounting to Rs. 400 million (2021: Rs. 199.828 million) in respect of agreement for Indefeasible Right of Use of duct/ metro fiber having carrying value of Rs. 100 Million (2021: 9.98 Million) with a customer. The agreement grants both parties to the agreement IRU for 25 years i.e. remaining useful life of asset.

Note 39

Direct Cost excluding Depreciation and Amortization		2022	2021
	Note	----- (Rupees in '000) -----	
Salaries, wages and benefits	39.1	131,067	152,084
Interconnect, settlement and other charges		1,340,233	1,221,869
PTCL share cost	39.2	-	112
Bandwidth and other PTCL charges		44,182	56,774
Power consumption and rent	39.3	63,331	81,901
Security services		1,531	2,521
PTA charges	39.4	11,615	13,832
Cable license fee		20,823	24,819
Stores and spares consumed		-	3,213
Annual spectrum fee		16,675	18,463
Content cost		1,831	4,277
Network maintenance and insurance		24,112	51,942
Network partner share		1,277	2,051
Fees and subscriptions		45,432	47,507
Revenue share cost		50,336	47,814
Metro fiber/duct cost		100,000	9,978
SMS bundle cost		469	1,549
Others		1,427	3,660
		<u>1,854,341</u>	<u>1,744,366</u>

**39.1** This includes provision for gratuity expense amounting to Rs. 19.45 million (2021: Rs. 19.61 million) and accumulated leave absences amounting to Rs. 0.043 million (2021: Rs. 0.47 million) for the year.

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

**39.3** This includes expense relating to short term leases / operating lease rentals.

**39.4** This represents PTA charges in respect of the following:

		2022	2021
	Note	----- (Rupees in '000) -----	
LDI license	39.4.1	8,010	9,155
Broadband license		3,401	4,677
Annual numbering charges		204	-
		<u>11,615</u>	<u>13,832</u>

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

Universal Service Fund	4,806	5,493
Research and Development Fund	1,602	1,831
Annual Regulatory Fee	1,602	1,831
	<u>8,010</u>	<u>9,155</u>



	Note	2022	2021
----- (Rupees in '000) -----			
LDI license	39.4.1	8,010	9,155
WLL license - royalty fee		-	-
Broadband license		3,401	4,677
Annual numbering charges		204	-
		<u>11,615</u>	<u>13,832</u>

**39.4.2** This represents LDI license charges in respect of the following:

Universal Service Fund		4,806	5,493
Research and Development Fund		1,602	1,831
Annual Regulatory Fee		1,602	1,831
		<u>8,010</u>	<u>9,155</u>

Note 40

#### Operating Cost

Salaries, wages and benefits	40.1	200,219	185,732
Rent, rates and taxes	40.2	3,376	3,009
Travelling and conveyance		48,920	27,136
Legal and professional		36,008	24,992
Utilities		14,610	10,814
Transportation		24,105	22,375
Communications		4,155	3,813
Repairs and maintenance		6,487	6,090
Marketing, advertisement and selling expenses		1,786	764
Insurance		2,810	4,135
Printing and stationery		2,446	2,172
Business promotion and entertainment		7,523	4,916
Directors' meeting expenses		1,661	1,404
Postage and courier		227	287
Newspapers and periodicals		28	202
Provision for advances to suppliers		-	31,842
Security services		3,281	5,240
Miscellaneous		37,406	72,942
		<u>395,048</u>	<u>407,865</u>

**40.1** This includes provision for gratuity expense amounting to Rs. 20.242 million (2021: Rs. 20.384 million) and accumulated leave absences amounting to Rs. 0.821 million (2021: Rs. 0.941 million) for the year.

**40.2** This includes expense relating to short term leases / operating lease rentals.

Note 41

#### Other Income

	Note	2022	2021
----- (Rupees in '000) -----			
Income on deposits, advances and savings accounts		44,276	33,592
Adjustment due to impact of IFRS 9	41.1	74,019	45,205
Scrap Sales		488	6,320
Gain on disposal of property, plant and equipment	22.1.7	1,197	23,224
Gain on lease termination		50,987	29,410
Change in fair value of investment properties	25.1	252	1,260
Liabilities written back:			
- Excess provisions written back during the year		-	-
- Unclaimed liabilities written back during the year	41.2	52,207	95,522
- Liabilities written back on settlement with parties		-	-
		<u>52,207</u>	<u>95,522</u>
Reversals of provision for:			
- Other receivables	36	-	1,083
- Stores and spares	30.1	-	46,262
- Stock in trade	31.1	-	4,624
		-	51,969
Miscellaneous		-	877
		<u>223,426</u>	<u>287,379</u>
<b>41.1 Breakup is as follows:</b>			
Discounting impact of liability for long term finance	11	18,027	14,092
Discounting impact of long term deposit	15	-	-
Discounting Impact of Sponsor's Loan	12.2	55,992	31,113
		<u>74,019</u>	<u>45,205</u>

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

Note 42

#### Other Expenses

	Note	2022	2021
----- (Rupees in '000) -----			
Exchange loss - net		64,357	10,505
Auditors' remuneration	42.1	4,590	4,640
Provision for expected credit losses on trade debts	32.1	98,437	243,590
Provision for Other Receivables		-	3,039
Impairment of long term investment	26.2	-	50,000
Loss on disposal of inventory		-	28,211
		<u>167,384</u>	<u>339,985</u>



**42.1 Auditors' remuneration**

	<b>2022</b>	<b>2021</b>
	----- (Rupees in '000) -----	
Statutory audit	2,800	2,600
Half year review	1,000	1,000
Out of pocket expenses	440	440
Certifications	350	600
	<u>4,590</u>	<u>4,640</u>

Note 43

**Depreciation and Amortization**

Depreciation	22.1	389,445	412,185
Depreciation on ROU assets	23	278,113	258,642
Amortization	24	404,873	405,165
		<u>1,072,431</u>	<u>1,075,992</u>

Note 44

**Finance Cost**

Mark up on term finance certificates		158,014	112,005
Mark up on long term financing		33,915	13,022
Mark-up on sponsor's loan		89,975	44,185
Mark up on short term borrowings		4,747	33,140
Finance charge on lease liabilities	16	30,955	42,310
Unwinding of discount on liabilities	44.1	53,744	51,287
Bank charges and commission		7,305	7,183
		<u>378,655</u>	<u>303,132</u>

**44.1 Breakup is as follows:**

Unwinding impact of long term deposit	15	7,700	7,112
Unwinding impact of liability for Term Finance Certificates	10.1.2	40,996	40,537
Unwinding impact of liability of long term financing		5,047	3,638
		<u>53,743</u>	<u>51,287</u>

Note 45

**Taxation**

Current			
- For the year	45.1	38,116	32,988
- Prior years		-	3,526
		<u>38,116</u>	<u>36,514</u>
Deferred		-	-
		<u>38,116</u>	<u>36,514</u>

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

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

Note 46

**Loss per Share - Basic and Diluted**

		<b>2022</b>	<b>2021</b>
		----- (Rupees in '000) -----	
<b>46.1 Basic loss per share:</b>			
Loss attributable to ordinary shareholders		(1,381,304)	(1,506,356)
Weighted average number of ordinary shares	Number in '000	3,464,551	2,931,332
Basic loss earnings per share	Rupees	(0.40)	(0.51)
<b>46.2 Diluted loss per share:</b>			
Loss used to determine diluted loss per share		(1,381,304)	(1,506,356)
Weighted average number of ordinary shares	Number in '000	3,464,551	2,931,332
Assumed conversion of CPS and dividend thereon into ordinary shares	Number in '000	323,239	323,239
Weighted average number of ordinary shares for diluted loss per share	Number in '000	3,787,790	3,254,571
Diluted loss per share	Rupees	(0.36)	(0.46)



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

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

Note 47

## Cash Used in Operations

	2022	2021
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(1,343,188)	(1,469,736)
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	389,445	412,185
- Amortization on intangible assets	404,873	405,165
- Amortization of right of use assets	278,113	258,642
- Provision for expected credit losses on trade debts	-	243,590
- Provision for advances to suppliers	-	31,842
- Impairment of long term investment	-	50,000
- Provision for Other Receivable	-	3,039
- Loss on disposal of inventory	-	28,211
- (Gain) / Loss on disposal of property, plant and equipment	(1,197)	(23,224)
- Gain on lease termination	(50,987)	(29,410)
- Revenue from IRU agreement	-	(199,828)
- Disposal of fiber under IRU arrangement	100,000	9,978
- Unclaimed liabilities written back during the year	-	(95,522)
- Liabilities written back on settlement with parties	(52,207)	-
- Reversal of provision for stock in trade	-	(4,624)
- Reversal of provision for stores and spares	-	(46,262)
- Reversal of provision for Other receivables	-	(1,083)
- Gain on re-measurement of investment properties at fair value	(252)	(1,260)
- Post employment benefits	40,557	40,991
- Adjustment due to impact of IFRS 9	(74,019)	(45,205)
- Income on deposits, advances and savings accounts	(34,290)	(26,924)
- Exchange gain/(loss) on foreign currency loan	146,850	51,450
- Exchange (gain)/loss on foreign currency accrued markup	26,737	5,652
- Exchange (gain)/loss on foreign currency balances - net	(109,230)	(46,597)
- Imputed interest on lease liability	30,955	42,310
- Unwinding impact of liabilities under IFRS 9	53,744	51,287
- Finance cost	293,956	209,522
	<u>1,541,485</u>	<u>1,323,925</u>
<b>Operating loss before working capital changes</b>	198,297	(145,811)
(Increase) / decrease in current assets		
- Stores and spares	(827)	2,240
- Stock-in-trade	(1,457)	-
- Trade debts	(351,161)	290,349
- Loans and advances	(64,441)	(74,212)
- Deposits and prepayments	(25,950)	(21,239)
- Other receivables	(8,410)	(17,884)
Increase / (decrease) in current liabilities		
- Trade and other payables	73,970	(311,002)
	<u>(378,275)</u>	<u>(131,748)</u>
<b>Cash used in operations</b>	<u>(179,978)</u>	<u>(277,559)</u>



Note 48

**Remuneration of Chief Executive Officer, Directors and Executives**

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

	Chief Executive		Non-Executive Directors		Executive Directors		Executives	
	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Managerial remuneration	8,160	7,200	6,800	6,000	3,400	3,000	73,212	67,050
Retirement benefits	1,600	1,600	-	-	667	667	7,892	9,397
House rent allowance	3,264	2,880	2,720	2,400	1,360	1,200	29,285	26,820
Utilities	816	720	680	600	340	300	7,321	6,705
Meeting fee allowance	-	192	2,791	1,020	-	192	-	-
	13,840	12,592	12,991	10,020	5,767	5,359	117,710	109,972
Number of persons	1	1	6	6	1	1	32	34

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

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

Note 49

**Transaction with Related Parties**

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

**Transactions during the period with local companies**

Related party	Relationship	Nature of transaction	2022	2021
			(Rupees in '000)	
Worldcall Services (Private) Limited	Parent Company	Funds received by the Company during the period	340,579	349,274
		Funds repaid by the Company during the period	(101,814)	54,098
		Settlement with multimedia	50,335	29,340
		Markup on long term borrowings	89,975	44,185
		Adjustments	114,469	-
		Exchange (gain)/loss on markup	26,736	5,662
		Exchange (gain)/loss on loan	146,850	51,450
Route 1 Digital (Private) Limited	Wholly Owned Subsidiary	Interest charged during the period	1,650	1,196
		Expenses borne on behalf of subsidiary	1,122	1,462
Worldcall Cable (Private) Limited	Associate	Interest charged during the year	197	153
Worldcall Ride Hail (Private) Limited	Associate	Expenses borne on behalf of associate	(1)	-
		Interest charged during the year	2	2
Key management personnel	Associated persons	Salaries and employees benefits	90,582	-
		Advances against expenses disbursed / (adjusted) - net	(155)	962

**Transactions during the year with foreign companies**

Related party	Relationship	Nature of transaction	2022	2021
Ferret Consulting - F.Z.C	Associate	preference dividend converted into ordinary shares	98,562	144,052
		Exchange (Gain)/loss	18,309	4,604
		Adjustment with third party	934	(4,675)
		Direct Cost - IT Service	3,720	6,940
		Expenses Charged during the year	1,574	2,270

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

**Outstanding Balance as at the year end**

		2022	2021
		(Rupees in '000)	
Worldcall Services (Private) Limited	Sponsor's loan	2,171,307	1,676,880
	Accrued markup	184,380	67,618
Ferret Consulting - F.Z.C	Dividend on CPS	229,383	375,421
	Short term borrowings	84,355	66,156
AMB Management Consultants (Pvt.) Limited	Dividend on CPS	-	-
Route 1 Digital (Private) Limited	Other receivables	21,854	19,081
Worldcall Ride Hail (Private) Limited	Other receivables	20	19
Worldcall Cable (Private) Limited	Other receivables	2,613	2,416
Key management	Payable against expenses, salaries and other employee benefits	184,718	179,773
	Advance against expenses	12,690	12,845



Note 50

**Financial Risk Management**

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

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

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

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

**50.1 Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will affect the Company's income or the value of its holdings of financial instruments.

**50.1.1 Currency risk**

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

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

	2022	2021
	-----USD ('000)-----	
Trade debts	10,563	12,336
Trade and other payables	(5,561)	(11,430)
Borrowings	(4,190)	(3,852)
Net exposure	<u>812</u>	<u>(2,946)</u>
The following significant exchange rates were applied during the year		
Average rate - Rupees per US Dollar (USD)	201.59	168.54
Reporting date rate - Rupees per US Dollar (USD)		
Assets	226.40	176.31
Liabilities	226.90	176.73

At **December 31, 2022**, if the Rupee had weakened / strengthened by 1% against the US dollar with all other variables held constant, pre-tax loss for the year would have been Rs. 1.838 million (2021: Rs. 5.206 million) higher / lower, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

**50.1.2 Interest rate risk**

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

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

	2022	2021
	----- (Rupees in '000) -----	
<b><u>Floating rate instruments</u></b>		
<b>Financial assets</b>		
Bank balances - saving accounts	4,190	16,057
Deposit in Escrow Account	511,979	485,822
<b>Financial liabilities</b>		
Term finance certificates	(1,187,853)	(1,259,152)
Long term financing	(112,122)	(156,784)
Sponsor's loan	(680,700)	(533,850)
Short term borrowings	(32,064)	(345,756)
	<u>(1,496,570)</u>	<u>(1,793,663)</u>

**Fair value sensitivity analysis for fixed rate instruments**

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

**Cash flow sensitivity analysis for variable rate instruments**

If interest rates at the reporting date had fluctuated by 1% higher / lower with all other variables held constant, loss before taxation for the year would have been Rs.14.97 million (2021: Rs. 17.94 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at the reporting date are outstanding for the entire year.

**50.1.3 Other market price risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

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

**50.2 Credit risk**

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

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

**50.2.1 Exposure to credit risk**

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

	2022	2021
	------(Rupees in '000)-----	
Long term deposits	9,494	10,735
Trade debts	1,195,345	456,651
Short term deposits	577,279	551,392
Other receivables	117,412	109,002
Short term investments	37,296	54,340
Bank balances	7,930	30,704
	<u>1,944,756</u>	<u>1,212,824</u>

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

Not past due	17,746	6,532
Past due 1 - 180 days	873,700	85,116
Past due 181 - 365 days	47,392	56,111
1 - 2 years	515,460	517,684
More than 2 years	2,845,164	2,797,090
	<u>4,299,462</u>	<u>3,462,533</u>

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

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

**50.2.3 Credit quality of bank balances**

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



	Rating		Rating Agency	2022	2021
	Long term	Short term		(Rupees in '000)	
Allied Bank Limited	AAA	A1+	PACRA	2,563	1
Askari Bank Limited	AA+	A1+	PACRA	10	4
Bank AL Habib Limited	AAA	A1+	PACRA	-	4
Habib Bank Limited	AA+	A-1+	VIS	225	117
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	20	20
JS Bank Limited	AA-	A1+	PACRA	17	17
Bank Islami Pakistan Limited (Formerly KASB Bank Limited)	A+	A1	PACRA	12	15,445
MCB Bank Limited	AAA	A1+	PACRA	125	127
National Bank of Pakistan	AAA	A1+	PACRA	11	6
Silk Bank Limited	B+	A-2	VIS	270	13
Standard Chartered Bank (Pakistan) Limited	AAA	A1+	PACRA	568	579
Soneri Bank Limited	AA-	A1+	PACRA	15	6
Summit Bank Limited	SUSPENDED	SUSPENDED	VIS	688	365
Telenor Microfinance Bank Limited (Formerly Tameer Microfinance Bank Limited)	A+	A1	PACRA	284	248
United Bank Limited	AA+	A1+	VIS	459	347
Waseela Microfinance Bank Limited)	A	A1	PACRA	287	318
Meezan Bank	AAA	A1+	VIS	88	13,005
NIB Bank				27	-
Dubai Islamic Bank Limited	AA	A1+	VIS	255	82
				<u>7,930</u>	<u>30,704</u>

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

**50.3 Liquidity risk**

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

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
-----Rupees in '000-----						
Contractual maturities of financial liabilities as at December 31, 2022:						
Term finance certificates	1,187,853	1,865,872	881,692	349,815	634,365	-
Long term financing	112,122	401,089	83,418	102,000	215,671	-
Sponsor's loan	2,171,307	2,171,307	-	2,171,307	-	-
Long term deposit	100,915	105,000	-	105,000	-	-
Lease liabilities	252,776	570,956	68,516	70,638	280,983	150,819
License fee payable	45,513	45,513	-	-	45,513	-
Short term borrowings	116,419	116,419	116,419	-	-	-
Trade and other payables	5,682,281	5,682,281	5,682,281	-	-	-
Unclaimed dividend	1,807	1,807	1,807	-	-	-
Accrued mark up	598,184	598,184	598,184	-	-	-
	<u>10,269,177</u>	<u>11,558,428</u>	<u>7,432,317</u>	<u>2,798,760</u>	<u>1,176,532</u>	<u>150,819</u>



Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
-----Rupees in '000-----						
Contractual maturities of financial liabilities as at December 31, 2021:						
Term finance certificates	1,259,152	2,005,646	691,666	329,800	984,180	-
Long term financing	156,784	235,429	38,100	46,068	151,261	-
Sponsor's loan	1,676,880	1,823,188	-	1,823,188	-	-
Long term deposit	93,215	105,000	-	105,000	-	-
Lease liabilities	314,666	582,344	123,107	70,272	210,816	178,149
License fee payable	45,513	45,513	-	-	45,513	-
Short term borrowings	411,912	411,912	411,912	-	-	-
Trade and other payables	5,227,952	5,227,952	5,227,952	-	-	-
Unclaimed dividend	1,807	1,807	1,807	-	-	-
Accrued mark up	415,372	415,371	415,371	-	-	-
	9,603,253	10,854,162	6,909,915	2,374,328	1,391,770	178,149

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

#### 50.4 Fair value of financial instruments

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

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

##### Fair value estimation

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

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

The following table presents the Company's financial assets that are measured at fair value at December 31, 2022:

	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----				
<b>Assets</b>				
<i>Recurring fair value measurements</i>				
Investments at fair value through other comprehensive income	37,296	-	-	37,296

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

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

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

**50.5 Changes in liabilities arising from financing activities**

	January 1, 2022	Cash Flows	Foreign Exchange Movement	Impact of (Discounting) / Unwinding	Other Adjustments	December 31, 2022
----- (Rupees in '000) -----						
Term finance certificates	1,889,562	(71,299)	-	40,996	-	1,859,259
Long term financing	235,429	(17,162)	-	(13,048)	54,659	259,878
Sponsor's loan	1,676,880	403,569	146,850	(55,992)	-	2,171,307
Lease liabilities	314,666	(33,248)	-	-	(28,642)	252,776
Short term borrowings	411,912	(3,255)	-	-	(310,547)	98,110
Total liabilities from financing activities	<u>4,528,449</u>	<u>278,605</u>	<u>146,850</u>	<u>(28,044)</u>	<u>(284,530)</u>	<u>4,641,330</u>
	January 1, 2021	Cash Flows	Foreign Exchange Movement	Impact of (Discounting) / Unwinding	Other Adjustments	December 31, 2021
----- (Rupees in '000) -----						
Term finance certificates	1,876,983	(27,958)	-	40,537	-	1,889,562
Long term financing	111,388	(16,033)	-	(15,065)	155,139	235,429
Sponsor's loan	1,345,289	311,254	51,450	(31,113)	-	1,676,880
Lease Liabilities	275,931	(46,617)	-	-	85,352	314,666
Short term borrowings	487,360	1,255	-	-	(76,703)	411,912
Total liabilities from financing activities	<u>4,096,951</u>	<u>221,901</u>	<u>51,450</u>	<u>(5,641)</u>	<u>163,788</u>	<u>4,528,449</u>

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

**50.6 Capital Risk Management**

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

The Company's objectives when managing capital are:

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

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

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

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



	2022	2021
	Rupees in '000	
Borrowings	3,840,477	4,196,703
Cash and bank balances	(9,439)	(33,208)
Net debt	3,831,038	4,163,495
Equity	1,621,762	3,002,469
Total capital employed	5,452,800	7,165,964
Gearing ratio (%)	70.26%	58.10%

## 50.7 Financial instruments by categories

### Financial assets as at December 31, 2022

	Amortized Cost	At fair value through OCI - equity instruments	At fair value through profit or loss	Total
	Rupees in '000			
Long term deposits	9,494	-	-	9,494
Long term trade receivables	-	-	-	-
Long term investment	-	-	-	-
Trade debts	1,195,345	-	-	1,195,345
Short term deposits	577,279	-	-	577,279
Other receivables	117,412	-	-	117,412
Short term investments	-	37,296	-	37,296
Cash and bank balances	9,439	-	-	9,439
	1,908,969	37,296	-	1,946,265

### Financial assets as at December 31, 2021

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

### Financial liabilities at amortized cost

	2022	2021
	(Rupees in '000)	
Term finance certificates	1,187,853	1,636,461
Long term financing	112,122	156,784
Sponsor's loan	2,171,307	1,676,880
Long term deposit	100,915	93,215
Lease liabilities	252,776	314,666
License fee payable	45,513	45,513
Short term borrowings	116,419	411,912
Trade and other payables	5,682,281	5,227,952
Unclaimed dividend	1,807	1,807
Accrued mark up	598,184	415,372
	10,269,177	9,980,562



50.8 Offsetting financial assets and financial liabilities

(a) Financial assets

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

	Gross amounts of recognized financial assets	Gross amount of recognized financial liabilities off set in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
	----- (Rupees in '000) -----					
As at December 31, 2022	A	B	C = A + B	D	E = C + D	
Long term deposits	-	-	-	-	-	9,494
Trade debts	3,320,472	(2,125,127)	1,195,345	-	1,195,345	-
Short term deposits	-	-	-	-	-	577,279
Other receivables	117,412	-	117,412	-	117,412	-
Short term investments	-	-	-	-	-	37,296
Cash and bank balances	-	-	-	-	-	9,439
	<b>3,437,884</b>	<b>(2,125,127)</b>	<b>1,312,757</b>	<b>-</b>	<b>1,312,757</b>	
	Gross amounts of recognized financial assets	Gross amount of recognized financial liabilities off set in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
	----- (Rupees in '000) -----					
As at December 31, 2021	A	B	C = A + B	D	E = C + D	
Long term deposits	-	-	-	-	-	10,735
Trade debts	2,249,087	(1,792,436)	456,651	-	456,651	-
Short term deposits	-	-	-	-	-	551,392
Other receivables	109,002	-	109,002	-	109,002	-
Short term investments	-	-	-	-	-	54,340
Cash and bank balances	-	-	-	-	-	33,208
	<b>2,358,089</b>	<b>(1,792,436)</b>	<b>565,653</b>	<b>-</b>	<b>565,653</b>	

(b) Financial liabilities

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

	Gross amounts of recognized financial liabilities	Gross amount of recognized financial assets off set in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
	----- (Rupees in '000) -----					
As at December 31, 2022	A	B	C = A + B	D	E = C + D	
Short term borrowings	-	-	-	-	-	116,419
License fee payable	-	-	-	-	-	45,513
Trade and other payables	7,612,948	(1,930,667)	5,682,281	-	5,682,281	-
Unclaimed dividend	-	-	-	-	-	1,807
Accrued mark up	-	-	-	-	-	598,184
Term finance certificates	-	-	-	-	-	1,187,853
Long term financing	-	-	-	-	-	112,122
Sponsor's loan	-	-	-	-	-	2,171,307
Lease liabilities	194,460	(194,460)	-	-	-	-
Long term deposit	-	-	-	-	-	100,915
	<b>7,807,408</b>	<b>(2,125,127)</b>	<b>5,682,281</b>	<b>-</b>	<b>5,682,281</b>	
	Gross amounts of recognized financial liabilities	Gross amount of recognized financial assets off set in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
	----- (Rupees in '000) -----					
As at December 31, 2021	A	B	C = A + B	D	E = C + D	
Short term borrowings	-	-	-	-	-	411,912
License fee payable	-	-	-	-	-	45,513
Trade and other payables	6,820,560	(1,592,608)	5,227,952	-	5,227,952	-
Unclaimed dividend	-	-	-	-	-	1,807
Accrued mark up	-	-	-	-	-	415,372
Term finance certificates	-	-	-	-	-	1,636,461
Long term financing	-	-	-	-	-	156,784
Sponsor's loan	-	-	-	-	-	1,676,880
Lease liabilities	199,828	(199,828)	-	-	-	-
Long term deposit	-	-	-	-	-	93,215
	<b>7,020,388</b>	<b>(1,792,436)</b>	<b>5,227,952</b>	<b>-</b>	<b>5,227,952</b>	



Note 51

**Segment Information**

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

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

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

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

Note 52

**Number of Employees**

	2022	2021
	Number	Number
Employees as at December 31, 2022	354	406
Average number of employees during the year	374	455

Note 53

**Authorization of Financial Statements**

These financial statements were approved and authorized for issue on April 09, 2023 by the Board of Directors of the Company.

Note 54

**Corresponding Figures**

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

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2022**





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

We have audited the annexed consolidated financial statements of WorldCall Telecom Limited and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, 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 Consolidated financial statements give a true and fair view of the consolidated financial position of the group as at December 31, 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan

### Basis for Opinion

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

### Material Uncertainty Relating to Going Concern

We draw attention to Note 2.2 in the annexed consolidated financial statements, which states that the Group has incurred a loss after taxation of Rs. 1,384.982 million during the year ended December 31, 2022 (2021: Rs. 1,506.356 million) which includes the impact of write back of liabilities for Rs. 52.207 million (2021: 95.522 million). As at December 31, 2022, the accumulated loss of the Group stands at Rs. 15,189.738 million. (2021: Rs. 14,041.887 million) and its current liabilities exceed, current assets by Rs. 6,075.042 million (2021: RS. 6,334.401 million). These conditions, along with the other factors like declining revenue and contingencies and commitments as mentioned in note 21, indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Our opinion is not qualified in respect of this matter.

### Emphasis of Matter Paragraph

We draw attention to note 27 to the accompanying financial statements, wherein the Group recognize deferred tax asset of Rs. 2,371.463 million, the realization of which would depend on generation of sufficient profits in the future as projected by the management. Our opinion is not qualified in respect of this matter.

### Key Audit Matter(s)

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

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

Following are the Key audit matter(s):

Sr. No.	Key Audit Matter(s)	How the matter was addressed in our audit
01.	<p><b>Revenue Recognition</b> The Group has reported revenue amounting to Rs. 2,301.245 million for the year ended December 31, 2022 for details refer note 37 to the financial statements.</p> <p>There is a risk around the accuracy and completeness of revenue recorded. The complex billing system that involves processing a large volume of data making it inherent industry risk.</p> <p>We identified recognition of revenue as a key audit matter because;</p> <p>(i) revenue is one of the key performance indicators of the Company</p>	<ul style="list-style-type: none"><li>• Our audit procedures to assess the recognition of revenue amongst others, include the following:</li><li>• Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue.</li><li>• Comparing a sample of transactions comprising of various revenue streams recorded during the year with relevant underlying supporting documents and cash receipt where applicable.</li><li>• We evaluated the relevant IT systems and the design of controls, and tested the operating effectiveness of controls over the:</li></ul>



Sr. No.	Key Audit Matter(s)	How the matter was addressed in our audit
	<p>(ii) it gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets and</p> <p>(iii) recognition and measurement of revenue and contract related assets may involve significant judgement as per IFRS . 15 “Revenue from Contracts with Customers”.</p>	<ul style="list-style-type: none"> <li>capturing and recording of revenue transactions; authorization of rate changes and the input of this information to the billing systems - and calculation of amounts billed to customers.</li> <li>We also tested a sample of customer bills and checked these to cash received from customers.</li> <li>Assessing the appropriateness of accounting policies for revenue recognition and relevant contract assets and liabilities for compliance with applicable financial reporting framework including their correct application to the amounts recognized during the year</li> <li>Inspecting journal entries relating to revenue recognized during the year and the corresponding underlying documentation for those journal entries which were considered to be material or met certain specified risk - based criteria; and</li> <li>Considering the appropriateness of disclosures in the financial statements.</li> </ul>
02.	<p><b>Recoverability of Trade Debts</b></p> <p>As at December 31, 2022, the Groups's gross trade debtors were Rs. 4,299.464 million against which allowances for doubtful debts of Rs. 3,104.118 million were recorded for details refer note 31 of the financial statements.</p> <p>We identified the recoverability of trade debtors as a key audit matter because it involves significant management judgment in assessing the amount likely to be received and estimates in determining the allowance of expected credit loss.</p>	<p>Our audit procedures to assess the valuation of trade debts amongst others included the following:</p> <ul style="list-style-type: none"> <li>Obtaining an understanding of and testing the design and implementation of management's key internal control, debt collection and making allowances for doubtful debts;</li> <li>Agreeing on a sample basis, the balances used in management's estimate of expected credit loss with the books of accounts of the company;</li> <li>Testing the assumptions and estimates made by management for the allowances for doubtful debts; and</li> <li>Evaluating that the allowance for doubtful debt is in accordance with the requirements of applicable financial reporting framework.</li> </ul>
03.	<p><b>Contingencies</b></p> <p>There are a number of threatened and actual legal, regulatory and tax cases against the Group for details refer note 21 of the financial statements. The contingencies require management to make judgments and estimates in relation to the interpretation of laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Involvement of subjectivity, inherent uncertainty and the time period such matters may take to resolve, the management judgments and estimates in relation to such contingencies may be complex and can significantly impact the financial statements.</p>	<p><b>Our key audit procedures include:</b></p> <ul style="list-style-type: none"> <li>Discussing the process of identifying and recording contingencies in the financial statement with management.</li> <li>Review of correspondence of company with the relevant tax authorities including judgements and orders passed by the competent authorities;</li> <li>Discussing with company's in - house tax expert to assess and validate management's conclusion;</li> <li>Obtaining and reviewing external confirmation from company's legal counsels and tax advisors for their views on case status and;</li> <li>Assess adequacy of disclosures in the financial statements.</li> </ul>

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

Management is responsible for the other information. The other information comprises the information included in the annual report including, in particular, the Chairman's Review, Director's Report and Financial Highlights, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of directors are responsible for overseeing the Group's financial reporting process.

## Auditor's responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

## Other Matter Paragraph:

The financial statements of the Group for the year ended December 31, 2021 were audited by another firm of auditors, who issued a modified report on those consolidated financial statements by including a Material Uncertainty Related To Going Concern paragraph on August 23, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Muhammad Safder, FCA.

Date: April 09, 2023  
Lahore  
UDiN: AR202210233gCcfSL9UT

*Tariq Abul Ghani Maqbool & Co.*  
**Tariq Abul Ghani Maqbool & Co.**  
Chartered Accountants



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

	Note	2022 ------(Rupees in '000)-----	2021
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		29,000,000	29,000,000
Ordinary share capital	5	13,136,257	12,495,571
Preference share capital	6	1,185,479	1,576,870
Dividend on preference shares	7	425,652	571,600
Capital reserves	8	236,897	353,853
Accumulated loss		(15,189,738)	(14,041,887)
Surplus on revaluation of fixed assets	9	1,804,747	2,027,672
		1,599,294	2,983,679
<b>NON-CURRENT LIABILITIES</b>			
Term finance certificates	10	917,312	1,204,445
Long term financing	11	450,462	182,264
Sponsor's loan	12	2,171,307	1,676,880
License fee payable	13	45,513	45,513
Post employment benefits	14	200,030	193,756
Long term deposit	15	100,915	93,215
Lease liabilities	16	194,460	195,016
		4,079,999	3,591,089
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	6,458,580	6,008,434
Accrued mark up	18	598,184	415,372
Current and overdue portion of non-current liabilities	19	1,023,425	842,866
Short term borrowings	20	116,419	411,912
Unclaimed dividend		1,807	1,807
Provision for taxation - net		352,979	344,404
		8,551,395	8,024,795
<b>Contingencies and Commitments</b>	21	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		14,230,688	14,599,563
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	22	5,321,908	5,795,977
Right of use assets	23	3,407,381	3,694,104
Intangible assets	24	592,619	997,491
Investment properties	25	51,470	51,218
Long term trade receivable	26	-	-
Deferred taxation	27	2,371,463	2,369,644
Long term deposits	28	9,494	10,735
		11,754,335	12,919,169
<b>CURRENT ASSETS</b>			
Stores and spares	29	31,182	30,355
Stock-in-trade	30	210,858	209,401
Trade debts	31	1,195,346	456,849
Loans and advances	32	316,011	251,608
Deposits and prepayments	33	580,646	554,696
Short term investments	34	37,296	54,340
Other receivables	35	95,558	89,921
Cash and bank balances	36	9,456	33,224
		2,476,353	1,680,394
<b>TOTAL ASSETS</b>		14,230,688	14,599,563

The annexed notes from 1 to 53 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 2022**

		2022	2021
	Note	------(Rupees in '000)-----	
Revenue	37	2,301,245	2,114,223
Direct costs excluding depreciation and amortization	38	(1,855,163)	(1,744,561)
Operating costs	39	(397,478)	(409,710)
Other income - net	40	223,426	286,183
Other Expenses	41	(167,384)	(336,288)
<b>Profit/ (loss) before Interest, Taxation, Depreciation and Amortization</b>		<b>104,646</b>	<b>(90,153)</b>
Depreciation and amortization	42	(1,072,857)	(1,076,557)
Finance cost	43	(378,655)	(303,132)
<b>Loss before Taxation</b>		<b>(1,346,866)</b>	<b>(1,469,842)</b>
Taxation	44	(38,116)	(36,514)
<b>Net Loss for the Year</b>		<b>(1,384,982)</b>	<b>(1,506,356)</b>
<b>Loss per Share - basic (Rupees)</b>	45	<b>(0.32)</b>	<b>(0.51)</b>
<b>Loss per Share - diluted (Rupees)</b>	45	<b>(0.32)</b>	<b>(0.51)</b>

The annexed notes from 1 to 53 form an integral part of these financial statements.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022	2021
	----- (Rupees in '000) -----	
<b>Net loss for the Year</b>	(1,384,982)	(1,506,356)
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
- Remeasurement of post employment benefit obligations - net of tax	14,206	9,526
- Changes in fair value of financial assets through other comprehensive income - net of tax	(13,609)	6,307
<b>Other Comprehensive (loss)/Income - net of tax</b>	597	15,833
<b>Total Comprehensive loss for the Year - net of tax</b>	<u>(1,384,385)</u>	<u>(1,490,523)</u>

The annexed notes from 1 to 53 form an integral part of these financial statements.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Particulars	Ordinary Share Capital	Preference Share Capital	Dividend on Preference Shares	Capital Reserves			Revenue Reserve (Accumulated Loss)	Surplus on Revaluation of Fixed Assets	Total
				Fair Value Reserve	Exchange Translation Reserve	Total Capital Reserves			
<b>Balance as at December 31, 2020</b>	11,863,206	1,963,178	715,652	(13,215)	462,766	449,551	(12,820,619)	2,318,768	4,489,736
Net loss for the year	-	-	-	-	-	-	(1,506,356)	-	(1,506,356)
Other comprehensive income for the period - net of tax	-	-	-	6,307	-	6,307	9,526	-	15,833
Total comprehensive income for the period - net of tax	-	-	-	6,307	-	6,307	(1,496,830)	-	(1,490,523)
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	(15,189,738)	-	-	-	275,562	(275,562)	-
Adjustment of Surplus on retirement of tangible assets	-	-	-	-	-	-	-	(15,534)	(15,534)
Conversion of preference shares and dividend thereon	5,297,338	(386,308)	(144,052)	-	(102,005)	(102,005)	-	-	4,664,973
Discount on issuance of ordinary shares	(4,664,973)	-	-	-	-	-	-	-	(4,664,973)
Total transactions with owners, recognized directly in equity	632,365	(386,308)	(144,052)	-	(102,005)	(102,005)	-	-	-
<b>Balance as at December 31, 2021</b>	12,495,571	1,576,870	571,600	(6,908)	360,761	353,853	(14,041,887)	2,027,672	2,983,679
Net loss for the period	-	-	-	-	-	-	(1,384,982)	-	(1,384,982)
Other comprehensive income for the period - net of tax	-	-	-	(13,609)	-	(13,609)	14,206	-	597
Total comprehensive income for the period - net of tax	-	-	-	(13,609)	-	(13,609)	(1,370,776)	-	(1,384,385)
Adjustment of Surplus on retirement of tangible assets	-	-	-	-	-	-	16,254	(16,254)	-
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	206,671	(206,671)	-
Conversion of preference shares and dividend thereon	5,367,041	(391,391)	(145,948)	-	(103,347)	(103,347)	-	-	4,726,355
Discount on issuance of ordinary shares	(4,726,355)	-	-	-	-	-	-	-	(4,726,355)
Total transactions with owners, recognized directly in equity	640,686	(391,391)	(145,948)	-	(103,347)	(103,347)	-	-	-
<b>Balance as at December 31, 2022</b>	13,136,257	1,185,479	425,652	(20,517)	257,414	236,897	(15,189,738)	1,804,747	1,599,294

The annexed notes from 1 to 53 form an integral part of these financial statements.

*Babam Anand*  
CHIEF EXECUTIVE OFFICER

*Arif*  
DIRECTOR

*Shah*  
CHIEF FINANCIAL OFFICER

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

		2022	2021
	Note	------(Rupees in '000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash used in operations</b>	46	(179,977)	(277,557)
<i>Increase / (Decrease) in non-current liabilities:</i>			
- Long term deposit		-	-
<i>Decrease / (Increase) in non-current assets:</i>			
- Long term trade receivables		-	-
- Long term deposits		1,241	6,486
		1,241	6,486
		(178,736)	(271,071)
Post employment benefits paid		(4,398)	(1,843)
Finance cost paid		(3,064)	(8,882)
Income tax paid		(29,541)	(23,793)
<b>Net Cash used in Operating Activities</b>		(215,739)	(305,589)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(23,630)	(41,737)
Short term investments		3,435	3,641
Income on deposit and savings accounts		34,290	26,924
Proceeds from disposal of inventory		-	18,050
Proceeds from disposal of property, plant and equipment		9,025	53,577
<b>Net Cash (Used in)/ Generated from Investing Activities</b>		23,120	60,455
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of term finance certificates		(131,554)	(27,958)
Repayment of long term financing		(66,662)	(16,033)
Sponsor's loan		403,569	311,254
Short term borrowings - net		(3,255)	1,255
Repayment of lease liability		(33,248)	(46,617)
<b>Net Cash Generated from Financing Activities</b>		168,850	221,901
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>		(23,769)	(23,233)
Cash and cash equivalents at the beginning of the year		33,224	56,457
<b>Cash and Cash Equivalents at the End of the Year</b>		9,456	33,224

The annexed notes from 1 to 53 form an integral part of these financial statements.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1

### The Group and its Operations

The Group is structured as follows:

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

1.1 Worldcall Telecom Limited ("the Group") is a public limited Company incorporated in Pakistan on March 15, 2001 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange. The Group commenced its operations on December 01, 2004 and is engaged in providing Wireless Local Loop ("WLL") and Long Distance & International ("LDI") services in Pakistan; re-broadcasting international/national satellite/terrestrial wireless and cable television and radio signals; interactive communication and to establish, maintain and operate the licensed telephony services. The Group is domiciled in Pakistan and its registered office cum principal place of business is situated at Plot # 112-113, Block S, Quid-e-Azam Industrial Estate, Kot Lakh Pat, Lahore. Worldcall Services (Pvt.) Limited (the "Parent Company"), incorporated in Pakistan, owns 22.90% (2021: 26.87%) ordinary shares of the Company. Aggregate holding of Worldcall Services (Private) Limited through other associates is 30.23% (2021: 41.44%) (refer to note 4.24.1)

1.2 Route 1 Digital (Private) Limited (the subsidiary) is a private limited Company incorporated in Pakistan on December 21, 2016 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The primary business is to carry out the business of all transport services, sharing motor vehicle transportation with another or others, and consultancy in the field of information technology, software development and all activities ancillary thereto. The subsidiary is domiciled in Pakistan and its registered office is situated at 2nd Floor, 300 Y Block, Phase-III, Defence Housing Authority, Lahore Cantt. Its principal place of business is situated at 20, Tariq Block, New Garden Town, Lahore. The Group acquired this subsidiary during the year for which control was obtained on April 20, 2018.

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

Business unit	Address
Main Offices	Plot # 112-113, Block S, Quid-e-Azam Industrial Estate, Kot Lakh Pat, Lahore.
Regional offices	92-B, Gulberg III, Lahore
	Y-194/1, Commercial Phase-III, DHA, Lahore.
	Ali Tower, 105-BII, MM Alam Road, Lahore.
	Shop # 35,34, J-I Market, WAPDA Town, Lahore.
Warehouse	House # 81, FG Colony, Hassan Garhi Shami Road, Peshawar.
	Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore. Plot # F15/F16, Ground Portion situated at P&T Colony, Gizri Road, Clifton, Karachi.
Headends	Office # 315, Plot # G-7, Block-9, K.D.A Scheme # 5, Kehkashan Clifton, Karachi.
	Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakh Pat, Lahore.
	P-1410-11-B, People's Colony-1, Faisalabad. Plot # 321, St # 04, Sector I-9/3, Islamabad.

### 1.3 Consolidated financial statements

These financial statements are the consolidated financial statements of Worldcall Telecom Limited and its subsidiary (The Group).

Note 2

### Basis of Preparation

#### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

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

**2.2 Going concern assumption**

**2.2.1** The Group has incurred a loss Rs. 1,384.982 million during the year ended December 31, 2022 (2021: Rs. 1,506.356 million). As at December 31, 2022, the accumulated loss of the Group stands at Rs. 15,189.738 million (December 31, 2021: Rs. 14,041.887 million) and its current liabilities exceed its current assets by Rs. 6,075.042 million (December 31, 2021: Rs. 6,344.401 million). These conditions, along with the other factors like declining revenue and contingencies and commitments as mentioned in note 21, indicate the existence of material uncertainties that cast significant doubt about the Group's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

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

**2.2.2 Net Liabilities Position - Risk Mitigation**

As mentioned above, there is a net current liability position of approximately Rs. 6.075 billion as on the reporting date, which has the following major components:

Description	Note	Rs in million
Short term Borrowings	2.2.2.1	116
Pakistan Telecommunication Authority (PTA)	2.2.2.2	2,347
Claims of Parties Challenged	2.2.2.3	927
Regularly revolving creditors	2.2.2.4	65
Contract liabilities	2.2.2.5	573
Provision for taxation	2.2.2.6	353
		<u>4,381</u>

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

**2.2.2.1** The Group is in negotiation with bank for roll over of this facility (note 20). Moreover, short term borrowings include funds obtained from related party to the tune of Rs. 85.677 million.

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

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

**2.2.2.4** The amount payable to creditors amounting Rs. 65 million represents routine trade credits extended by regular parties and these balances are of revolving nature. Thus, no immediate net cash outlay would be required.

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

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

**2.2.3 Continued Support from a Majority Shareholder**

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

**2.3 Presentation currency**

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



## 2.4 Changes in accounting standards, interpretations and pronouncements

- a) Standards, interpretations and amendments to published approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for Group's annual accounting period which began on January 1, 2022. However, these do not have any significant impact on the Group's financial reporting.

- b) Standards and amendments to published approved accounting standard that are not yet effective

There are standards and certain other amendments to the accounting and reporting standards that will be mandatory for the Group's annual reporting periods beginning on or after January 1, 2023. However, these are considered either not to be relevant or not to have any significant impact on the Group's financial statements and operations and, therefore haven not been disclosed in these financial statements.

Note 3

### Basis of Measurement

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

### 3.1 Use of estimates and judgments

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

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

Note 4

### Significant Accounting Policies

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

#### 4.1 Share capital

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

#### 4.2 Post employment and other benefits

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

##### 4.2.1 Defined benefits plan

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



#### 4.2.2 **Accumulating compensated absences**

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

#### 4.3 **Leases**

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

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

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

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

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

#### 4.3.1 **Group as a lessee**

##### 4.3.1.1 **Recognition**

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

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

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

##### 4.3.1.2 **Initial measurement**

###### *Lease liability*

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



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

#### *Right-of-use asset*

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

#### **4.3.1.3 Subsequent measurement**

##### *Lease liability*

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

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

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

##### *Right-of-use asset*

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

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

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

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

#### **4.3.2 Group as a lessor**

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

##### **4.3.2.1 Finance leases**

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

- a) the lease payments receivable by the Group under a finance lease; and
- b) any unguaranteed residual value accruing to the Group.



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

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

#### Group as a Manufacturer of Dealer Lessor

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

- a) revenue being the lower of fair value of the underlying asset and the present value of the lease payments accruing to the Group, discounted using a market rate of interest;
- b) the cost of sale being the cost, or carrying amount if different, of the underlying asset less the present value of the unguaranteed residual value; and
- c) selling profit or loss in accordance with its policy for outright sales to which IFRS 15 applies. The Group recognizes selling profit or loss on a finance lease at the commencement date, regardless of whether the Group transfers the underlying asset as described in IFRS 15.

#### Subsequent measurement of finance leases:

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

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

#### Lease modifications:

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

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

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

#### **4.3.2.2 Operating leases**

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

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



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

#### 4.4 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources shall be required to settle the obligation and the amount has been reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

#### 4.5 Taxation

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

##### 4.5.1 Current

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

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

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

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

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

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

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

##### 4.5.2 Deferred

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

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

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

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

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



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

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

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

#### **4.6 Contingent liabilities**

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group.

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

#### **4.7 Property, plant and equipment**

##### **4.7.1 Operating fixed assets**

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

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

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

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

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

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



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

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

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

#### **4.7.2 Capital work-in-progress**

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

#### **4.7.3 Major spare parts and stand-by equipment**

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

### **4.8 Intangible assets**

#### **4.8.1 Goodwill**

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

#### **4.8.2 Other intangible assets**

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

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

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

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



#### 4.9 Investment properties

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

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

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

#### 4.10 Impairment of non-financial assets

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

#### 4.11 Investments

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

##### 4.11.1 Long term investments in equity instruments of subsidiaries

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

#### 4.12 Stores and spares

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

#### 4.13 Stock-in-trade

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



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

## 4.14 Financial instruments

### 4.14.1 Financial assets

#### **Classification**

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

#### a) *Financial assets at amortized cost*

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

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

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

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

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

#### **Reclassification**

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

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

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

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

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



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

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

### ***Initial recognition and measurement***

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

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

### ***Subsequent measurement***

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

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

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

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

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

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

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



## **Derecognition**

Financial assets are derecognized when:

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

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

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

## **Impairment of financial assets**

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

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

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

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

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

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

### **4.14.2 Financial liabilities**

#### **Initial recognition and measurement**

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

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

The Group does not reclassify any of its financial liabilities.



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

### **Subsequent measurement**

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

#### Financial liabilities at fair value through profit or loss

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

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

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

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

#### All other liabilities

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

### **Derecognition**

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

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

#### **4.14.3 Offsetting of financial assets and liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### **4.15 Cash and cash equivalents**

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

#### **4.16 Foreign currency transactions and translation**

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



#### 4.17 **Borrowing costs**

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

#### 4.18 **Balances from Contract with Customers**

##### *Contract costs*

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

##### *Contract assets*

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

##### *Trade receivables*

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

##### *Contract liabilities*

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

#### 4.19 **Revenue recognition**

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

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

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

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

- Revenue from terminating minutes is recognized at the time the call is made over the network of the Group.
- Capacity/media sold under IRU arrangement is recognized upfront if it is determined that the arrangement is a finance lease.
- Revenue from granting of Indefeasible Right of Use (IRU) of dark fiber upto 20 years or more is recognized at the time of delivery and acceptance by the customer.



- Subscription revenue from Cable TV, EVDO, internet over cable, cable connectivity and channels subscription fee is recognized on provision of services.
- Connection and membership fee is recognized at the time of sale of connection.
- Sale of goods is recognized on dispatch of goods to customer.
- Advertisement income is recognized on the basis of spots run when commercials are aired on the network.
- Interest income is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return i.e. using the effective interest method.
- Revenue from metro fiber solutions/sale is recognized on delivery of goods / services.
- Dividend income is recognized when the right to receive payment is established.
- All other revenues are recorded on accrual basis.

#### **4.20 Dividend and other appropriations**

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

#### **4.21 Business combinations and Goodwill**

##### **4.21.1 Acquisition method of accounting**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

##### **4.21.2 Goodwill**

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase gain.

##### **4.21.3 Deferred or contingent consideration**

Contingent consideration transferred by the acquirer are recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.



#### 4.21.4 Business combination achieved in stages

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

#### 4.22 Fair value measurement

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

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

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

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

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

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

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

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

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

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



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

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

- Property, plant and equipment under revaluation model	Note 22.1.3
- Right of use assets	Note 23.2
- Intangible assets under revaluation model	Note 24.1
- Investment properties	Note 25
- Financial instruments (including those carried at amortized cost)	Note 49.7

#### 4.23 Earnings per Share

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

#### 4.24 Related parties

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

Name of Related party	Basis of Relationship	% of Holding in the Group
Ferret Consulting - F.Z.C	Common directorship	7.32%
Worldcall Services (Private) Limited	Parent Group (note 4.23.1)	22.90%
Worldcall Business Solutions (Private) Limited	Common key management personnel	0%
Worldcall Cable (Private) Limited	Common directorship	0%
Worldcall Ride Hail (Private) Limited	Common directorship	0%
Mr. Babar Ali Syed	CEO	0.00002%
Mr. Muhammad Azhar Saeed	Director / CFO	0.00001%
Mr. Muhammad Shoaib	Director	0.00597%
Mr. Faisal Ahmed	Director	0.00001%
Mr. Mansoor Ali	Director	0.00003%
Mrs. Hina Babar	Director	0.00003%
Mr. Mubasher Lucman	Director	0.00001%
Mr. Tariq Hasan	Director	0.00001%

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

**4.24.1** Worldcall Services (Private) Limited, through other associates namely Ferret Consulting F.Z.C holds 30.22% (2021: 41.44%) ordinary shares in the Group.



Note 5

Ordinary Share Capital

2022	2021		2022	2021
No. of Shares		Note	----- (Rupees in '000) -----	
344,000,000	344,000,000	Ordinary shares of Rs. 10 each fully paid in cash	3,440,000	3,440,000
309,965,789	309,965,789	Ordinary shares of Rs. 10 each issued in accordance with the scheme of merger	3,099,658	3,099,658
98,094,868	98,094,868	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	980,949	980,949
108,510,856	108,510,856	Ordinary shares of Rs. 10 each issued against convertible loan	1,085,109	1,085,109
2,872,331,856	2,335,627,756	Ordinary shares of Rs. 10 each issued against convertible preference shares	28,723,319	23,356,278
			<u>37,329,035</u>	<u>31,961,994</u>
		Less: Discount on issue of shares	(24,192,778)	(19,466,423)
<u>3,732,903,369</u>	<u>3,196,199,269</u>		<u>13,136,257</u>	<u>12,495,571</u>

5.1 During the year, 38,500 (2021: 38,000) convertible preference shares and accumulated preference dividend thereon amounting to Rs. 145.948 million (2021: Rs. 144.052 million) have been converted into ordinary shares in accordance with the agreed terms and conditions detailed in Note 6.2.

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

5.3 WorldCall Services (Private) Limited, parent of the Group, holds 854,914,152 shares (2021: 854,914,152 shares) in the Group. Out of these shares, 46.7 million shares are pledged to secure TFC liability which will be released with quarterly scheduled principal repayments proportionately (refer to note 8).

5.4 Ferret Consulting F.Z.C., is an associated Company.

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

	2022	2021
	----- (Rupees in '000) -----	
Opening balance	19,466,423	14,801,449
Add: Discount on issuance of ordinary shares during the year	4,726,355	4,664,974
Closing balance	<u>24,192,778</u>	<u>19,466,423</u>

5.6 Reconciliation of ordinary share capital is as follows:

	2022	2021
Opening balance	31,961,994	26,664,655
Add: Shares issued during the year	5,367,041	5,297,339
Closing balance	<u>37,329,035</u>	<u>31,961,994</u>

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



## Note 6

**Preference Share Capital**

		2022	2021	2022	2021
	Note	-----No. of Shares-----		------(Rupees in '000)-----	
Opening balance		155,700	193,700	1,576,870	1,963,178
Less: Preference shares converted into ordinary shares during the year	6.3	(38,500)	(38,000)	(391,391)	(386,308)
		<u>117,200</u>	<u>155,700</u>	<u>1,185,479</u>	<u>1,576,870</u>

- 6.1 These preference shares are US Dollars denominated, non-voting, cumulative and convertible preference shares ("CPS", or "preference shares") having a face value of USD 100 each.
- 6.2 In accordance with the terms of CPS, certain preference shareholders have exercised conversion option. Thus, their CPS and accrued preference dividend thereon have been converted into ordinary shares as reflected in Note 5.1.
- 6.3 CPS holders are entitled to non-cash dividend which shall be calculated @ 5.9% per annum on each of the preference shares or the dividend declared by WTL for ordinary shareholders, whichever is higher till date of maturity.
- 6.4 Ferret Consulting F.Z.C., an associate of the Group holds preference shares in the Group.
- 6.5 Mandatory conversion date of convertible preference shares CPS is December 31, 2024.

## Note 7

**Dividend on Preference Shares**

		2022	2021
	Note	------(Rupees in '000)-----	
Dividends on preference shares	7.1	<u>425,652</u>	<u>571,600</u>

- 7.1 This represents accumulated dividend on preference shares which is not payable in cash rather it will be converted into ordinary shares as and when the preference shares are converted into ordinary shares.
- 7.2 During the period, cumulative preference dividend amounting to Rs. 145.948 million (2021: Rs. 144.052 million) was converted into ordinary shares as a result of conversion option exercised by certain preference shareholders in accordance with the terms and conditions given in Note 6.3 above.



Note 8

**Capital Reserves**

	2022	2021
	------(Rupees in '000)-----	
Fair value reserve	(20,517)	(6,908)
Exchange translation reserve	257,414	360,761
	<u>236,897</u>	<u>353,853</u>

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

Note 9

**Surplus on Revaluation of Fixed Assets**

	2022	2021
	------(Rupees in '000)-----	
Opening balance - net of tax	2,027,672	2,318,768
Surplus on revaluation arisen during the year	-	-
Related deferred taxation	-	-
Transfer to retained earnings on retirement of tangible assets	(16,254)	(15,534)
Transfer to retained earnings in respect of net incremental depreciation / amortization net of deferred tax	(206,671)	(275,562)
Closing balance - net of tax	<u>1,804,747</u>	<u>2,027,672</u>

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

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

Note 10

**Term Finance Certificates**

	2022	2021
	------(Rupees in '000)-----	
Opening balance	1,259,152	1,287,110
Less: Payments made during the period / year	(71,299)	(27,958)
	<u>1,187,853</u>	<u>1,259,152</u>
Less: Current and overdue portion	19 (559,022)	(432,016)
	628,831	827,136
Add: Deferred markup	10.1 288,481	377,309
Less: Payment during the period/year	-	-
	<u>917,312</u>	<u>1,204,445</u>



Term finance certificates (TFCs) have a face value of Rs. 5,000 per certificate. These TFCs carry mark up at the rate of six months average KIBOR plus 1.0% per annum (2021: six month average KIBOR plus 1.0% per annum), payable quarterly. The mark up rate charged during the period on the outstanding balance ranged from 8.76% to 17.10% (2021: 8.30% to 8.84%) per annum.

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

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

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

The other main terms included appointment of one representative as a nominee director nominated by the Trustee which has been complied with. Further, 175 million sponsor's shares are pledged for investors which will be released with quarterly scheduled principal repayments proportionately starting from June 2019.

The Group has not paid due quarterly installments of June 2019 to December 2022 amounting Rs. 460.00 million. In case of failure to make due payments by the Group, Trustee can instruct the security agent to enforce the letter of pledge and sell the quantum of the pledged shares to generate the amount required for the settlement of the outstanding redemption amount.

Due to non-payment of due instalments, Trustee enforced the letter of pledge in 2021 and called 128.2 million shares from sponsors account out of which 50.38 million shares (2021:13.6 million shares) were sold for the amount of Rs. 113.63 (2021: 45.9 million) out of which Rs. 71.29 million settled against principal and Rs. 42.33 million against accrued markup (2021 Rs. 27.9 million settled against principal and Rs. 17.9 million against accrued mark-up).

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

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

**10.1 Deferred markup**

Deferred markup	10.1.1	746,494	746,494
Adjustment due to impact of IFRS 9	10.1.2	(75,088)	(116,084)
		671,406	630,410
Payment/Adjustment		(60,255)	-
Less: Current portion	19	(322,670)	(253,101)
		<u>288,481</u>	<u>377,309</u>
<b>10.1.1 Reconciliation of deferred markup is as follows:</b>			
Opening balance		746,494	746,494
Add: Markup deferred during the period/year		-	-
		<u>746,494</u>	<u>746,494</u>



	2022	2021
	----- (Rupees in '000) -----	
<b>10.1.2</b> Reconciliation is as follows:		
Opening balance	116,084	156,621
Add: Discounting impact of deferred markup	-	-
	116,084	156,621
Less: Unwinding impact of discounted deferred markup	44.1 (40,996)	(40,537)
	<u>75,088</u>	<u>116,084</u>

Note 11

**Long Term Financing**

	2022	2021
	----- (Rupees in '000) -----	
Note		

**From Banking Companies (secured)**

Allied Bank Limited	11.1	65,365	83,228
Bank Islami Pakistan Limited	11.2	90,952	99,036
Askari Bank Limited	11.3	294,145	-
		<u>450,462</u>	<u>182,264</u>

**11.1 Allied Bank Limited**

Opening balance		75,476	91,509
Transfer from running finance		-	-
Repayments		(17,162)	(16,033)
		58,314	75,476
Less: Current and overdue portion		(30,781)	(20,032)
		27,533	55,444
Add: Deferred markup	11.1.1	42,001	32,630
Less: Discounting of deferred markup	11.1.2	(4,170)	(4,846)
		37,831	27,784
		<u>65,364</u>	<u>83,228</u>

**11.1.1** Reconciliation of deferred markup is as follows:

Opening balance		32,630	25,647
Add: Markup deferred during the year		9,371	6,983
		<u>42,001</u>	<u>32,630</u>

**11.1.2** Reconciliation is as follows:

Opening balance		4,846	4,612
Add: Discounting impact of deferred markup		1,556	1,636
		6,402	6,248
Less: Unwinding impact of discounted deferred markup		(2,232)	(1,402)
		<u>4,170</u>	<u>4,846</u>

This represents balance transferred as a result of restructuring of short term running finance (RF) facility to Term Loan Facility and subsequently amended on 8th October 2020 and 30th September 2021. Principal will be repaid in 37 stepped up monthly installments starting from August 2021 till August 2024. Markup will be accrued and will be serviced in 12 equal monthly installments, starting from September 2024. Effective markup rate applicable will be 3 Month KIBOR + 85 bps. The mark up charged during the period on the outstanding balance ranged from 11.39% to 16.62% (2021: 8.14% to 8.63%) per annum. The facility is secured against 1st joint pari passu charge on present and future current and fixed assets excluding building of the Group for Rs. 534 million and right to set off on collection account.



		2022	2021
	Note	------(Rupees in '000)-----	
<b>11.2 Bank Islami Pakistan Limited</b>			
Opening balance		81,308	-
Transfer from running finance		-	81,308
Repayments		(27,500)	-
		53,808	81,308
Less: Current and overdue portion	19	(8,637)	(18,068)
		45,171	63,240
Add: Deferred markup	11.2.1	54,659	46,015
Less: Discounting of deferred markup	11.2.2	(8,878)	(10,219)
		45,781	35,796
		90,952	99,036
<b>11.2.1</b> Reconciliation of deferred markup is as follows:			
Opening balance		46,015	-
Add: Deferred markup during the period/year		8,644	46,015
		54,659	46,015
<b>11.2.2</b> Reconciliation is as follows:			
Opening balance		10,219	-
Add: Discounting impact of deferred markup	41.1	1,474	12,456
		11,693	12,456
Less: Unwinding impact of discounted deferred markup		(2,815)	(2,237)
		8,878	10,219

This represents balance transferred as a result of restructuring of short term running finance (RF) facility to Term Loan Facility as on 12th Feb 2021. Principal will be repaid in 29 installments starting from Feb 2022 till May 2026. Markup will be accrued and will be serviced in 24 monthly installments, starting from June 01, 2024. Effective markup rate applicable will be 6 Month KIBOR (Floor 7.5% and capping 17%). The mark up charged during the period on the outstanding balance ranged from 7.65% to 15.87% (2021: 7.50% to 7.65%). The facility is secured against 1st joint pair passu charge on present and future current and fixed assets excluding land & building & licences/receivable of LDI & WLL) of the Group for Rs. 880 million with 25% margin, pledge of various listed securities of the Group having carrying value Rs. 35.087 Million and along with Mortgage over the Group's Offices at Ali Tower MM Alam Road Lahore and at The Plaza Shopping Mall Kehkashan Karachi.

		2022	2021
	Note	------(Rupees in '000)-----	
<b>11.3 Askari Bank Limited</b>			
Opening balance		-	-
Transfer from running finance		310,547	-
Repayments		(22,000)	-
		288,547	-
Less: Current and overdue portion	19	(44,000)	-
		244,547	-
Add: Deferred markup	11.3.1	64,596	-
Less: Discounting of deferred markup	11.3.2	(14,998)	-
		49,598	-
		294,145	-
<b>11.3.1</b> Reconciliation of deferred markup is as follows:			
Opening balance		-	-
Add: Deferred markup during the period/year		64,596	-
		64,596	-
<b>11.3.2</b> Reconciliation is as follows:			
Opening balance		-	-
Add: Discounting impact of deferred markup	41.1	14,998	-
		14,998	-
Less: Unwinding impact of discounted deferred markup		-	-
		14,998	-

This represents balance transferred as a result of settlement agreement from short term running finance (RF) running finance (RF) facility to Term Loan Facility as on November 02, 2022. Principal will be repaid in 48 installments starting from Nov 2022 till Oct 2026. Markup outstanding after effective discounts / waivers as per settlement agreement and markup to be accrued will be serviced in 36 monthly installments, starting from Nov 2024. Effective markup rate applicable will be 1MK - 2% (Floor 10%). The mark up charged during the period on the outstanding balance ranged from 13.56% to 14.61%. The facility is secured against 1st joint pair passu charge on present and future current and fixed assets (excluding land & building & licences) of the Company with Margin 25%, collection account with AKBL for routing of LDI receivables alongwith additional mortgage on Properties situated in Sindh.



## Note 12

### Sponsor's Loan

		2022	2021
	Note	------(Rupees in '000)-----	
<b>Sponsor's Loan - unsecured</b>			
- Interest bearing	12.1	680,700	533,850
- Non-interest bearing	12.2	1,490,607	1,143,030
		<u>2,171,307</u>	<u>1,676,880</u>
<b>12.1</b>	Opening balance	533,850	482,400
	Exchange loss	146,850	51,450
		<u>680,700</u>	<u>533,850</u>

This represents USD denominated loan obtained from Worldcall Services (Private) Limited, the Parent Company. It carries mark up at 12 months KIBOR plus 1%. The mark up rate charged during the period on the outstanding balance is 12.79% (2021: 8.67%) per annum. The amount is not payable before December 31, 2023.

- 12.2** This represents interest free loan obtained from Worldcall Services (Private) Limited, the Parent Company. The amount is not payable before December 31, 2023.

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

Opening balance	1,289,338	978,084
Less: Net receipts /(Payments) during the period/year	403,569	311,254
Amount of loan	1,692,907	1,289,338
Adjustment due to impact of IFRS 9:		
Discounting	(202,300)	(146,308)
	<u>(202,300)</u>	<u>(146,308)</u>
	<u>1,490,607</u>	<u>1,143,030</u>

## Note 13

### License Fee Payable

		2022	2021
	Note	------(Rupees in '000)-----	
Opening balance		45,513	45,513
Settled against retirement of WLL License		-	-
	13.1	<u>45,513</u>	<u>45,513</u>

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

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

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

## Note 14

### Post Employment Benefits

		2022	2021
	Note	------(Rupees in '000)-----	
Obligations for defined benefit scheme - gratuity	14.1.1	190,250	183,306
Accumulating compensated absences	14.2.1	9,780	10,450
		<u>200,030</u>	<u>193,756</u>



**14.1 Obligations for defined benefit scheme - gratuity**

Latest actuarial valuation of the gratuity scheme was conducted as on December 31, 2022 using the following assumptions: Results of actuarial valuation are as under:

Discount rate for interest cost - per annum	11.75%	9.75%
Discount rate for year end obligations - per annum	14.50%	11.75%
Expected rate of increase in salary level - per annum	13.50%	10.75%
Weighted average duration of defined benefit obligation	9 Years	9 Years
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Rates Table	

Actuarial cost method Projected Unit Credit Method

**14.1.1 Movement in net liability for defined benefit scheme obligation**

	<b>2022</b>	<b>2021</b>
	------(Rupees in '000)-----	
Opening balance	183,306	190,765
Charge for the year - Statement of Profit or Loss Account <span style="float: right;">14.1.2</span>	39,692	40,003
Net remeasurements for the year - Other comprehensive income	(12,387)	(13,418)
Transferred to trade and other payables	(16,530)	(32,433)
Payments made during the year	(3,831)	(1,611)
Closing balance	<u>190,250</u>	<u>183,306</u>

**14.1.2 Charge for the year**

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

	<b>2022</b>	<b>2021</b>
	------(Rupees in '000)-----	
Current service cost	19,356	23,074
Interest cost	<u>20,336</u>	<u>16,929</u>
	<u>39,692</u>	<u>40,003</u>

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
	------(Rupees in '000)-----				
Present value of defined benefit obligation	190,250	183,306	190,765	196,776	222,507
Fair value of plan asset	-	-	-	-	-
Net deficit	<u>190,250</u>	<u>183,306</u>	<u>190,765</u>	<u>196,776</u>	<u>222,507</u>

**14.1.4 Estimated charge for the year 2023**

	<b>Rupees in '000'</b>
Current service cost	18,871
Interest cost	<u>25,757</u>
	<u>44,628</u>

**14.1.5 Year end sensitivity analysis on defined benefits obligations**

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

	<b>2022</b>
	<b>Rupees in '000</b>
Discount rate + 100 bps	(176,243)
Discount rate - 100 bps	206,098
Salary increase + 100 bps	(206,351)
Salary increase - 100 bps	175,778

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



**14.1.6 Allocation of charge for the year**

		2022	2021
	Note	------(Rupees in '000)-----	
Direct costs excluding depreciation and amortization	39	19,450	19,619
Operating costs	40	20,242	20,384
		<u>39,692</u>	<u>40,003</u>

**14.2 Accumulating compensated absences**

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

Discount rate for interest cost - per annum	11.75%	9.75%
Discount rate for year end obligations - per annum	14.50%	11.75%
Expected rate of increase in salary level - per annum	13.50%	10.75%
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table	
Actuarial cost method	Projected Unit Credit Method	

Results of actuarial valuation are as under:

**14.2.1 Movement in net liability for accumulating compensated absences**

		2022	2021
	Note	------(Rupees in '000)-----	
Opening balance		10,450	12,368
Charge for the year - Statement of Profit or Loss Account	14.2.2	865	988
Transferred to trade and other payables		(968)	(2,674)
Payments made during the year		(567)	(232)
Closing balance		<u>9,780</u>	<u>10,450</u>

**14.2.2 Charge for the year**

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

Current service cost	133	296
Interest cost for the year	732	692
	<u>865</u>	<u>988</u>

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

	2022	2021	2020	2019	2018
	------(Rupees in '000)-----				
Present value of defined benefit obligation	9,780	10,450	12,368	14,020	18,513
Fair value of plan asset	-	-	-	-	-
Net deficit	<u>9,780</u>	<u>10,450</u>	<u>12,368</u>	<u>14,020</u>	<u>18,513</u>

**14.2.4 Estimated charge for the year 2023**

	<b>Rupees in '000'</b>	
Current service cost	256	
Interest cost	1,418	
	<u>1,674</u>	

**14.2.5 Year end sensitivity analysis on defined benefit obligation**

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

	2022
	<b>Rupees in '000'</b>
Discount rate + 100 bps	(9,081)
Discount rate - 100 bps	10,572
Salary increase + 100 bps	(10,556)
Salary increase - 100 bps	9,084

**14.2.6 Allocation of charge for the year**

		2022	2021
	Note	------(Rupees in '000)-----	
Direct costs excluding depreciation and amortization	39	43	47
Operating costs	40	822	941
		<u>865</u>	<u>988</u>

**14.3 Risk associated with defined benefit plans**

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

Note 15

**Long Term Deposit**

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



	2022	2021
Note	------(Rupees in '000)-----	
Opening balance	93,215	86,103
Amount of security deposit		
Add: Unwinding impact under IFRS 9	44.1 7,700	7,112
Less: Current maturity	-	-
	100,915	93,215

Note 16

### Lease Liabilities

Opening balance		314,666	275,931
Add: Additions during the year		7,998	164,509
Add: Interest expense	44	30,955	42,310
Less: Termination of lease agreement		(67,595)	(121,467)
Less: Lease payments		(33,248)	(46,617)
Gross liability		252,776	314,666
Less: Current and overdue portion	19	(58,316)	(119,650)
Closing balance		194,460	195,016

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

	2022	2021		
Included in	------(Rupees in '000)-----			
Carrying amount of ROU assets	SOFP 23	3,407,381	3,694,104	
Depreciation charge for ROU assets	43	278,113	258,642	
Interest expense on lease liabilities	44	30,955	42,310	
Repayment of lease liability	Financing Activities	Statement of Cash Flows	33,248	46,617

### 16.2 Maturity analysis of contractually undiscounted cash flows

At December 31, 2022	Within One Year	Between Two to Five Years	Later than Five Years
	------(Rupees in '000)-----		
	58,316	60,240	134,220

### 16.3 Nature of leasing activities

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

Lease terms, and the remaining lease terms at the date of initial application, vary. Remaining lease term of existing lease contracts for which lease liability is booked ranges from 2 to 15 years.

Note 17

### Trade and Other Payables

	2022	2021
Note	------(Rupees in '000)-----	
Trade creditors	17.1 2,795,797	2,238,966
Accrued and other liabilities	17.2 1,078,465	1,180,721
Payable to PTA against APC charges	1,766,190	1,766,190
Payable against long term investment	44,000	44,000
Contract liabilities	572,840	571,136
Withholding tax	62,099	49,969
Sales tax	104,053	122,316
Security deposits	17.3 35,136	35,136
	6,458,580	6,008,434

17.1 This includes payable to PTA amounting to Rs. 576.02 million (2021: Rs. 564.55 million). Out of this Rs. 513.71 million (2021: Rs. 497.03 million) represents payable regarding Annual Radio Spectrum Fee in respect of WLL licenses. PTA has issued multiple determinations that have been challenged and contested by the Company on legal grounds as well as on account of preoccupation of frequency / spectrums and losses suffered by the Company due to such preoccupation for which the Company has demanded due compensation from PTA. In all these matters, the Company has filed appeals against PTA's determinations before the honourable Lahore High Court and the honourable Islamabad High Court and stay orders were obtained against the recovery. This matter has been decided in favour of the Company; however, PTA has gone into appeal before the Honourable Supreme Court of Pakistan.

17.2 This includes payable to key management personnel amounting to Rs. 184.718 million (2021: Rs. 180 million).

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



Note 18

**Accrued Mark up**

	Note	2022	2021
----- (Rupees in '000) -----			
Short term borrowings		14,427	108,574
Term finance certificates		399,377	223,436
Sponsor's loan	18.1	184,380	67,618
Long term financing		-	15,744
		<u>598,184</u>	<u>415,372</u>
<b>18.1</b>	The reconciliation is as follows:		
	Opening balance	67,618	17,781
	Add: Mark-up accrued during the year	<u>89,975</u>	<u>44,185</u>
		157,593	61,966
	Less: Paid during the year	-	-
	Add: Exchange loss	<u>26,787</u>	<u>5,652</u>
		<u>184,380</u>	<u>67,618</u>

Note 19

**Current and Overdue Portion of Non-Current Liabilities**

Term finance certificates	10	559,022	432,016
Mark-up payable on term finance certificate		322,669	253,100
Long term financing	11	83,418	38,100
Lease liabilities	16	<u>58,316</u>	<u>119,650</u>
		<u>1,023,425</u>	<u>842,866</u>

Note 20

**Short Term Borrowings**

**Banking companies (secured - interest bearing):**

- Running finances	20.1	32,064	345,756
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**Related parties (unsecured - interest free):**

- Ferret Consulting F.Z.C.	20.2	<u>84,355</u>	<u>66,156</u>
		<u>116,419</u>	<u>411,912</u>

**20.1** Movement in running finance facilities

Opening		345,756	427,419
Payment/Adjustment during the year		(3,145)	(355)
Transferred to long term financing	20.1.1	<u>(310,547)</u>	<u>(81,308)</u>
Closing	20.1.2	<u>32,064</u>	<u>345,756</u>

**20.1.1** During the year 2021, Company restructured one of its running finance facility with Bank Islami Limited amounting Rs. 81.3 million which is transferred to long term financing, for detail refer Note 11.2.2. During the year 2022, the Company restructured its running finance facility with Askari Bank Limited amounting to Rs 310.547 million, which is transferred to long term finance facility. For detail refer Note 11.3.

**20.1.2** Short term running finance facilities available from commercial banks under mark up arrangements amount to Rs. 32.064 million (2021: Rs. 346.11 million). Running finance facilities are available at mark up rate of KIBOR plus 1.5% to 2.0% per annum (2021: KIBOR plus 1.5% to 2.0% per annum), payable quarterly, on the balance outstanding. The mark up charged during the period on outstanding balances ranged from 11.94% to 17.60% (2021: 8.79% to 11.51%) per annum, effectively. As of reporting date Company is in negotiations with Lender for restructuring of its short term liability into long term.

**20.2** This represents interest free USD denominated loan received from M/s Ferret Consulting - F.Z.C to meet working capital requirements. The accumulated balance as at reporting date is USD 377,598 (2021: USD 371,770). In the absence of written agreement, the amount is repayable on demand.

**20.3** Guarantees

Of the aggregate facilities of Rs. 398.862 million (2021: Rs. 418.162 million) for guarantees, the amount utilized as at Dec 31, 2022 was Rs. 334.461 million (2021: Rs. 353.761 million).

**20.4** The facilities in note 20.1 are secured against first pari passu hypothecation charge on all present and future current and fixed assets excluding building, WLL / LDI receivables, first joint pari passu hypothecation charge over all present and future current and fixed assets of the Company with security margin over the facility amount, pledge of shares of listed companies in CDC account of the Company, Margin over cash deposit of Rs. 34.563 million, first exclusive assignment of all present and future receivables of LDI business arm of the Company, collection accounts with Bank for routing of LDI receivables, counter guarantee of the Company, equitable mortgage over the property of office # 302, 303, 304, 3rd Floor, the Plaza on Plot # G-7, Block-9, KDA Scheme # 5, Kehkashan Clifton, Karachi and equitable mortgage over the property of office # 07, 08, 09 situated on 1st Floor, Ali Tower, MM Alam Road, Gulberg III.

Note 21

**Contingencies and Commitments**

**Contingencies**

**21.1** Billing disputes with PTCL

There is a dispute of Rs. 72.64 million (2021: Rs. 72.64 million) with Pakistan Telecommunication Limited (PTCL) in respect of non-revenue time of prepaid calling cards and Rs. 46.92 million (2021: Rs. 46.92 million) in respect of excess minutes billed on account of interconnect and settlement charges. Similarly, PTCL has charged the Company excess Domestic Private Lease Circuits ("DPLC") and other media charges amounting to Rs. 334.08 million (2020: Rs. 334.08 million) on account of difference in rates, distances and date of activations. The management has taken up these issues with PTCL and considers that these would most likely be decided in Company's favour as there are reasonable grounds to defend the Company's stance. Hence, no provision has been made in these financial statements for the above amounts.



## 21.2 Disputes with PTA

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

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

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

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

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

**21.2.5** The Group has filed a suit before the High Court of Sindh on July 2, 2011 for declaration, injunction and recovery of Rs. 4.944 billion against PTA praying, inter alia, for direction to PTA to determine the Access Promotion Contribution for Fixed Line Local Loop (APCL contribution) and Access Promotion Cost (APC) for Universal Service Fund (USF) strictly in accordance with the formula as per Rule 8(2) and (4) of 2004 Rules and Regulation 7 of 2005 Regulations; restraining PTA from taking coercive actions against the Group to recover the amounts of APCL and APC for USF and direction to PTA to submit accounts and information to the Honourable High Court with regard to collection and, utilization and application of APCL and APC for USF contributions. During the pendency of proceedings, the Court granted interim injunction to the Group and restrained PTA from taking any coercive action against the Group.

The said restraining order was dismissed by the learned single judge through a combined order dated July 27, 2018. The said order has been challenged by the Group before the Divisional Bench of the High Court on August 13, 2018 in High Court Appeal No. 222 of 2018. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these financial statements.

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

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

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

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



- 21.2.8** PTA has demanded amounts of annual license fee (ALF) relating to Non-Voice Communication Network Services (NVCNS) through various demand notices. PTA has filed recovery proceedings against the Group before the District Collector / Deputy Commissioner, Lahore for an amount of Rs. 62.607 million on February 7, 2020 due to non-payment of annual license fee (ALF) relating to Non-Voice Communication Network Services (NVCNS). This includes principal portion of Rs. 31.146 million already recognized in the financial statements and late payment charges amounting to Rs. 31.461 million. The Group has not received any notice from the Revenue department. The Group's management and legal advisor feels that there are strong grounds to defend the Group's stance and that the late payment charges determined unilaterally by PTA will not materialize, hence, no provision has been made in these financial statements.
- 21.2.9** PTA had demanded an amount of Rs. 350 million in respect of fine and loss of Rs. 531.89 million on account of international telephony traffic. The case was decided by Islamabad High Court in favour of the Group, however, PTA went into appeal before the honourable Supreme Court of Pakistan. The honourable Supreme Court dismissed the appeal of PTA. PTA has now filed review petition No. 708 of 2019 before the Supreme Court of Pakistan on November 23, 2019 which is pending adjudication. The Group has not received any notice in this regard. The Group's management feels that there are strong grounds to defend the Group's stance, hence, no provision has been made in these financial statements.
- 21.2.10** PTA has issued show cause notice to the Group with the direction to pay annual regulatory dues for the years ended 2011, 2012, 2013 and 2014 cumulative amount of Rs. 119.65 Million along with late payment charges. The Group has filed the appeals against said notices with PTA which dismissed on December 04, 2020. The Group therefore filed the appeal in Sindh High Court on December 31, 2020 to set aside the order passed by PTA. The Court directed PTA not to take any coercive action against the Group. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these financial statements against this demand.
- 21.2.11** PTA determined the demand amounting to Rs. 223.34 million, on account of annual spectrum fee and other regulatory charges, vide its determination dated February 22, 2010. Being aggrieved, the Group's management preferred an appeal before the Honourable Lahore High Court ("LHC") on March 20, 2010 against the PTA's determination. LHC granted stay against the recovery subject to payment of Rs. 40 million which was complied by the Group. Based on the advice of the Group's legal counsel, the Group's management feels that there are strong grounds to defend the Group's position and the ultimate decision would be in the Group's favour.
- 21.2.12** Other than the amounts recognized in the financial statements and amounts disclosed in the above contingencies, PTA has also demanded amounts of PKR 1.634 billion on account of various charges, default surcharges / penalties / fines. Since the principal amount is disputed, the Group's management feels that there are strong grounds to defend the Group's stance and that the liability determined unilaterally by PTA will not materialize, hence, no provision has been made in these financial statements.
- 21.3 Taxation issues**
- 21.3.1** Separate returns of total income for the Tax Year 2003 were filed by M/s World call Communications Limited, M/s Worldcall Multimedia Limited, M/s Worldcall Broadband Limited and M/s Worldcall Phone Cards Limited, now merged into the Group. Such returns of income were amended by relevant officials under section 122(5A) of the Income Tax Ordinance, 2001 ("Ordinance") through separate orders. Through such amendment orders, in addition to enhancement in aggregate tax liabilities by an amount of Rs. 9.90 million, tax losses declared by the respective companies too were curtailed by an aggregate amount of Rs. 66.19 million. The Group contested such amendment orders before Commissioner Inland Revenue (Appeals) [CIR(A)] and while amendment order for Worldcall Broadband Limited was annulled, partial relief was extended by CIR(A) in respect of appeals pertaining to other companies. The appellate orders extending partial relief were further assailed by the Group before Appellate Tribunal Inland Revenue (ATIR) in January 2010, which are pending adjudication. The Group's management considers that meritorious grounds exist to support the Group's stances and expects relief from ATIR in respect of all the issues being contested. Accordingly, no adjustments / liabilities on these accounts have been incorporated / recognized in these financial statements.
- 21.3.2** Through amendment order passed under section 122(5A) of the Ordinance, the Group's return of total income for Tax Year 2006 was amended and declared losses were curtailed by an amount of Rs. 780.46 million. The Group's appeal filed on September 18, 2007 was not entertained by CIR(A) and the amendment order was upheld whereupon the matter was further agitated before ATIR on July 8, 2008, which is pending adjudication. The Group's management expects relief from ATIR in respect of issues involved in the relevant appeal there being valid precedents available on record supporting the Group's stance. Accordingly, no adjustment on this account has been incorporated in these financial statements.
- 21.3.3** In computer balloting for total audit u/s 177 of the Ordinance, the Group was selected for total audit proceedings for the tax year 2009 and the same has been completed with the issuance of order under section 122(1)/122(5) of the Ordinance creating a demand of Rs. 208.348 million. Against the said impugned order, appeal has been filed before CIR(A) on August 5, 2019 by legal counsel of the Group. Based on the advice of the legal counsel, the Group's management feels that there are strong grounds to defend the Group's stance and the liability will not materialize, hence, no provision has been made in these financial statements.



- 21.3.4** A demand of Rs. 1.059 billion (including default surcharge of Rs. 325.849 million) was raised against the Group under section 161/205 of the Ordinance for the period relevant to Tax Year 2012 alleging non-compliance with various applicable withholding provisions contained in the Ordinance. The management assailed the subject order on March 28, 2014 in usual appellate course and while first appellate authority decided certain issues in the Group's favour, major issues were remanded back to department for adjudication afresh. Such appellate order was further assailed by the Group before ATIR on May 20, 2014, at which forum, adjudication is pending. Meanwhile, the Department concluded the reassessment proceedings, primarily repeating the treatment earlier accorded, however, based on relief allowed by first appellate authority, demand now stands reduced to Rs. 953.355 million (including default surcharge of Rs. 308.163 million). Such reassessment order was assailed by the Group in second round of litigation and the first appellate authority, through its order dated June 29, 2015, has upheld the Departmental action. The management has contested this order before ATIR on August 20, 2015 for favourable outcome. The Group's management feels that there are strong grounds to defend the Group's stance and the liability will not materialize, hence, no provision has been made in these financial statements.
- 21.3.5** In computer balloting for total audit u/s 177 of the ITO, 2001, the Group was selected for total audit proceedings for the tax year 2014 and the same has been completed with the issuance of order under section 122(4) of Income Tax Ordinance, 2001 creating a demand of Rs. 49,013,883 and curtailment of losses by Rs. 5,880.753 million. The said demand was curtailed to Rs. 5,749,260 through a revised demand order on account of rectification application filed by the Group. Against the said impugned order, appeal has been filed before CIR(A) on January 24, 2018 by legal counsel of the Group. Based on the advice of the legal counsel, the Group's management feels that there are strong grounds to defend the Group's stance and the liability will not materialize, hence, no provision has been made in these financial statements.
- 21.3.6** The CIR has raised demand against the Group for super tax for the tax year 2018 amounting to Rs. 43.82 million. The chargeability has been challenged by the Group through writ petition in LHC filed on May 16, 2019. Based on the advice of the legal counsel, the Group's management feels that there are strong grounds to defend the Group's stance and the liability will not materialize, hence, no provision has been made in these financial statements.
- 21.3.7** A sales tax demand of Rs. 167 million was raised against the Group for recovery of an allegedly inadmissible claim of sales tax refund in Tax Year 2006 filed and sanctioned under section 66 of the Sales Tax Act, 1990. The Group's appeal against such order was allowed to the extent of additional tax and penalties; however, principal amount was held against the Group by the then relevant Customs, Excise and Sales Tax Appellate Tribunal (CESTAT). The Group further assailed the issue on November 10, 2009 before Lahore High Court (LHC) where the litigation is presently pending. While, recovery to the extent of 20% of principal demand of sales tax has been made by the tax authorities, an interim injunction by honourable Court debars the Department for enforcing any further recovery. Since the management considers the refund to be legally admissible to the Group, no liability on this account has been recognized in these financial statements and the amount already recovered has been recorded as being receivable from the tax authorities. It is pertinent to highlight here that adverse judgment earlier passed by CESTAT no longer holds the field as through certain subsequent judgments, controversy has been decided by ATIR (forum now holding appellate jurisdiction under the law) in favour of other taxpayers operating in the Telecom Sector. The Honourable LHC has set aside the judgment of the Tribunal on May 24, 2017 and has remanded the case for decision afresh. The Tribunal is yet to issue notice for the hearing. The Group's management feels that there are strong grounds to defend the Group's stance and the liability will not materialize, hence, no provision has been made in these financial statements.
- 21.3.8** On September 30, 2016, Punjab Revenue Authority (PRA) issued show cause notice allegedly demanding Rs. 419.821 million for the periods from May 2013 to December 2013. The Group challenged imposition of sales tax on LDI services on the first appellate authority in 2016 and relief granted by CIR(A) through set aside the demand created by PRA with direction of reassessment proceedings. The Group challenged these proceedings through filing a writ petition in LHC heard on February 9, 2017 on the grounds that it was unconstitutional and in violation of fundamental principles of sales tax and international commitments of Government of Pakistan. The writ petition has been allowed with instructions passed by honourable Judge of Lahore High Court Lahore to PRA restraining from passing final order in pursuance of proceedings. The matter has been taken up by other LDI operators against PRA in June 2015 before LHC on the grounds that imposition of sales tax is unconstitutional and in violation of fundamental principles of sales tax and international commitments of Government of Pakistan. The period pertains to ICH time when amount of sales tax was withheld by PTCL. Based on the advice of the Group's tax advisor, the management is of the view that the Group's case is based on meritorious grounds and hence, relief would be secured from the Court. In view of the above, provision for sales tax on LDI services aggregating Rs. 1,206.734 million (2018: Rs. 884.689 million) has not been made in these financial statements.
- 21.4 Others**
- 21.4.1** One of the Group's supplier has filed the suit for recovery on July 12, 2018 before the Civil Court, Lahore of certain moneys alleged to have not been paid by the Group under its agreements with the supplier. The principal claim is Rs. 18 million however the claim is inflated to Rs. 230 million on frivolous basis. The Group denies the claim and is hopeful for positive outcome. The management is of the view that it is unlikely that any claim of said supplier will materialize.



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

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

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

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

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

During 2019, the supplier has signed an MoU with the Group undertaking to withdraw all legal cases which has completed in August 2022 and both parties have withdrawn their respective cases.

**21.4.5** As stated in note 5.10, the Group is in default of Regulation 11 of the Companies (Further Issue of Shares) Regulations 2020. The Group may be liable to pay penalty amounting to Rs. 5 million. The management is of the view that it is unlikely that any claim will materialize against the Group.

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

	2022	2021
	------(Rupees in '000)-----	
<b>21.5</b> Outstanding guarantees and letters of credit	344,461	353,761
<b>Commitments</b>		
<b>21.6</b> Commitments in respect of capital expenditure	9,313	9,696





- 22.1.1** The building of the Group comprises Suit # 302, 303, 304, third floor, The Plaza, G - 7 Block - 9, KDA Scheme # 5, Kehkashan Clifton, Karachi. The building covers an area of 8,017 Sq. Ft.
- 22.1.2** Following assets acquired with the funds of the Group are not in the possession / control of the Group because of their specific nature as these have to be handed over to customers for their use:

Sr. No.	Description	Net Book Value (Rs. in '000')	Persons in whose possession
1	Customer Premises Equipment (CPE)	87,004	Customers

**22.1.3** Latest revaluation was carried out on December 31, 2020 by an independent professional valuer M/s Arch-E'-Decon that resulted in revaluation surplus of Rs. Nil . Force sale value of revalued plant and equipment was estimated at December 31, 2022: Rs. 4,165.49 Million (2021: Rs. 4,539.79).

**Fair value measurement of Plant and Equipment using significant unobservable inputs (Level 3)**

2022	2021
5,207,431	5,674,743

----- (Rupees in '000) -----

**Recurring fair value measurements**

Plant and equipment (owned)

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

**Fair value measurements using significant unobservable inputs (level 3)**

The following table presents the movement in level 3 items for the year ended December 31, 2022 for recurring fair value measurements:

	LDI and Broadband Operations	WLL Operations	Total
	----- (Rupees in '000) -----		
Balance as at December 31, 2021	5,596,050	78,693	5,674,743
Additions	13,063	-	13,063
Disposals	(107,828)	-	(107,828)
Depreciation	(372,547)	-	(372,547)
Balance as at December 31, 2022	5,128,738	78,693	5,207,431

**Valuation techniques used to derive level 3 fair values**

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

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

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

**Valuation inputs and relationship to fair value**

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

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

**22.1.4** The carrying amount of temporarily idle property, plant and equipment amounts to Rs.nil (2021: Rs. 78.69 million).

The cost / revalued amount of fully depreciated property, plant and equipment that is still in use of the Group amounts to Rs. 1,521.74 million (2021: Rs. 454.81 million).

**22.1.5** Property, plant and equipment and current assets having charge against borrowings amount to Rs. 12,801.043 million (2021: Rs. 12,801.043 million).

**22.1.6** Had there been no revaluation, the net book value of plant and equipment (owned) would have amounted to Rs. 3,293.93 million (2021: 4,718.69 million).

**22.1.7 Disposal of operating fixed assets**

Particulars	Name of Buyer along with Relationship with the Group or any Director of the Group (if any)	Cost / Revalued Amount	Accumulated Depreciation and Impairment	Written Down Value	Sale Proceeds / Settlement Value	Gain / (Loss)	Mode of Disposal
----- (Rupees in '000) -----							
<b>Plant and Equipment</b>							
Fiber duct	Customer	157,773	57,773	100,000	-	-	Negotiation
Batteries	Yousaf Niamat Metal	3,543	1,275	2,268	2,440	172	Negotiation
Coaxial equipment	Shaheen Insurance	6,835	1,275	5,560	6,584	1,024	Insurance claim
	<b>2022</b>	<b>168,151</b>	<b>60,323</b>	<b>107,828</b>	<b>9,024</b>	<b>1,196</b>	
	<b>2021</b>	<b>124,151</b>	<b>83,823</b>	<b>40,328</b>	<b>53,574</b>	<b>23,224</b>	



	2022	2021
<b>22.2 Capital work-in-progress ("CWIP")</b>	Note	(Rupees in '000)
Advances to suppliers	6,089	6,089
Plant and equipment	6,818	6,818
	22.2.1	12,907
<b>22.2.1 The reconciliation of the carrying amount is as follows:</b>		
Opening balance	56,083	54,658
Additions during the year	-	21,009
Transfers during the year	-	(19,584)
	56,083	56,083
Provision against advance to suppliers	(43,176)	(43,176)
Closing balance	12,907	12,907

23

**Right of use (ROU) assets**

	2022	2021
	Note	(Rupees in '000)
Opening balance	3,694,104	3,680,465
Add: Additions during the year	7,998	364,337
Less: Lease terminated during the year	(16,608)	(92,056)
Less: Depreciation charge for the year	43 (278,113)	(258,642)
Closing balance	3,407,381	3,694,104
Lease Term (Years)	up to 11 Years	up to 20 Years

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

**23.1** The right of use assets comprises of following:

	2022	2021
	(Rupees in '000)	(Rupees in '000)
Indefeasible rights of use of Fiber (IRU)	3,241,765	3,467,884
Leasehold property	165,616	226,220
	3,407,381	3,694,104

**23.2** On December 31, 2020 the IRU assets were revalued by an independent professional valuer, M/s Arch-E-Decon, which resulted in revaluation gain amounting Rs. 1,440 Million. The force sale value of revalued assets at December 31,2021 Rs. 2,555.54 million (2021: Rs. 2,774.3 million). The fair value , of IRU assets is measured using significant unobservable inputs (Level 3). There are no level 1 and level 2 assets and hence no transfers between levels 1 and 2 during the year.

**Valuation techniques used to derive level 3 fair values:**

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

**Valuation inputs and relationship to fair value**

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

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

**23.3** Had there been no revaluation, the net book value of right of use asset would have amounted to Rs. 2,211.08 million (2021: Rs. 2,359.35 million).



Note 24

**Intangible Assets**

	Licenses	Patents and copyrights	IRU - media cost	Software's	Goodwill	Total
Note	(Rupees in '000)					
<b>Cost / Revalued Amount</b>						
Balance as at December 31, 2020	1,713,828	5,333	784,800	11,600	2,736,706	5,252,267
Additions / (deletions) during the year	-	-	-	-	-	-
Elimination of cost on retirement of assets	-	-	-	-	-	-
Revaluation surplus during the year	-	-	-	-	-	-
Balance as at December 31, 2021	1,713,828	5,333	784,800	11,600	2,736,706	5,252,267
Additions / (deletions) during the year	-	-	-	-	-	-
Revaluation surplus during the year	-	-	-	-	-	-
Balance as at December 31, 2022	1,713,828	5,333	784,800	11,600	2,736,706	5,252,267
<b>Amortization and Impairment</b>						
Balance as at December 31, 2020	577,596	5,333	518,376	11,600	2,690,403	3,803,308
Elimination of accumulated amortization on retirement of assets	-	-	-	-	-	-
Impairment of goodwill	-	-	-	-	46,303	46,303
Amortization for the year	352,897	-	52,268	-	-	405,165
Balance as at December 31, 2021	930,493	5,333	570,644	11,600	2,736,706	4,254,776
Amortization for the year	352,605	-	52,268	-	-	404,873
Balance as at December 31, 2022	1,283,098	5,333	622,912	11,600	2,736,706	4,659,649
Net book value as at December 31, 2021	783,335	-	214,156	-	-	997,491
Net book value as at December 31, 2022	430,730	-	161,888	-	-	592,619
Annual amortization rate (%)	5 to 20	10	6.67	20	-	-

**24.1** On December 31, 2020, licenses and software's were revalued by an independent professional valuer, M/s Arch-E-Decon, which resulted in revaluation gain amounting Rs. 660 Million. The force sale value of revalued assets at December 31, 2021 Rs. 385.19 million (2021: Rs. 626.67 million). The table below analyses the non-financial assets carried at fair value, by valuation method.

	2022	2021
<b>Recurring fair value measurements of following items of intangible assets</b>	(Rupees in '000)	
Licenses	430,730	783,335
	430,730	783,335

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

**Fair value measurements using significant unobservable inputs (level 3)**

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

	Licenses and Software's	
	2022	2021
	(Rupees in '000)	
Opening balance	783,334	1,136,231
Amortization charged during the year	(352,604)	(352,897)
Closing balance	430,730	783,334

**Valuation techniques used to derive level 3 fair values:**

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

**Valuation inputs and relationship to fair value**

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

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



- 24.4** Had there been no revaluation, the net book value of licenses and software's would have amounted to Rs. nil Million (2021: Rs. 196.2 million).
- 24.3** Licenses of the Company are encumbered with IGI Holding Limited, Trustee of TFC holders, as disclosed in Note 10.
- 24.4** The licenses include license granted by PTA to the Company for providing the LDI telecommunication services in the country.
- 24.5** PTA has withdrawn licenses for telecom frequency of 1900Mhz, 450Mhz, 479Mhz, 3.5Ghz and LDI operator license. The LDI services of the Company were restored on January 15, 2021 on the direction of Honourable Sindh High Court. The Company has derecognized asset and related license fee payable related to 1900Mhz, 450Mhz and 479Mhz based on the PTA's order. As per the management the PTA has no legal right to terminate frequency of 3.5Ghz as this was already fully paid and based on the legal counsel opinion Company has not derecognized this frequency and filed appeal for restoration of same refer note 13 for detail.

#### Note 25

#### Investment Properties

		2022	2021
	Note	------(Rupees in '000)-----	
Opening balance		51,218	49,958
Fair value adjustment recognized in profit or loss account	25.1	252	1,260
Closing balance		<u>51,470</u>	<u>51,218</u>

- 25.1** As of the reporting date, investment properties comprise land. Latest valuation of these properties was carried out on December 31, 2022 by an approved independent valuer, M/s Gandhara Consultants. The valuation was carried out using sales comparison approach which resulted in fair value gain of Rs. 0.252 million (2021: Rs. 1.26 million).

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

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

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

Sr. No.	Particulars	Location	Area	Forced Value	Sale
				(Rupees in '000)	
1	13 Plots	Super Dream, K.T. Bundar Road, Gharo, Sindh	9600 Sq. Yd.		26,496
2	2 Plots	Windmill Villas, K.T. Bundar Road, Gharo, Sindh	1800 Sq. Yd.		4,968
3	6 Plots	Super Highway, Noriabad, Sindh	1200 Sq. Yd.		3,312
4	2 Plots	Peace City Farm Houses, District Rawalpindi	8000 Sq. Yd.		6,400
					<u>41,176</u>

#### Recurring fair value measurements

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during the year 2022.

#### Valuation techniques used to derive level 2 fair values

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

#### Note 26

#### Long Term Trade Receivable

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

		2022	2021
	Note	------(Rupees in '000)-----	
Opening balance		384,642	384,642
Unwinding of discount	41.1	-	-
		<u>384,642</u>	<u>384,642</u>
Less: Impairment allowance	27.1	<u>(384,642)</u>	<u>(384,642)</u>
		<u>-</u>	<u>-</u>



Note 27

**Deferred Taxation**

	2022	2021
	----- (Rupees in '000) -----	
<i>Asset for deferred taxation comprising temporary differences related to:</i>		
-Unused tax losses	3,013,949	3,425,035
-Provision for doubtful debts	900,194	871,647
-Post employment benefits	58,009	56,190
-Provision for stores and spares & stock-in-trade	1,173	1,173
-Provision for doubtful advances and other receivables	82,981	82,979
<i>Liability for deferred taxation comprising temporary differences related to:</i>		
-Surplus on revaluation of assets	(1,684,843)	(2,067,380)
	<u>2,371,463</u>	<u>2,369,644</u>

Deferred tax asset on tax losses available for carry forward has been recognized to the extent that the realization of related tax benefit is probable from reversal of existing taxable temporary differences and future taxable profit. Management's assertion of future taxable profit is mainly based on income due to write back of liabilities and business plan to initiate fiber to home services with monetary support from the majority shareholder as explained in detail in note 2.7 to these financial statements.

Being prudent, the Company has not recognized deferred tax assets of Rs. 2,615.000 million (2021: Rs. 2,864.28 million) in respect of unused tax losses and unabsorbed depreciation and Rs. 43.80 million (2021: Rs. 80.05 million) in respect of minimum tax available for carry forward under the Income Tax Ordinance, 2001 ("ITO"), as sufficient taxable profits would not be available to utilize these in the foreseeable future. Minimum tax available for carry forward and unused tax losses on which deferred tax asset has not been recognized, would expire as follows:

Accounting year to which minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	Rupees in '000	
2021	21,705	2024
2022	22,098	2025
	<u>43,803</u>	

Accounting year to which unused tax loss relates	Amount of unused tax loss	Accounting year in which unused tax loss will expire
	Rupees in '000	
2017	1,221,494	2023
2021	668,611	2027
2022	20,263	2028
	<u>1,910,368</u>	

	2022	2021
	----- (Rupees in '000) -----	

The gross movement in net deferred tax asset during the year is as follows:

Opening balance	2,369,644	2,389,069
Charged to other comprehensive income	1,819	(3,891)
Charged to statement of changes in equity	-	(15,534)
Closing balance	<u>2,371,463</u>	<u>2,369,644</u>



## Note 28

### Long Term Deposits

	2022	2021
Security deposits with:	----- (Rupees in '000) -----	
- Rented premises	6,116	7,357
- Utilities	960	960
- Others	8,859	8,859
	15,935	17,176
Current portion of deposit	6,441	6,441
Non Current portion of deposit	9,494	10,735

## Note 29

### Stores and Spares

Cost		35,226	34,399
Less: Provision for obsolete/slow-moving items	29.1	(4,044)	(4,044)
		31,182	30,355
<b>29.1 Provision for obsolete/slow-moving items</b>			
Opening balance		4,044	50,306
Add: Provision for the year		-	-
Less: Reversal of Provision during the Year		-	(46,262)
Closing balance		4,044	4,044

## Note 30

### Stock-in-Trade

Cost		210,858	209,401
Less: Provision for obsolete/slow-moving stock-in-trade	30.1	-	-
		210,858	209,401
<b>30.1 Provision for obsolete/slow-moving stock-in-trade</b>			
Opening balance		-	4,624
Less: Reversal during the year		-	(4,624)
Closing balance		-	-

## Note 31

### Trade Debts

Considered good - unsecured		1,195,346	456,849
Considered doubtful - unsecured		3,104,118	3,005,681
		4,299,464	3,462,530
Less: Impairment allowance	31.1	(3,104,118)	(3,005,681)
		1,195,346	456,849
<b>31.1 Opening balance</b>		3,005,681	2,762,091
Provision for expected credit losses on trade debts	42	98,437	243,590
Closing balance		3,104,118	3,005,681

## Note 32

### Loans and Advances

Advances to employees - considered good	32.1	36,839	29,011
Advances to PTA - considered good	32.2	40,000	40,000
Advances to suppliers:		76,839	69,011
- Considered good		239,172	182,597
- Considered doubtful		222,848	222,848
		462,020	405,445
Less: Provision for doubtful advances	32.3	(222,848)	(222,848)
		239,172	182,597
		316,011	251,608

**32.1** This includes advances given to executives amounting to Rs. 18.416 million (2021: Rs. 17.837 million) out of which Rs. 12.69 million (2021: Rs. 12.85 million) represents advances given to key management personnel of the Group. Maximum aggregate amount outstanding, in respect of related parties, at any time during the year calculated by reference to month-end balances was Rs. 12.69 million (2021: Rs. 12.85 million).

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

	Upto 1 year	1 to 2 years	2 to 3 years	Over 3 years
	----- Rupees in '000 -----			
	1,873	280	743	9,794

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



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

**32.3 Provision for doubtful advances**

	2022	2021
	------(Rupees in '000)-----	
Opening balance	222,848	191,006
Charged during the year	-	31,842
Closing balance	<u>222,848</u>	<u>222,848</u>

Note 33

**Deposits and Prepayments**

		2022	2021
		------(Rupees in '000)-----	
Deposit in Escrow Account	Note 33.1	511,979	485,822
Margin and other deposits	33.2	65,300	65,570
Prepayments		3,367	3,304
		<u>580,646</u>	<u>554,696</u>

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

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

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

Note 34

**Short Term Investments**

	2022	2021	2022	2021
	-----No. of Shares -----		------(Rupees in '000)-----	
The Bank of Punjab	11,844	11,844	51	89
Orix Leasing Pakistan Limited	13,737	13,737	255	295
Shaheen Insurance Group Limited	3,136,963	3,136,963	9,405	13,332
First Capital Securities Corporation Limited	3,991,754	3,991,754	5,389	7,744
Pace (Pakistan) Limited	5,403,605	6,171,820	14,049	23,683
Media Times Limited	4,199,500	4,199,500	8,147	9,197
			<u>37,296</u>	<u>54,340</u>

**34.1** All shares have a face value of Rs. 10 each. Share having fair value of Rs. 37.256 Million are pledged against long term financing.

**34.2** These are designated at fair value through OCI at initial recognition.



Note 35

**Other Receivables**

		2022	2021
	Note	----- (Rupees in '000) -----	
Due from related parties - considered good	35.1	110,396	88,461
Other receivables - considered good		(14,838)	2,986
Other receivables - considered doubtful		63,288	61,762
		<u>158,846</u>	<u>153,209</u>
Less: Provision for doubtful receivables		<u>(63,288)</u>	<u>(63,288)</u>
		<u>95,558</u>	<u>89,921</u>

**35.1 Due from related parties**

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

	2022	2021
	----- (Rupees in '000) -----	
Worldcall Business Solutions (Private) Limited	107,726	85,992
Worldcall Ride Hail (Private) Limited	20	19
ACME Telecom (Private) Limited	37	34
Worldcall Cable (Private) Limited	2,613	2,416
	<u>110,396</u>	<u>88,461</u>

Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances was Rs. 132.25 million (2021: Rs. 107.54 million). Interest at the rate of (2021: 8.3%) has been calculated on the outstanding balances.

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

Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years
----- Rupees in '000 -----			
<u>24,708</u>	<u>38,798</u>	<u>32,524</u>	<u>36,220</u>

Note 36

**Cash and Bank Balances**

		2022	2021
	Note	----- (Rupees in '000) -----	
Cash at bank:			
- Current accounts		3,757	14,663
- Savings accounts	36.1	4,190	16,057
		7,947	30,720
Cash in hand		1,509	1,504
Pay orders in hand		-	1,000
		<u>9,456</u>	<u>33,224</u>

**36.1** The balances in savings accounts bear mark up at the rates ranging from 8.25% to 13.75% (2021: 5.5% to 7.25%) per annum.



## Note 37 Revenue

		2022	2021
	Note	------(Rupees in '000)-----	
Telecom	37.1	1,674,746	1,602,429
Broadband	37.2	642,310	594,652
Other		2,509	4,696
Gross revenue		2,319,565	2,201,777
Less: Discount		(1,071)	(2,808)
Less: Sales tax		(17,249)	(84,746)
		<u>2,301,245</u>	<u>2,114,223</u>

**37.1** Revenues from Telecom includes revenue from one major customer of the Group amounting Rs. 1,675 million (2021: Rs. 1,419.77 Million) out of the Group's total revenues.

**37.2** This includes revenue amounting to Rs. 400 million (2021: Rs. 199.828 million) in respect of agreement for Infeasible Right of Use of duct/ metro fiber having carrying value of Rs. 100 Million (2021: 9.98 Million) with a customer. The agreement grants both parties to the agreement IRU for 25 years i.e. remaining useful life of asset.

## Note 38

### Direct Cost excluding Depreciation and Amortization

		2022	2021
	Note	------(Rupees in '000)-----	
Salaries, wages and benefits	38.1	131,067	152,084
Interconnect, settlement and other charges		1,340,233	1,221,869
PTCL share cost	38.2	-	112
Bandwidth and other PTCL charges		44,182	56,774
Power consumption and rent	38.3	63,331	81,901
Security services		1,531	2,521
PTA charges	38.4	11,615	13,832
Cable license fee		20,823	24,819
Stores and spares consumed		-	3,213
Annual spectrum fee		16,675	18,463
Content cost		1,831	4,277
Network maintenance and insurance		24,112	51,942
Network partner share		1,277	2,051
Fees and subscriptions		45,432	47,507
Revenue share cost		50,336	47,814
Metro fiber/duct cost		100,000	9,978
SMS bundle cost		469	1,549
Others		2,249	3,855
		<u>1,855,163</u>	<u>1,744,561</u>

**38.1** This includes provision for gratuity expense amounting to Rs. 19.45 million (2021: Rs. 19.61 million) and accumulated leave absences amounting to Rs. 0.43 million (2021: Rs. 0.47 million) for the year.

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

**38.3** This includes expense relating to short term leases / operating lease rentals.

**38.4** This represents PTA charges in respect of the following:

		2022	2021
	Note	------(Rupees in '000)-----	
LDI license	38.4.1	8,010	9,155
Broadband license		3,401	4,677
Annual numbering charges		204	-
		<u>11,615</u>	<u>13,832</u>

**38.4.1** This represents LDI license charges in respect of the following:

Universal Service Fund	4,806	5,493
Research and Development Fund	1,602	1,831
Annual Regulatory Fee	1,602	1,831
	<u>8,010</u>	<u>9,155</u>



Note 39		2022	2021
	Note	----- (Rupees in '000) -----	
<b>Operating Cost</b>			
Salaries, wages and benefits	39.1	200,219	185,732
Rent, rates and taxes	39.2	4,737	4,824
Travelling and conveyance		48,920	27,136
Legal and professional		36,008	24,992
Utilities		14,610	10,814
Transportation		24,105	22,375
Communications		4,155	3,813
Repairs and maintenance		6,487	6,090
Marketing, advertisement and selling expenses		1,786	764
Insurance		2,810	4,135
Printing and stationery		2,446	2,172
Business promotion and entertainment		7,523	4,916
Directors' meeting expenses		1,661	1,404
Postage and courier		227	287
Newspapers and periodicals		28	202
Provision for advances to suppliers		-	31,842
Security services		3,281	5,240
Miscellaneous		38,475	72,972
		<u>397,478</u>	<u>409,710</u>

**39.1** This includes provision for gratuity expense amounting to Rs. 20.242 million (2021: Rs. 20.384 million) and accumulated leave absences amounting to Rs. 0.821 million (2021: Rs. 0.941 million) for the year.

**39.2** This includes expense relating to short term leases / operating lease rentals.

Note 40

Note 40		2022	2021
	Note	----- (Rupees in '000) -----	
<b>Other Income</b>			
Income on deposits, advances and savings accounts		44,276	32,396
Adjustment due to impact of IFRS 9	40.1	74,019	45,205
Scrap Sales		488	6,320
Gain on disposal of property, plant and equipment	22.1.7	1,197	23,224
Gain on lease termination		50,987	29,410
Change in fair value of investment properties	25.1	252	1,260
Liabilities written back:			
- Excess provisions written back during the year		-	-
- Unclaimed liabilities written back during the year	40.2	52,207	95,522
Reversals of provision for:		52,207	95,522
- Other receivables	36	-	1,083
- Stores and spares	30.1	-	46,262
- Stock in trade	30.1	-	4,624
Miscellaneous		-	51,969
		-	877
		<u>223,426</u>	<u>286,183</u>
<b>40.1 Breakup is as follows:</b>			
Discounting impact of liability for long term finance	12.1	18,027	14,092
Discounting impact of long term deposit	15	-	-
Discounting Impact of Sponsor's Loan	13	55,992	31,113
		<u>74,019</u>	<u>45,205</u>

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

Note 41

Note 41		2022	2021
	Note	----- (Rupees in '000) -----	
<b>Other Expenses</b>			
Exchange loss - net		64,357	10,505
Auditors' remuneration	41.1	4,590	4,640
Provision for expected credit losses on trade debts	32.1	98,437	243,590
Provision for Other Receivables		-	3,039
Impairment of long term investment	26.2	-	46,303
Loss on disposal of inventory		-	28,211
		<u>167,384</u>	<u>336,288</u>



Note 41

<b>Other Expenses</b>		2022	2021
		------(Rupees in '000)-----	
<b>41.1 Auditors' remuneration</b>	Note		
Statutory audit		2,800	2,600
Half year review		1,000	1,000
Out of pocket expenses		440	440
Certifications		350	600
		4,590	4,640

Note 42

<b>Depreciation and Amortization</b>		2022	2021
Depreciation	22.1	389,871	412,750
Depreciation on ROU assets	23	278,113	258,642
Amortization	24	404,873	405,165
		1,072,857	1,076,557

Note 43

<b>Finance Cost</b>		2022	2021
Mark up on term finance certificates		158,014	112,005
Mark up on long term financing		33,915	13,022
Mark-up on sponsor's loan		89,975	44,185
Mark up on short term borrowings		4,747	33,140
Finance charge on lease liabilities	16	30,955	42,310
Unwinding of discount on liabilities	43.1	53,744	51,287
Bank charges and commission		7,305	7,183
		378,655	303,132
<b>43.1 Breakup is as follows:</b>			
Unwinding impact of long term deposit	15	7,701	7,112
Unwinding impact of liability for Term Finance Certificates	10.1.2	40,996	40,537
Unwinding impact of liability of long term financing		5,047	3,638
		53,744	51,287

Note 44

<b>Taxation</b>		2022	2021
<b>Current</b>			
- For the year	44.1	38,116	32,988
- Prior years		-	3,526
		38,116	36,514
<b>Deferred</b>			
		-	-
		38,116	36,514

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

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

Note 45

<b>Loss per Share - Basic and Diluted</b>		2022	2021
		------(Rupees in '000)-----	
<b>45.1 Basic loss per share:</b>			
Loss attributable to ordinary shareholders		(1,384,982)	(1,506,356)
Weighted average number of ordinary shares	Number in '000	4,390,383	2,931,332
Basic loss earnings per share	Rupees	(0.32)	(0.51)
<b>45.2 Diluted loss per share:</b>			
Loss used to determine diluted loss per share		(1,384,982)	(1,506,356)
Weighted average number of ordinary shares	Number in '000	4,390,383	2,931,332
Assumed conversion of CPS and dividend thereon into ordinary shares	Number in '000	323,239	323,239
Weighted average number of ordinary shares for diluted loss per share	Number in '000	4,713,622	3,254,571
Diluted loss per share	Rupees	(0.29)	(0.46)



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

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

Note 46

## Cash Used in Operations

	2022	2021
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(1,346,866)	(1,469,842)
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	389,871	412,750
- Amortization on intangible assets	404,873	405,165
- Amortization of right of use assets	278,113	258,642
- Provision for expected credit losses on trade debts	-	243,590
- Provision for advances to suppliers	-	31,842
- Impairment of long term investment	-	46,303
- Provision for Other Receivable	-	3,039
- Loss on disposal of inventory	-	28,211
- (Gain) / Loss on disposal of property, plant and equipment	(1,197)	(23,224)
- Gain on lease termination	(50,987)	(29,410)
- Revenue from IRU agreement	-	(199,828)
- Disposal of fiber under IRU arrangement	100,000	9,978
- Unclaimed liabilities written back during the year	-	(95,522)
- Liabilities written back on settlement with parties	(52,207)	-
- Reversal of provision for stock in trade	-	(4,624)
- Reversal of provision for stores and spares	-	(46,262)
- Reversal of provision for Other receivables	-	(1,083)
- Gain on re-measurement of investment properties at fair value	(252)	(1,260)
- Post employment benefits	40,557	40,991
- Adjustment due to impact of IFRS 9	(74,019)	(45,205)
- Income on deposits, advances and savings accounts	(34,290)	(26,924)
- Exchange gain/(loss) on foreign currency loan	146,850	51,450
- Exchange (gain)/loss on foreign currency accrued markup	26,737	5,170
- Exchange (gain)/loss on foreign currency balances - net	(109,230)	(46,115)
- Imputed interest on lease liability	30,955	42,310
- Unwinding impact of liabilities under IFRS 9	53,744	51,287
- Finance cost	293,956	209,535
	<u>1,541,911</u>	<u>1,320,806</u>
<b>Operating loss before working capital changes</b>	195,045	(149,036)
(Increase) / decrease in current assets		
- Stores and spares	(827)	2,240
- Stock-in-trade	(1,457)	-
- Trade debts	(350,964)	290,341
- Loans and advances	(64,403)	(74,212)
- Deposits and prepayments	(25,950)	(21,239)
- Short term investment	-	-
- Other receivables	(5,637)	(15,226)
Increase / (decrease) in current liabilities		
- Trade and other payables	74,215	(310,425)
	<u>(375,022)</u>	<u>(128,521)</u>
<b>Cash used in operations</b>	<u>(179,977)</u>	<u>(277,557)</u>



Note 47

## Remuneration of Chief Executive Officer, Directors and Executives

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

	Chief Executive		Non-Executive Directors		Executive Directors		Executives	
	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Managerial remuneration	8,160	7,200	6,800	6,000	3,400	3,000	73,212	67,050
Retirement benefits	1,600	1,600	-	-	667	667	7,892	9,397
House rent allowance	3,264	2,880	2,720	2,400	1,360	1,200	29,285	26,820
Utilities	816	720	680	600	340	300	7,321	6,705
Meeting fee allowance	-	192	2,791	1,020	-	192	-	-
	13,840	12,592	12,991	10,020	5,767	5,359	117,710	109,972
Number of persons	1	1	6	6	1	1	32	34

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

47.2 The Chief Executive of the Group is also provided with a Group maintained car.

Note 48

## Transaction with Related Parties

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

### Transactions during the period with local companies

Related party	Relationship	Nature of transaction	2022	2021
			(Rupees in '000)	
Worldcall Services (Private) Limited	Parent Company	Funds received by the Group during the period	340,579	349,274
		Funds repaid by the Group during the period	(101,814)	54,098
		Settlement with multimedia	50,335	29,340
		Markup on long term borrowings	89,975	44,185
		Exchange (gain)/loss on markup	26,736	5,662
		Exchange (gain)/loss on loan	146,850	51,450
Worldcall Cable (Private) Limited	Associate	Interest charged during the year	197	153
Worldcall Ride Hail (Private) Limited	Associate	Expenses borne on behalf of associate	(1)	-
		Interest charged during the year	2	2
Key management personnel	Associated persons	Salaries and employees benefits	90,582	-
		Advances against expenses disbursed / (adjusted) - net	(155)	962

### Transactions during the year with foreign companies

Related party	Relationship	Nature of transaction	2022	2021
Ferret Consulting - F.Z.C	Associate	Dividend on CPS	98,562	144,052
		Exchange (Gain)/loss	18,309	4,604
		Adjustment with third party	934	(4,675)
		Direct Cost - IT Service	3,720	6,940
		Expenses Charged during the year	1,574	2,270

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

### Outstanding Balance as at the year end

		2022	2021
		(Rupees in '000)	
Worldcall Services (Private) Limited	Sponsor's loan	2,171,307	1,676,880
	Accrued markup	184,380	67,618
Ferret Consulting - F.Z.C	Dividend on CPS	229,383	375,421
	Short term borrowings	84,355	66,156
AMB Management Consultants (Pvt.) Limited	Dividend on CPS	-	-
Route 1 Digital (Private) Limited	Other receivables	-	19,081
Worldcall Ride Hail (Private) Limited	Other receivables	20	19
Worldcall Cable (Private) Limited	Other receivables	2,613	2,416
Key management	Payable against expenses, salaries and other employee benefits	184,718	179,773
	Advance against expenses	12,690	12,845



Note 49

**Financial Risk Management**

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

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

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

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

**49.1 Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will affect the Group's income or the value of its holdings of financial instruments.

**49.1.1 Currency risk**

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

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

	2022	2021
	-----USD ('000)-----	
Trade debts	10,563	12,336
Trade and other payables	(5,561)	(11,430)
Borrowings	(4,190)	(3,852)
Net exposure	<u>812</u>	<u>(2,946)</u>
The following significant exchange rates were applied during the year		
Average rate - Rupees per US Dollar (USD)	201.59	168.54
Reporting date rate - Rupees per US Dollar (USD)		
Assets	226.40	176.31
Liabilities	226.90	176.73

At **December 31, 2022**, if the Rupee had weakened / strengthened by 1% against the US dollar with all other variables held constant, pre-tax loss for the year would have been Rs. 1.842 million (2021: Rs. 5.26 million) higher / lower, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

**49.1.2 Interest rate risk**

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

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

	2022	2021
	----- (Rupees in '000) -----	
<b><u>Floating rate instruments</u></b>		
<b>Financial assets</b>		
Bank balances - saving accounts	4,190	16,057
Deposit in Escrow Account	511,979	485,822
<b>Financial liabilities</b>		
Term finance certificates	(1,187,853)	(1,259,152)
Long term financing	(112,122)	(156,784)
Sponsor's loan	(680,700)	(533,850)
Short term borrowings	(32,064)	(345,756)
	<u>(1,496,570)</u>	<u>(1,793,663)</u>

**Fair value sensitivity analysis for fixed rate instruments**

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



#### Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date had fluctuated by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs.14.97 million (2021: Rs. 17.94 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at the reporting date are outstanding for the entire year.

#### 49.1.3 Other market price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

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

#### 49.2 Credit risk

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

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

#### 49.2.1 Exposure to credit risk

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

	2022	2021
	----- (Rupees in '000) -----	
Long term deposits	9,494	10,735
Trade debts	1,195,346	456,651
Short term deposits	577,279	551,392
Other receivables	95,558	109,002
Long term investment	-	-
Short term investments	37,296	54,340
Bank balances	7,947	30,704
	<u>1,922,920</u>	<u>1,212,824</u>

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

Not past due	17,746	6,532
Past due 1 - 180 days	873,700	85,116
Past due 181 - 365 days	47,392	56,111
1 - 2 years	515,460	517,684
More than 2 years	2,845,164	2,797,090
	<u>4,299,462</u>	<u>3,462,533</u>

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

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

#### 49.2.3 Credit quality of bank balances

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



	Rating		Rating Agency	2022	2021
	Long term	Short term		------(Rupees in '000)-----	
Allied Bank Limited	AAA	A1+	PACRA	2,563	1
Askari Bank Limited	AA+	A1+	PACRA	10	4
Bank AL Habib Limited	AAA	A1+	PACRA	-	4
Habib Bank Limited	AA+	A-1+	VIS	225	117
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	20	20
JS Bank Limited	AA-	A1+	PACRA	17	17
Bank Islami Pakistan Limited (Formerly KASB Bank Limited)	A+	A1	PACRA	12	15,445
MCB Bank Limited	AAA	A1+	PACRA	125	127
National Bank of Pakistan	AAA	A1+	PACRA	11	6
Silk Bank Limited	B+	A-2	VIS	270	13
Standard Chartered Bank (Pakistan) Limited	AAA	A1+	PACRA	568	579
Soneri Bank Limited	AA-	A1+	PACRA	15	6
Summit Bank Limited	SUSPENDED	SUSPENDED	VIS	688	365
Telenor Microfinance Bank Limited (Formerly Tameer Microfinance Bank Limited)	A	A1	PACRA	-	-
United Bank Limited	AA+	A1+	VIS	284	248
Waseela Microfinance Bank Limited)	AA+	A1+	VIS	459	347
Meezan Bank	A	A1	PACRA	287	318
NIB Bank	AAA	A1+	VIS	88	13,005
Dubai Islamic Bank Limited	AA	A1+	VIS	27	-
				255	82
				<u>7,930</u>	<u>30,704</u>

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

#### 49.3 Liquidity risk

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

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
-----Rupees in '000-----						
Contractual maturities of financial liabilities as at December 31, 2022:						
Term finance certificates	1,476,334	1,865,872	881,692	349,815	634,365	-
Long term financing	112,122	401,089	83,418	102,000	215,671	-
Sponsor's loan	2,171,307	2,171,307	-	2,171,307	-	-
Long term deposit	100,915	105,000	-	105,000	-	-
Lease liabilities	252,776	570,956	68,516	70,638	280,983	150,819
License fee payable	45,513	45,513	-	-	45,513	-
Short term borrowings	116,419	116,419	116,419	-	-	-
Trade and other payables	5,684,452	5,682,281	5,682,281	-	-	-
Unclaimed dividend	1,807	1,807	1,807	-	-	-
Accrued mark up	598,184	598,184	598,184	-	-	-
	<u>10,559,829</u>	<u>11,558,428</u>	<u>7,432,317</u>	<u>2,798,760</u>	<u>1,176,532</u>	<u>150,819</u>



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

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

#### 49.4 Fair value of financial instruments

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

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

##### Fair value estimation

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

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

The following table presents the Group's financial assets that are measured at fair value at December 31, 2022:

	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----				
<b>Assets</b>				
<i>Recurring fair value measurements</i>				
Investments at fair value through other comprehensive income	37,296	-	-	37,296

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

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

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

**49.5 Changes in liabilities arising from financing activities**

	January 1, 2022	Cash Flows	Foreign Exchange Movement	Impact of (Discounting) / Unwinding	Other Adjustments	December 31, 2022
----- (Rupees in '000) -----						
Term finance certificates	1,889,562	(71,299)	-	40,996	-	1,859,259
Long term financing	235,429	(17,162)	-	(13,048)	54,659	259,878
Sponsor's loan	1,676,880	403,569	146,850	(55,992)	-	2,171,307
Lease liabilities	314,666	(33,248)	-	-	(28,642)	252,776
Short term borrowings	411,912	(3,255)	-	-	(310,547)	98,110
Total liabilities from financing activities	<u>4,528,449</u>	<u>278,605</u>	<u>146,850</u>	<u>(28,044)</u>	<u>(284,530)</u>	<u>4,641,330</u>

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

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

**49.6 Capital Risk Management**

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

The Group's objectives when managing capital are:

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

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

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

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



	2022	2021
	Rupees in '000	
Borrowings	4,128,958	4,196,703
Cash and bank balances	(9,456)	(33,208)
Net debt	4,119,502	4,163,495
Equity	1,599,294	3,002,469
Total capital employed	5,718,796	7,165,964
Gearing ratio (%)	72.03%	58.10%

#### 49.7 Financial instruments by categories

##### Financial assets as at December 31, 2022

	Amortized Cost	At fair value through OCI - equity instruments	At fair value through profit or loss	Total
	-----Rupees in '000-----			
Long term deposits	9,494	-	-	9,494
Long term trade receivables	-	-	-	-
Long term investment	-	-	-	-
Trade debts	1,195,346	-	-	1,195,346
Short term deposits	577,279	-	-	577,279
Other receivables	95,558	-	-	95,558
Short term investments	-	37,296	-	37,296
Cash and bank balances	9,456	-	-	9,456
	<u>1,887,133</u>	<u>37,296</u>	<u>-</u>	<u>1,924,429</u>

##### Financial assets as at December 31, 2021

	Amortized Cost	At fair value through OCI - equity instruments	At fair value through profit or loss	Total
	-----Rupees in '000-----			
Long term loans	-	-	-	-
Long term deposits	10,735	-	-	10,735
Long term trade receivables	-	-	-	-
Long term investment	-	-	-	-
Trade debts	456,651	-	-	456,651
Short term deposits	551,392	-	-	551,392
Other receivables	109,002	-	-	109,002
Short term investments	-	54,340	-	54,340
Cash and bank balances	33,224	-	-	33,224
	<u>1,161,004</u>	<u>54,340</u>	<u>-</u>	<u>1,215,344</u>

##### Financial liabilities at amortized cost

	2022	2021
	----- (Rupees in '000) -----	
Term finance certificates	1,476,334	1,636,461
Long term financing	112,122	156,784
Sponsor's loan	2,171,307	1,676,880
Long term deposit	100,915	93,215
Lease liabilities	252,776	314,666
License fee payable	45,513	45,513
Short term borrowings	116,419	411,912
Trade and other payables	5,684,452	5,227,952
Unclaimed dividend	1,807	1,807
Accrued mark up	598,184	415,372
	<u>10,559,829</u>	<u>9,980,562</u>



**49.8 Offsetting financial assets and financial liabilities**

**(a) Financial assets**

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

	Gross amounts of recognized financial assets	Gross amount of recognized financial liabilities off set in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
	----- (Rupees in '000) -----					
<b>As at December 31, 2022</b>	<b>A</b>	<b>B</b>	<b>C = A + B</b>	<b>D</b>	<b>E = C + D</b>	
Long term deposits	-	(15,189,738)	-	-	-	9,494
Trade debts	3,320,473	(2,125,127)	1,195,346	-	1,195,346	-
Short term deposits	-	-	-	-	-	577,279
Other receivables	95,558	-	95,558	-	95,558	-
Short term investments	-	-	-	-	-	37,296
Cash and bank balances	-	-	-	-	-	9,456
	<b>3,416,031</b>	<b>(2,125,127)</b>	<b>1,290,904</b>	<b>-</b>	<b>1,290,904</b>	

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

**(b) Financial liabilities**

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

	Gross amounts of recognized financial liabilities	Gross amount of recognized financial assets off set in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
	----- (Rupees in '000) -----					
<b>As at December 31, 2022</b>	<b>A</b>	<b>B</b>	<b>C = A + B</b>	<b>D</b>	<b>E = C + D</b>	
Short term borrowings	-	-	-	-	-	116,419
License fee payable	-	-	-	-	-	45,513
Trade and other payables	7,615,119	(1,930,667)	5,684,452	-	5,684,452	-
Unclaimed dividend	-	-	-	-	-	1,807
Accrued mark up	-	-	-	-	-	598,184
Term finance certificates	-	-	-	-	-	1,476,334
Long term financing	-	-	-	-	-	112,122
Sponsor's loan	-	-	-	-	-	2,171,307
Lease liabilities	194,460	(194,460)	-	-	-	-
Long term deposit	-	-	-	-	-	100,915
	<b>7,809,579</b>	<b>(2,125,127)</b>	<b>5,684,452</b>	<b>-</b>	<b>5,684,452</b>	

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



Note 50

## Segment Information

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

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

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

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

Note 51

## Number of Employees

	2022	2021
	Number	Number
Employees as at December 31, 2022	354	406
Average number of employees during the year	374	455

Note 52

## Authorization of Financial Statements

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These financial statements were approved and authorized for issue on April 09, 2023 by the Board of Directors of the Group.

Note 53

## Corresponding Figures

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Corresponding figures have been re-arranged / reclassified wherever necessary for better presentation and comparison.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



## PATTERN OF SHAREHOLDING

AS AT 31 DECEMBER 2022

Incorporation Number : 0042200 OF 15-03-2001

NO. OF SHAREHOLDERS	SHAREHOLDING			TOTAL SHARES HELD
	FROM		TO	
791	1	-	100	33,124
2153	101	-	500	895,972
4537	501	-	1,000	3,591,632
6912	1,001	-	5,000	20,730,298
3477	5,001	-	10,000	28,493,546
6952	10,001	-	50,000	183,334,273
2293	50,001	-	100,000	178,515,646
2654	100,001	-	500,000	599,883,907
406	500,001	-	1,000,000	294,882,032
302	1,000,001	-	5,000,000	624,644,685
48	5,000,001	-	15,000,000	380,427,021
4	15,000,001	-	50,000,000	126,161,500
4	50,000,001	-	100,000,000	297,156,542
2	491,860,001	-	above	994,153,194
<b>30535</b>	<b>Total</b>			<b>3,732,903,372</b>

Categories of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	227,339	0.006%
Associated Companies, Undertakings and Related parties	1,128,153,194	30.22%
NIT and ICP	-	0.00%
Banks, Development Financial Institutions, Non-Banking Financial Institutions	9,113,993	0.24%
Insurance Companies	32,022	0.00%
Modarabas and Mutual Funds	31,346,000	0.84%
* Shareholders holding 10% or more	854,914,152	22.90%
<b>General Public</b>		
a. Local	2,032,946,244	54.46%
b. Foreign	291,155,948	7.80%
<b>Others</b>		
- Joint Stock Companies	239,791,701	6.42%
- Foreign Companies	136,931	0.00%
<b>Total *</b>	<b>3,732,903,372</b>	<b>100.00%</b>

\* **Note:-** Total is except for shareholders holding 10% or more as some of the shareholders are reflected in more than one category.



**PATTERN OF SHAREHOLDING UNDER CODE OF CORPORATE GOVERNANCE  
AS ON 31 DECEMBER 2022**

Form-34			
<b>CATEGORIES OF SHAREHOLDERS</b>	<b>SHAREHOLDE</b>	<b>SHARES HELD</b>	<b>PERCENTA</b>
<b><u>Directors, Chief Executive Officer and their Spouse &amp; Minor Children</u></b>			
Mr. Muhammad Shoaib	2	222,689	0.00597%
Mr. Babar Ali Syed	1	650	0.00002%
Mr. Muhammad Azhar Saeed	1	500	0.00001%
Mr. Faisal Ahmad	1	500	0.00001%
Mr. Mubasher Lucman	1	500	0.00001%
Mr. Mansoor Ali	1	1,000	0.00003%
Mrs. Hina Babar	1	1,000	0.00003%
Mr. Tariq Hasan	1	500	0.00001%
<b><u>Associated Companies, Undertaking and Related Parties</u></b>			
Worldcall Services (Pvt.) Limited	2	854,914,152	22.90%
Ferret Consulting F.Z.C.	4	273,239,042	7.32%
<b><u>Mutual Funds</u></b>			
	7	30,140,000	0.81%
<b><u>Public Sector Companies and Corporations</u></b>			
	-	-	0.00%
<b><u>Banks, Development Financial Institutions, Non-Banking, Finance Companies, Insurance Companies and Modarabas</u></b>			
	13	9,997,015	0.27%
<b><u>Executives</u></b>			
	2	275,000	0.01%
<b><u>General Public</u></b>			
- Local	27918	2,032,671,244	54.45%
- Foreign	2445	291,155,948	7.80%
<b><u>Others</u></b>			
- Joint Stock Companies	134	240,146,701	6.43%
- Foreign Companies	1	136,931	0.00%
	<b>30535</b>	<b>3,732,903,372</b>	<b>100.00%</b>
<b><u>Shareholders holding 10% or more voting rights in the</u></b>			
WorldCall Services (Pvt.) Limited	2	854,914,152	22.90%

\*There was no trading in the shares of the company by Directors, their spouses and minor children.



## INVESTORS' EDUCATION

in compliance with the Securities and Exchange Commission of Pakistan's SRO 924 (1) /2015 dated September 9, 2015, Investors' attention is invited to the following information message.

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- Knowledge center
- Risk profiler\*
- Financial calculator
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\*Mobile apps are also available for download for android and ios devices



FORM OF PROXY

The Company Secretary
Worldcall Telecom Limited
Plot No. 112-113, Block S,
Quaid-e-Azam Industrial Estate, Kot Lakhpat,
Lahore, Pakistan

Folio # CDC A/c No.
Shares Held

I/We (Name) of (Address)

being the member(s) of WorldCall Telecom Limited hereby appoint Mr. / Mrs. / Miss (Name) of (Address)

or failing him / her / Mr. / Mrs. Miss./ (Name) of (Address)

{who is also member of the Company vide Registered Folio # (being the member of the Company)} as my / our proxy to attend at and vote for me / us and on my/our behalf at the 23rd Annual General Meeting of the Company to be held at Head Office: Plot No. 112-113, Block S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore-Pakistan on 30 April 2023 at 11:00 a.m. and at any adjournment thereof.

Signature this Day of 2023.

Signature on Rs.50/- Revenue Stamp

(Signature should agree with the specimen signature registered with the Company)

1. Witness:

Signature
Name
Address
CNIC #

2. Witness:

Signature
Name
Address
CNIC #

Notes:

- 1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, Plot No. 1 12-113, Block S, Quaid -e-Azam Industrial Estate, Kot Lakhpat, Lahore, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

In addition to the above the following requirements have to be met:

- i. The proxy form shall be witnessed by two persons whose names, addresses and CNIC / SNIC (Computer National Identity Card / Smart National Identity Card) numbers shall be mentioned on the form.
ii. Attested copies of CNIC / SNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
iii. The proxy shall produce his original CNIC / SNIC or original passport at the time of the meeting.
iv. In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy from to the Company.

