

RIAZ AHMAD & COMPANY

Chartered Accountants

**PAKISTAN SOFTWARE EXPORT BOARD
(GUARANTEE) LIMITED**

**FINANCIAL STATEMENTS WITH
ACCOMPANYING INFORMATION**

30 JUNE 2013



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **PAKISTAN SOFTWARE EXPORT BOARD (GUARANTEE) LIMITED** as at 30 June 2013 and the related income and expenditure account, cash flow statement and statement of changes in funds together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account.

cash flow statement and statement of changes in funds together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2013 and of the surplus, its cash flows and changes in funds for the year then ended; and

- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Riaz Ahmad

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Atif Bin Arshad

Date: 28 OCT 2014

Islamabad

DIRECTORS REPORT

The Board of Directors of Pakistan Software Export Board (Guarantee) Limited is pleased to present herewith the 16th Annual Report together with the audited accounts and the auditors report thereon for the Financial Year ended on June 30, 2013.

The Board of Directors recommends that the Members of the Pakistan Software Export Board (Guarantee) Limited adopt the enclosed financial statements for the Financial Year ended on June 30, 2013 at the Annual General Meeting of the Company.

BRIEF FINANCIAL

Accounts	2013 (Rupees)	2012 (Rupees)
Income	119,668,825	114,593,856
Expenditure	110,506,615	107,571,798
Surplus for the period before taxation	9,162,210	7,022,058
Surplus for the period transferred to General Fund	7,464,042	4,748,012

OUR PRIORITIES AND FUTURE PROSPECTS

We remain focused on the same priorities: positioning Pakistan as a key player in the global information technology market, create an environment that is conducive for IT business in the country, encourage local and foreign investment, bring emerging technologies and world class infrastructure, develop and strengthen domestic IT industry, penetration in niche markets, create massive employment opportunities for IT youth, develop human capital and enhance skill set and also increase IT&ITeS exports from Pakistan.

Of course the above priorities are simple but the challenges behind them are not. That's why we are making every possible effort to ensure success. During the year, the company has undertaken various projects for development of IT industry. We are actively pursuing foreign investors to raise level of foreign investment in Pakistan and demonstrating our best IT capabilities, talent and infrastructure to secure larger share of international outsource business to achieve stated objectives. We expect to raise foreign investment, size of our IT industry and our member companies and IT&ITeS export revenue in the years to come. We have the ability to explore our capabilities to the major outsourcing destinations to attract business and bring significant foreign investment in the country and generate massive employment opportunities in the country. Our bottom line is to facilitate and enable domestic and international business community in information technology and we are optimistic about the turnaround of your Company.

BOARD OF DIRECTORS

The Directors of the Company are nominees of the Government of Pakistan and hold their offices at the pleasure of the government.

AUDITORS

M/s Riaz Ahmad & Company, Chartered Accountants retire and being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENTS

We take this opportunity to thank our valued member companies, trade associations, foreign trade offices, multinationals, Pakistani expatriates, government and private institutions, local and private investors for their confidence and patronage. We place on record our great appreciation for help, guidance and continued support provided by the controlling ministry, Government of Pakistan, State Bank of Pakistan and other stakeholders. We also place on record our appreciation of hard work and dedication and sincerity shown by the staff.

For and on behalf of the Board of Directors.



Mr. Asim Shahryar Husain

Managing Director

Islamabad: September 16, 2014

PAKISTAN SOFTWARE EXPORT BOARD (GUARANTEE) LIMITED
BALANCE SHEET AS AT 30 JUNE 2013

	NOTE	2013 Rupees	2012 Rupees
NON-CURRENT ASSETS			
Property and equipment	4	452,673,602	458,513,490
Assets relating to PSDP and other projects - restricted funds	5	670,055,685	684,010,803
Long term security deposits		1,500,765	1,754,545
Deferred taxation	6	11,328,283	12,076,213
		<u>1,135,558,335</u>	<u>1,156,355,051</u>
CURRENT ASSETS			
Trade debts - considered good		7,564,517	8,432,277
Advances	7	4,516,806	2,427,747
Short term prepayments		655,915	592,648
Interest accrued		26,515	269,745
Other receivables	8	392,063	270,129
Advance income tax		1,038,005	597,921
Assets relating to PSDP and other projects - restricted funds	9	34,663,641	24,144,752
Cash and bank balances	10	71,285,487	55,543,124
		<u>120,142,949</u>	<u>92,278,343</u>
		<u>1,255,701,284</u>	<u>1,248,633,394</u>
FUNDS			
General fund		55,844,368	48,380,326
PSDP and other Projects' funds - restricted funds	11	704,484,326	705,898,953
		<u>760,328,694</u>	<u>754,279,279</u>
NON-CURRENT LIABILITIES			
Staff benefits	12	19,743,543	10,389,996
Deferred credit	13	447,763,257	453,600,909
		<u>467,506,800</u>	<u>463,990,905</u>
CURRENT LIABILITIES			
Trade and other payables	14	26,112,208	22,351,593
Liabilities relating to PSDP and other projects - restricted funds		235,000	2,256,603
Due to associated company		-	4,938,288
Provision for taxation		1,518,582	816,726
		<u>27,865,790</u>	<u>30,363,210</u>
		<u>495,372,590</u>	<u>494,354,115</u>
CONTINGENCIES AND COMMITMENTS			
		<u>1,255,701,284</u>	<u>1,248,633,394</u>

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

Asghar Ali
CHIEF EXECUTIVE /
MANAGING DIRECTOR

C. C. C. C. C.
DIRECTOR

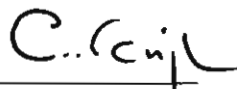
PAKISTAN SOFTWARE EXPORT BOARD (GUARANTEE) LIMITED

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 Rupees	2012 Rupees
INCOME			
Federal Government grant	13	45,125,752	49,471,252
Amortisation of deferred grant - in kind	13	18,772,820	16,885,647
Revenue from bandwidth and related services		40,453,742	31,912,871
Registration and renewal fee		11,690,000	12,467,500
Other income	15	3,626,511	3,856,586
		<u>119,668,825</u>	<u>114,593,856</u>
EXPENDITURE			
Salaries, allowances and benefits		52,082,203	45,080,783
Data node bandwidth related charges		18,768,743	18,678,637
Traveling and conveyance		451,917	1,634,554
Advertisement and publicity		401,267	262,056
Communication charges		1,606,829	1,977,713
Utilities		3,345,284	3,133,846
Rent, rates and taxes		7,997,464	7,184,488
Vehicle running expenses		847,147	801,147
Fee and subscription		424,233	50,150
Printing and stationery		562,154	540,608
Newspapers and periodicals		48,032	73,708
Exhibitions and seminars.		1,098,838	5,217,678
Repair and maintenance		1,898,731	2,011,693
Foreign and inland training		36,240	668,538
Auditors' remuneration		130,000	130,000
Legal and professional charges		176,000	1,053,000
Entertainment		412,557	431,551
Amortisation of deferred grant - in kind	4.1	18,772,820	16,885,647
Depreciation	4.1	1,216,620	1,222,073
Bank charges		25,344	57,976
Exchange loss		204,192	475,952
		<u>110,506,615</u>	<u>107,571,798</u>
SURPLUS BEFORE TAXATION		<u>9,162,210</u>	<u>7,022,058</u>
Taxation	16	1,698,168	2,274,046
SURPLUS AFTER TAXATION		<u><u>7,464,042</u></u>	<u><u>4,748,012</u></u>

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


CHIEF EXECUTIVE /
MANAGING DIRECTOR


DIRECTOR

PAKISTAN SOFTWARE EXPORT BOARD (GUARANTEE) LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 Rupees	2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	17	(29,688,189)	(44,912,927)
Federal Government grant received		44,711,000	49,070,000
Profit on bank deposits received		3,754,849	2,415,588
Income tax paid		(688,466)	(1,045,030)
Medical facility paid		(1,019,698)	(782,939)
Gratuity paid		(781,280)	(293,342)
Long term security deposits - net		253,781	(392,598)
Net cash generated from operating activities		<u>16,541,997</u>	<u>4,058,752</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		<u>(799,634)</u>	<u>(1,003,208)</u>
Net cash used in investing activities		(799,634)	(1,003,208)
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
Net increase in cash and cash equivalents		<u>15,742,363</u>	<u>3,055,544</u>
Cash and cash equivalents at the beginning of the year		<u>55,543,124</u>	<u>52,487,580</u>
Cash and cash equivalents at the end of the year		<u><u>71,285,487</u></u>	<u><u>55,543,124</u></u>

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

Abbasani
CHIEF EXECUTIVE /
MANAGING DIRECTOR

C. Kijl
DIRECTOR

PAKISTAN SOFTWARE EXPORT BOARD (GUARANTEE) LIMITED
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2013

	General fund	PSDP and other projects' funds - restricted funds (Note 11)	Total funds
	----- Rupees -----		
Balance as at 30 June 2011	43,632,314	688,206,189	731,838,503
Surplus for the year ended 30 June 2012	4,748,012	-	4,748,012
PSDP and other projects' restricted funds received during the year ended 30 June 2012	-	53,278,939	53,278,939
Expenditure incurred on PSDP and other projects during the year ended 30 June 2012	-	(35,586,175)	(35,586,175)
Balance as at 30 June 2012	48,380,326	705,898,953	754,279,279
Surplus for the year ended 30 June 2013	7,464,042	-	7,464,042
PSDP projects' restricted funds received during the year ended 30 June 2013	-	14,336,157	14,336,157
Expenditure incurred on PSDP and other projects during the year ended 30 June 2013	-	(15,750,784)	(15,750,784)
Balance as at 30 June 2013	55,844,368	704,484,326	760,328,694

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


 CHIEF EXECUTIVE /
 MANAGING DIRECTOR


 DIRECTOR

PAKISTAN SOFTWARE EXPORT BOARD (GUARANTEE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1 STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Software Export Board (Guarantee) Limited ("the Company") was incorporated in Pakistan under the Companies Ordinance, 1984 on 13 June 1998 as a company limited by guarantee not having share capital to carry on business activities previously performed by the Pakistan Software Export Board more independently, effectively and dynamically. The registered office of the Company is situated at 2nd Floor, Evacuee Trust Complex, Sector F-5/1, Islamabad. The Company is fully owned and controlled by the Federal Government currently through Ministry of Information Technology.
- 1.2 The principal objective of the Company is to make Pakistan a preferred destination for business process outsourcing, positioning Pakistan as a key player in the global information technology market, creating an environment that is conducive for IT business in the country and develop and strengthen domestic IT industry through various support programs and projects to deliver higher value added services and enhance IT and IT enabled services export from Pakistan.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the Accounting and Financial Reporting Standards for Medium-Sized Entities as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective policies and notes given hereunder.

Significant accounting estimates and judgments

The preparation of financial statements in conformity with the Accounting and Financial Reporting Standards for Medium-Sized Entities issued by the Institute of Chartered Accountants of Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful lives of depreciable assets, provision for doubtful receivables and provision for taxation. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3.2 Deferred credit - grants

Deferred credit represents the amount received from Government of Pakistan through Ministry of Information Technology. Government grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Fair value signifies the amount received in cash and current market value in case of grant received in kind.

Government grants relating to expenses are deferred and thereafter recognized in the income and expenditure account over the period necessary to match them with the expenses that they are intended to compensate.

Government grants relating to property and equipment are recognized as deferred grants and credited to the income and expenditure account over the expected lives of the related assets.

3.3 Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the associated cost incurred or to be incurred can be measured reliably, on the following basis:

- i) Revenue from bandwidth and related services is recognized on the basis of billing to the customers.
- ii) Annual registration and renewal fee is recognized on cash basis.
- iii) Return on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and the applicable rate of return.

3.4 Foreign exchange

These financial statements are prepared in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at the exchange rates prevailing on the date of transaction or on the date when fair values are determined. Gains and losses on settlement and translation at the year end are recognized in the income and expenditure account.

3.5 Staff benefits

Medical facility

Employees are entitled to medical facility allowance as determined in accordance with service regulations of the Company. During the year employees can get their actual medical expenses reimbursed and remaining balance of unused entitlement, if any, is forwarded to succeeding years which employees can get reimbursed in succeeding years or can encash on termination / resignation from the service.

Gratuity scheme

The Company operates an unfunded gratuity scheme for its employees. Provision for gratuity is made annually to cover obligation under the scheme on the basis of forty five days basic pay for each respective completed year of service.

Employees' earned leaves

The Company accounts for the liability in respect of employees' earned leaves in the year in which these are earned. Provision to cover the obligations is made using the current salary level of employees.

3.6 Taxation

Current

Provision for tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for tax is calculated using prevailing tax rate or tax rates expected to apply to the surplus for the year if enacted. The charge for 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.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted.

3.7 Property and equipment

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

The cost of an item of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing the asset to working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

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 benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income and expenditure account during the year in which they are incurred.

Depreciation

Depreciation on property and equipment is charged to income and expenditure account on reducing balance method, except leasehold land which is depreciated on straight line method, at the rates given in note 4 so as to write off the cost / depreciable amount of the assets over their estimated useful lives. Depreciation on additions is charged from the month in which the assets are available for use and on deletions upto the month in which the assets are derecognized / disposed off.

De-recognition

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the income and expenditure account in the year the asset is de-recognized.

3.8 Impairment of assets

The carrying value of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated and impairment losses are recognized in the income and expenditure account.

3.9 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument, the particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The Company derecognizes the financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments. The Company recognizes the regular way purchase or sale of financial assets using settlement date accounting.

The particular measurement methods adopted are disclosed in the following individual policy statements with each item:

a) Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on review of all outstanding amounts at the year end. Bad debts are written off when identified.

b) Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

c) Cash and cash equivalents

Cash in hand and at banks are carried at fair value. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and cash with banks in current and saving accounts.

3.10 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of obligation.

3.11 Public Sector Development Programme (PSDP) Projects

Grants related to PSDP and other projects are categorized and treated as restricted funds as these cannot be used for other purposes.

3.12 Off setting

Financial assets and liabilities are set off and the net amount is reported in the balance sheet, if the Company has the legally enforceable right to set off the recognized amounts and the Company intends to settle either on a net basis or realize the assets and settle the liability simultaneously.

4 PROPERTY AND EQUIPMENT

	Leasehold land	Furniture and fittings	Office and electric equipment	Computers and related equipment	Data node equipment and installations	Vehicles	Total
----- Rupees -----							
As at 01 July 2011							
Cost	503,228,063	8,643,354	6,873,745	16,357,210	23,613,875	4,052,824	562,769,071
Accumulated depreciation	(42,416,958)	(4,945,023)	(3,117,215)	(14,078,437)	(19,518,388)	(3,645,627)	(87,721,648)
Net book value	460,811,105	3,698,331	3,756,530	2,278,773	4,095,487	407,197	475,047,423
Year ended 30 June 2012							
Opening net book value	460,811,105	3,698,331	3,756,530	2,278,773	4,095,487	407,197	475,047,423
Additions	-	22,300	326,735	84,240	569,933	-	1,003,208
Transfers:							
Cost	-	110,200	-	228,573	-	1,285,200	1,623,973
Accumulated depreciation	-	(42,457)	-	(167,928)	-	(843,009)	(1,053,394)
		67,743	-	60,645	-	442,191	570,579
Depreciation charge	(15,769,575)	(373,964)	(390,115)	(591,314)	(857,093)	(125,659)	(18,107,720)
Closing net book value	445,041,530	3,414,410	3,693,150	1,832,344	3,808,327	723,729	458,513,490
As at 30 June 2012							
Cost	503,228,063	8,733,397	7,200,480	16,502,095	24,183,808	4,495,015	564,342,858
Accumulated depreciation	(58,186,533)	(5,318,987)	(3,507,330)	(14,669,751)	(20,375,481)	(3,771,286)	(105,829,368)
Net book value	445,041,530	3,414,410	3,693,150	1,832,344	3,808,327	723,729	458,513,490
Year ended 30 June 2013							
Opening net book value	445,041,530	3,414,410	3,693,150	1,832,344	3,808,327	723,729	458,513,490
Additions	-	-	243,414	90,481	465,739	-	799,634
Transfers:							
Cost	-	1,013,843	1,437,681	4,884,894	18,952,363	-	26,288,781
Accumulated depreciation	-	(222,728)	(284,293)	(2,778,683)	(9,653,159)	-	(12,938,863)
		791,115	1,153,388	2,106,211	9,299,204	-	13,349,918
Depreciation charge	(15,769,575)	(419,123)	(499,973)	(985,870)	(2,170,153)	(144,746)	(19,989,440)
Closing net book value	429,271,955	3,786,402	4,589,979	3,043,166	11,403,117	578,983	452,673,602
As at 30 June 2013							
Cost	503,228,063	9,524,512	8,597,282	18,698,787	33,948,751	4,495,015	578,492,410
Accumulated depreciation	(73,956,108)	(5,738,110)	(4,007,303)	(15,655,621)	(22,545,634)	(3,916,032)	(125,818,808)
Net book value	429,271,955	3,786,402	4,589,979	3,043,166	11,403,117	578,983	452,673,602
Depreciation rates per annum (%)	3.117 - 3.141	10	10	25	20	20	

4.1 Depreciation related to assets purchased out of Government grants
 Depreciation related to assets purchased out of own income

Depreciation related to assets acquired from PSDP and other projects
 Depreciation charge for the year

5 ASSETS RELATING TO PSDP AND OTHER PROJECTS - RESTRICTED FUNDS

Operating fixed assets (note 5.1)

Advance to Civil Aviation Authority against purchase of land

5.1 Operating fixed assets

	2013					2012						
	Rupees					Rupees						
	Furniture and fittings	Office and electric equipment	Computers and related equipment	Data node equipment and installations	Vehicles	Total	Furniture and fittings	Office and electric equipment	Computers and related equipment	Data node equipment and installations	Vehicles	Total
As at 01 July 2011												
Cost	1,175,978	1,231,655	5,252,587	18,560,863	1,285,200	27,506,283						
Accumulated depreciation	(188,750)	(175,362)	(2,360,659)	(6,686,073)	(793,877)	(10,204,721)						
Net book value	987,228	1,056,293	2,891,928	11,874,790	491,323	17,301,562						
Year ended 30 June 2012												
Opening net book value	987,228	1,056,293	2,891,928	11,874,790	491,323	17,301,562						
Additions	-	206,026	27,880	391,500	-	625,406						
Transfers:												
Cost	(110,200)	-	(228,573)	-	(1,285,200)	(1,623,973)						
Accumulated depreciation	42,457	-	167,928	-	843,009	1,053,394						
	(67,743)	-	(60,645)	-	(442,191)	(570,579)						
Depreciation charge	(95,158)	(108,932)	(714,899)	(2,381,483)	(49,132)	(3,349,604)						
Closing net book value	824,327	1,153,387	2,144,264	9,884,807	-	14,006,785						
As at 30 June 2012												
Cost	1,065,778	1,437,681	5,051,894	18,952,363	-	26,507,716						
Accumulated depreciation	(241,451)	(284,294)	(2,907,630)	(9,067,556)	-	(12,500,931)						
Net book value	824,327	1,153,387	2,144,264	9,884,807	-	14,006,785						
Year ended 30 June 2013												
Opening net book value	824,327	1,153,387	2,144,264	9,884,807	-	14,006,785						
Transfers:												
Cost	(1,013,843)	(1,437,681)	(4,884,894)	(18,952,363)	-	(26,288,781)						
Accumulated depreciation	222,728	284,294	2,778,683	9,653,159	-	12,938,864						
	(791,115)	(1,153,387)	(2,106,211)	(9,299,204)	-	(13,349,917)						
Depreciation charge	(4,677)	-	(14,921)	(585,603)	-	(605,201)						
Closing net book value	28,535	-	23,132	-	-	51,667						
As at 30 June 2013												
Cost	51,935	-	167,000	-	-	218,935						
Accumulated depreciation	(23,400)	-	(143,868)	-	-	(167,268)						
Net book value	28,535	-	23,132	-	-	51,667						
Depreciation rates per annum (%)	10	10	25	20	20							

	NOTE	2013 Rupees	2012 Rupees
6 DEFERRED TAXATION			
The liability / (asset) for deferred taxation originated due to timing differences relating to:			
Taxable temporary differences			
Accelerated tax depreciation allowance		3,461,617	2,065,035
Deductible temporary differences			
Provision for medical facility		(299,006)	(1,310,325)
Provision for gratuity		(1,868,346)	(220,415)
Provision for employees' earned leaves		(964,172)	-
Available tax losses		(11,658,376)	(12,610,508)
		<u>(14,789,900)</u>	<u>(14,141,248)</u>
		<u>(11,328,283)</u>	<u>(12,076,213)</u>
7 ADVANCES			
Considered good:			
Advances to employees against:			
- salaries		4,456,806	2,367,747
- expenses		60,000	60,000
		<u>4,516,806</u>	<u>2,427,747</u>
8 OTHER RECEIVABLES			
Receivable from PSDP and other projects	8.1	292,063	170,129
Others		100,000	100,000
		<u>392,063</u>	<u>270,129</u>
8.1	This represents amount receivable from Mobile Lab Project.		
9 ASSETS RELATING TO PSDP AND OTHER PROJECTS - RESTRICTED FUNDS			
Advances against expenses		10,000	-
Grant from World Bank for Mobile Lab Project		22,677,014	21,619,060
Cash with banks in current accounts		11,976,627	2,525,692
		<u>34,663,641</u>	<u>24,144,752</u>
10 CASH AND BANK BALANCES			
Cash in hand		33,466	13,817
Cash with banks on PLS saving accounts		71,252,021	55,529,307
		<u>71,285,487</u>	<u>55,543,124</u>

	NOTE	2013 Rupees	2012 Rupees
11 PSDP AND OTHER PROJECTS' FUNDS - RESTRICTED FUNDS			
Balance as at 01 July		705,898,953	688,206,189
Add:			
Received during the year from Government of Pakistan	11.1	2,000,000	29,425,000
Received from National ICT R & D Fund		11,256,600	2,142,400
Received from companies		21,603	92,479
Exchange gain		1,057,954	21,619,060
		14,336,157	53,278,939
Less:			
Expenditure	11.2	(2,400,864)	(20,217,535)
Surrendered to Government of Pakistan		-	(8,798,061)
Bid money returned to TelcoNet		-	(6,000,000)
Assets transferred to PSEB		(13,349,920)	(570,579)
		(15,750,784)	(35,586,175)
Balance as at 30 June		<u>704,484,326</u>	<u>705,898,953</u>

11.1 The Company as a part of its activities, initiates, executes and implements project(s) funded through Public Sector Development Programme (PSDP) of the Government of Pakistan to achieve specific objectives laid down in the Planning Commission Document -1 (PC-1) of each project.

11.2 This represents the expenditure of 6 (2012: 10) projects executed and operated by Pakistan Software Export Board (Guarantee) Limited during the year.

	NOTE	2013 Rupees	2012 Rupees
12 STAFF BENEFITS			
Medical facility	12.1	1,885,163	1,496,083
Gratuity	12.2	11,779,497	8,893,913
Employees' earned leaves		6,078,883	-
		<u>19,743,543</u>	<u>10,389,996</u>
12.1 Medical facility			
Balance as on 01 July		1,496,083	1,191,168
Charge for the year		1,408,778	1,087,854
Benefits paid during the year		(1,019,698)	(782,939)
Net liability as on 30 June		<u>1,885,163</u>	<u>1,496,083</u>
12.2 Gratuity			
Balance as on 01 July		8,893,913	5,129,464
Charge for the year		3,666,864	4,057,791
Benefits paid during the year		(781,280)	(293,342)
Net liability as on 30 June		<u>11,779,497</u>	<u>8,893,913</u>

13 DEFERRED CREDIT

	2013			2012		
	Purpose / utilization of grants			Grants received in kind	Total	Total
	Capital	Revenue	Total			
	----- Rupees -----					
Balance as on 01 July	2,969,189	-	2,969,189	450,631,720	453,600,909	470,317,229
Grants received during the year	-	44,711,000	44,711,000	13,349,920	58,060,920	49,640,579
Grants amortized during the year	(414,752)	(44,711,000)	(45,125,752)	(18,772,820)	(63,898,572)	(66,356,899)
Balance as on 30 June	<u>2,554,437</u>	<u>-</u>	<u>2,554,437</u>	<u>445,208,820</u>	<u>447,763,257</u>	<u>453,600,909</u>

13.1 Grants received in kind represent Public Sector Development Programme (PSDP) and other projects' assets acquired by Pakistan Software Export Board (Guarantee) Limited upon completion of projects.

	NOTE	2013 Rupees	2012 Rupees
14 TRADE AND OTHER PAYABLES			
Payable to Pakistan Telecommunication Company Limited	14.1	12,555,753	12,555,753
Advances from customers		9,087,903	7,570,356
Accrued liabilities		4,152,743	2,086,765
Other liabilities		315,809	138,719
		<u>26,112,208</u>	<u>22,351,593</u>

14.1 This represents amount payable to Pakistan Telecommunication Company Limited against data node equipment acquired and bandwidth services.

	2013 Rupees	2012 Rupees
15 OTHER INCOME		
Income from financial assets		
Profit on bank deposits	3,511,619	2,333,504
Income from non-financial assets		
Exhibition participation fee	41,161	778,000
Miscellaneous	73,731	745,082
	114,892	1,523,082
	<u>3,626,511</u>	<u>3,856,586</u>

16 TAXATION

Current

Current year

Prior year

Deferred

Current year

1,229,067

(278,829)

950,238

747,930

1,698,168

816,726

-

816,726

1,457,320

2,274,046

	2013 Rupees	2012 Rupees
17 CASH USED IN OPERATIONS		
Surplus before taxation	9,162,210	7,022,058
Adjustments for non-cash charges and other items:		
Federal Government grant	(45,125,752)	(49,471,252)
Amortisation of deferred grant - in kind	(18,772,820)	(16,885,647)
Profit on bank deposits	(3,511,619)	(2,333,504)
Depreciation	1,216,620	1,222,073
Amortisation of deferred grant - in kind	18,772,820	16,885,647
Provision for medical facility	1,408,778	1,087,854
Provision for gratuity	3,666,864	4,057,791
Provision for employees' earned leaves	6,078,883	-
Working capital changes	17.1 (2,584,173)	(6,497,947)
	<u>(38,850,399)</u>	<u>(51,934,985)</u>
	<u>(29,688,189)</u>	<u>(44,912,927)</u>

17.1 Working capital changes

(Increase) / decrease in current assets

Trade debts - considered good	867,760	(5,364,907)
Advances	(2,089,059)	(1,588,128)
Short term prepayments	(63,267)	158,733
Other receivables	(121,934)	(60,147)
	<u>(1,406,500)</u>	<u>(6,854,449)</u>

Increase / (decrease) in current liabilities

Trade and other payables	3,760,615	2,075,332
Due to associated company	(4,938,288)	(1,718,630)
	<u>(1,177,673)</u>	<u>356,502</u>
	<u>(2,584,173)</u>	<u>(6,497,947)</u>

2013 2012

18 STAFF STRENGTH

Total number of employees as at 30 June	<u>64</u>	<u>73</u>
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19 REMUNERATION OF MANAGING DIRECTOR

The aggregated amount charged in the financial statement for the year for remuneration including certain benefits to the Managing Director of the Company are as follows:

Managerial remuneration	-	1,420,355
Allowances		
House rent	-	510,484
Conveyance/utilities	4,431	66,363
Others	406,252	286,658
	<u>410,683</u>	<u>2,292,860</u>

20 TRANSACTION WITH RELATED PARTY

The Company had the following transaction with the related party:

Re-payment of amount due to National Information Technology Services (Private) Limited	<u>4,938,288</u>	<u>1,718,630</u>
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21 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 16 SEP 2014 by the Board of Directors of the Company.

22 CORRESPONDING FIGURES

No significant re-classification / re-arrangement of corresponding figures has been made.

23 GENERAL

Figures have been rounded to the nearest Rupee.



CHIEF EXECUTIVE /
MANAGING DIRECTOR



DIRECTOR