

PHA Foundation

Audit of the Financial Statements

For the year ended June 30, 2023

building
better
together.



Aslam Malik & Co.

Chartered Accountants

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Suite # 18-19 First Floor,
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New Garden Town, Lahore-Pakistan.

September 29, 2023

The Chief Executive
PHA Foundation
Lahore.

Sub: Consent to act as Auditors.

Dear Sir,

We hereby give our consent to act as external auditors of PHA Foundation for the financial year ending June 30, 2024

Thanking You,

Yours truly,

(Aslam Malik & Co.)
Chartered Accountants

Other Offices at:

Islamabad: House # 726, Street 34, Margalla Town, off Murree Road, Islamabad.
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Tel: + 92-21-32425911-2, Fax: +92-21-32432134

Quetta 1st Floor. Haii Fateh Khan Center, Adalat Road, Quetta



Aslam Malik & Co. Chartered Accountants



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INDEPENDENT AUDITOR'S REPORT

To The Members of PHA FOUNDATION

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements **PHA Foundation** (the Company), which comprise the statement of financial position as at **June 30, 2023**, the statement of income and expenditure, the statement of changes in fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of changes in fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the deficit, the changes in fund and its cash flows for the year then ended.

Basis for Opinion

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

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

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

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

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

Lahore Head Office

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Khan Center, Adalat
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081-2823837

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.

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Hafiz Muhammad Ahmad Saleem**.



Chartered Accountants



Date: November 8, 2023

Lahore

UDIN: AR20231014879iIM2ret

PHA FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Notes	June 30, 2023	June 30, 2022 -----Rupees----- Restated	June 30, 2021 Restated
NON CURRENT ASSETS				
Property, Plant and Equipment	5	172,518,346	173,142,297	30,073,375
Intangible Assets	6	979,366	1,224,208	965,760
Long Term Deposits	7	246,742,867	603,223,033	1,638,784
		420,240,579	777,589,538	32,677,919
CURRENT ASSETS				
Work-in-Process	8	19,857,742,794	16,434,471,848	13,740,519,005
Advances, Deposits and Other Receivables	9	72,436,334	68,664,386	86,545,882
Cash and Bank	10	3,763,054,069	4,291,424,642	5,441,998,134
		23,693,233,197	20,794,560,876	19,269,063,021
		<u>24,113,473,776</u>	<u>21,572,150,414</u>	<u>19,301,740,940</u>
EQUITY AND RESERVES				
Accumulated Surplus over Expenditures		1,724,984,119	1,823,263,874	1,815,873,679
Revaluation Surplus on Vehicle		4,659,494	5,099,694	5,588,805
		1,729,643,613	1,828,363,568	1,821,462,484
CURRENT LIABILITY				
Contract Liabilities	11	20,805,462,982	18,243,211,076	16,033,993,258
Loan from Financial Institution	12	214,225,743	214,225,743	214,225,743
Accrued and Other Liabilities	13	1,364,141,438	1,286,350,027	1,232,059,455
		22,383,830,163	19,743,786,846	17,480,278,456
CONTINGENCIES AND COMMITMENTS				
	14	-	-	-
		<u>24,113,473,776</u>	<u>21,572,150,414</u>	<u>19,301,740,940</u>

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


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR FINANCE

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

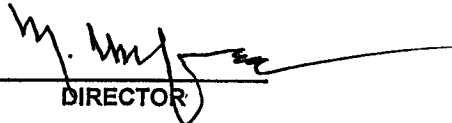
	Notes	June 30, 2023	June 30, 2022
		-----Rupees-----	
Contract Revenue	15	1,227,175,774	1,532,750,119
Contract Cost	16	(1,376,893,191)	(1,632,110,976)
Gross Deficit		(149,717,417)	(99,360,857)
Administrative Expenses	17	(610,549,258)	(470,631,531)
Selling and Marketing Expenses	18	(1,877,190)	(2,585,095)
Other Income	19	756,146,473	655,204,667
Other Expenses	20	-	(832,531)
		143,720,025	181,155,510
Financial Charges	21	(21,412)	(41,267)
Net (Deficit) / Surplus for the year before taxation		(6,018,804)	81,753,386
Taxation	22	(92,701,151)	(74,852,302)
Net (Deficit) / Surplus for the year		(98,719,955)	6,901,084

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



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR FINANCE

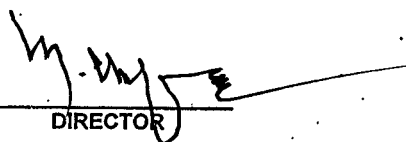
PHA FOUNDATION
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Accumulated Surplus	Revaluation Surplus on Vehicle	Total
	-----Rupees-----		
Balance as at June 30, 2021 - Previously Reported	1,491,532,713	5,588,805	1,497,121,518
Effect of prior period error	324,340,966	-	324,340,966
Balance as at June 30, 2021 - Restated	1,815,873,679	5,588,805	1,821,462,484
Net Surplus for the year	6,901,084	-	6,901,084
Transfer of incremental depreciation from revaluation surplus	489,111	(489,111)	-
Balance as at June 30, 2022	1,823,263,874	5,099,694	1,828,363,568
Net Deficit for the year	(98,719,955)	-	(98,719,955)
Transfer of incremental depreciation from revaluation surplus	440,200	(440,200)	-
Balance as at June 30, 2023	1,724,984,119	4,659,494	1,729,643,613

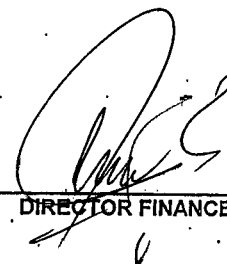
The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR FINANCE

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

June 30, 2023 June 30, 2022
-----Rupees-----

CASHFLOW FROM OPERATING ACTIVITIES:

(Deficit) / Surplus before Taxation	(6,018,804)	81,753,386
<u>Adjustments:</u>		
Depreciation	6,215,227	5,831,161
Amortization	244,842	306,052
Financial Charges	21,412	41,267
Loss Allowance on Work-in-Process	269,868,469	151,256,810
	6,481,481	157,435,290
Operating Surplus / (Deficit) before Working Capital Changes	462,677	239,188,676

Decrease/(Increase) in Current Assets:

Work-in-Process	(3,423,270,946)	(2,693,952,843)
Advances, Deposits and Other Receivables	(3,771,948)	17,881,496
Long Term Deposits	356,480,166	(601,584,249)
	(3,070,562,728)	(3,277,655,596)

(Decrease)/Increase in Current Liabilities-

Contract Liabilities	2,562,251,906	2,057,961,008
Accrued and Other Liabilities	77,791,411	54,290,572
	2,640,043,317	2,112,251,580
Operating Surplus / (Deficit) after Working Capital Changes	(430,056,734)	(926,215,340)

Financial Charges paid	(21,412)	(41,267)
Taxes Withheld	(92,701,151)	(74,852,302)
	(92,722,563)	(74,893,569)
Net Cash inflow / (outflow) from Operating Activities	(522,779,297)	(1,001,108,909)

CASHFLOW FROM INVESTING ACTIVITIES

Acquisition of Fixed Assets	(5,591,276)	(148,900,083)
Software Development	-	(564,500)
Proceeds From Disposal of Fixed Assets	-	-
Net Cash outflow from Investing Activities	(5,591,276)	(149,464,583)

CASHFLOW FROM FINANCING ACTIVITIES


Government Grants	-	-
Net cash inflow from financing activities	-	-

Net Increase / (decrease) in Cash and Cash Equivalents	(528,370,573)	(1,150,573,492)
Cash and Cash Equivalent at the Beginning of the year	4,291,424,642	5,441,998,134
Cash and Cash Equivalent at the end of the year	3,763,054,069	4,291,424,642

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


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR FINANCE

1 THE COMPANY AND ITS OPERATIONS

Pakistan Housing Authority "the Authority" was established under a resolution # 4-8/99-Min.I dated 18th May, 1999 of Government of Pakistan, Cabinet Division. The resolution was subsequently replaced vide resolution No. 1(I)2000-Works dated 8th March, 2000 of Government of Pakistan, Ministry of Housing and Works. It was registered on January 19, 2012, as Company under section 42, Limited by Guarantee under the Companies Ordinance, 1984 ((Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The Headquarter of the PHA Foundation is situated at Ground Floor, Shaheed-e-Millat Secretariat, Blue Area, Islamabad.

The main objective of the PHA Foundation is to eliminate shelterlessness through development and construction of apartments for low income groups, employees of the Foundation and other specified groups of people as decided by the Foundation from time to time on ownership basis and at an affordable cost and to initiate, launch, sponsor and implement Housing schemes for the low income groups employees of the Foundation and other specified groups of people as decided by the Foundation from time to time on ownership basis in Islamabad and other major cities of Pakistan.

2 STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING ESTIMATES

2.1 Statement of Compliance

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

- International financial reporting standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017;
- Accounting standard for not for profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions and directives issued under the Companies Act, 2017.

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

2.2 The preparation of financial statements in conformity with the International Accounting Standards as applicable in Pakistan requires management to make judgments, estimates and assumption that affect the application of policies and reported amounts of assets and liabilities, income and expense. 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 life of depreciable assets, Revaluation of Property, plant & equipments and doubtful receivables. 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.

Revaluation Surplus on Property, plant & Equipment (4.2)
Property, Plant and Equipment (4.2)
Impairment (4.6)

3 Initial application of a standard, amendment or an interpretation to an existing standard

3.1.1 Amendments to published accounting and reporting standards which are effective for the year ended June 30, 2021

There were certain amendments to accounting and reporting standards which became effective for the Company for the current year. However, these are considered not to be relevant or to have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

3.1.2 Standard, amendments to published accounting and reporting standards and interpretations that are not yet effective and have not been early adopted by the Company

There is a standard and certain other amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

3.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is Company's functional currency.

4 SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies which have been adopted in the preparation of these accounts are as follows:

4.1 Accounting Convention

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

4.2 Property and assets

- These are stated at Revalued amount less accumulated depreciation and impairment losses, if any; Depreciation is charged on the reducing balance method. Depreciation on additions is charged from the month when the assets is available for use and on deletions up to the month when the assets is deleted.
- Gain or loss on disposal of fixed assets, if any, is included in current year's income;
- Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized;

4.3 Taxation

The income of "PHA Foundation" is exempt from tax as it is a Government department, as declared by the Ministry of Law, Justice and Human Rights vide their O.M. No. 973/99 -LAW dated 8th May, 2000.

4.4 Retirement Benefits

The Foundation operates an approved funded contributory provident fund scheme for all permanent employees. Equal monthly contributions are made both by the Company and employees @ 8.25% of the basic pay.

4.5 Government Grants

Government grants are recognised at the fair value of the asset received or receivable.

A grant without specified future performance conditions is recognised in income when the grant proceeds are receivable. A grant that imposes specified future performance conditions is recognised in income when all those conditions are met and there is a reasonable assurance that the grant will be received.

Government grants are presented separately from the assets to which they relate. Government grants received before the income recognition criteria are satisfied are presented as a separate liability in the statement of financial position.

Government grants are recognized as income over the period necessary to match them with the related costs which they are intended to compensate on systematic basis. The grant receivable as compensation for expenses or loss already incurred or for the purpose of giving immediate financial support with no future related costs is recognized as income in the period in which it becomes receivable. Government grants related to assets, including non-monetary grants at fair value are presented in the balance sheet by setting up the grants as deferred income which is recognized as income on systematic and rational basis over the useful life of the asset.

4.6 Impairment

The carrying amount of the Foundation's assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the income and expenditure account.

4.7 Work-in-Progress

Cost of projects comprise the cost of acquisition and development of land, consultants fee, cost of civil works and infrastructure. All these costs are stated at lower of actual cost incurred to date on projects or net realizable value. WIP is charged to Cost of Sales on the basis of Unit Cost Method of the units transferred to allottees in a period. Impairment in Work in Progress is charges to Cost to Revenue when Net Realizable Value of the Project exceeds its Cost.

4.8 Revenue Recognition

Revenue from the sale of flats / apartments is recognized point in time, when (or as) the Company satisfies performance obligations by transferring the flats / apartments to its customers.

Revenue is to be recognized in accordance with the aforementioned principle by applying the following steps:

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

Revenue From Contracts With Customers

Sale of Goods

Sale of goods is recognized when the Company has transferred control of the flats/ apartments to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the flats/ products.

Contract assets

Contract assets arise when the Company performs its performance obligations by transferring flats/ apartments to a customer before the customer pays its consideration or before payment is due.

Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

4.9 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. The depreciable amount of intangible asset is amortized over the estimated useful life using the reducing balance method at the rate stated in the relevant note to the financial statements.

4.10 Cash and Cash Equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks on current, saving and deposit accounts.

4.11 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.

4.12 Advances Against Sale of Plots

The Amount received from customers are shown as liability till transfer of plots.

4.13 Trade and Other Receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

4.14 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 the purchase and re-evaluates such designation on a regular basis.

4.15 Financial Instruments

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost as the case may be. A financial asset is de-recognized when the Company loses control of its contractual rights that comprise the financial asset. A financial liability is de-recognized when it is extinguished. Any gain or loss on de-recognition of the financial assets or liabilities is taken to statement of profit or loss currently.

4.15.1 Financial assets

Classification

Effective July 1, 2018, the Company classifies its financial assets in the following measurement categories:

- a) Amortized cost where the effective interest rate method will apply;
- b) fair value through profit or loss;
- c) fair value through other comprehensive income.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt Instrument

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- a) Amortised Cost
- (b) Fair value through other comprehensive income (FVTOCI)
- c) Fair value through profit or loss (FVTPL)

De-recognition of financial assets

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when:

- i The rights to receive cash flows from the asset have expired
- ii 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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

4.15.2 Financial Liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

- a) Fair value through profit or loss
- b) Amortised cost

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

4.15.3 Offsetting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Foundation 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.

4.16 Borrowing Cost

Borrowing costs are recognised as an expense in the period in which they are incurred.

4.17 Leases

Right of Use Assets

The right-of-use asset is measured at cost, as the amount equal to initially measured lease liability adjusted for lease prepayments made at or before the commencement date, initial direct cost incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Lease Liability

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate.

Subsequently lease liabilities are measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

4.18 Related Party Transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Company to do so.

4.19 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except other financial assets at amortized cost excluding trade debts for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company monitors changes in credit risk by tracking published external credit ratings.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

**PHA FOUNDATION
FIXED ASSET SCHEDULE**

5 Property, plant & equipment

	Land	Motor vehicles	Computer equipments	Office equipments	Furniture and fixture	Total
Annual rate of depreciation (%)		10%	30%	10%	10%	
Year ended June 30, 2022						
Opening net book value	-	23,948,338	876,449	2,799,180	2,449,408	30,073,375
Additions	129,662,074	7,712,000	3,623,665	7,281,864	620,480	148,900,083
Disposals:						
Cost	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-
Depreciation charged during the year	-	(3,166,034)	(1,350,034)	(1,008,104)	(306,989)	(5,831,161)
Closing net book value 30th June 2022	129,662,074	28,494,304	3,150,080	9,072,940	2,762,899	173,142,297
Year ended June 30, 2023						
Opening net book value	129,662,074.00	28,494,304	3,150,080	9,072,940	2,762,899	173,142,297
Additions		419,196	3,390,303	668,839	1,112,938	5,591,276
Disposals:						
Cost	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-
Depreciation charged during the year	-	(2,891,350)	(1,962,115)	(974,178)	(387,584)	(6,215,227)
Closing net book value	129,662,074	26,022,150	4,578,268	8,767,601	3,488,253	172,518,346
Cost	129,662,074	38,988,046	8,849,448	11,671,890	4,910,759	194,082,217
Accumulated Depreciation	-	(12,965,896)	(4,271,180)	(2,904,289)	(1,422,506)	(21,563,871)
Net Book Value	129,662,074	26,022,150	4,578,268	8,767,601	3,488,253	172,518,346
Annual rate of depreciation (%)		10%	30%	10%	10%	

5.1 The last revaluation was performed for the Financial year ended June 30, 2018 by M/s Surval an independent firm of valuers, approved valuers PBA, on panel I, II & III .

5.2 Had there been no Revaluation carrying amount of Vehicle would have been as follows:

	June 30, 2023	June 30, 2022
Motor vehicles	14,766,403	16,407,114
	14,766,403	16,407,114
6 Intangible Assets		
Opening net book value	1,224,208	965,760
Additions	-	564,500
Amortization charged during the year	(244,842)	(306,052)
Closing net book value at year end	979,366	1,224,208
Amortisation rate	20%	20%

		June 30,2023	June 30,2022
		(Rupees)	
7 Long Term Deposits			
Secured Deposit -Building		244,117,478	601,197,644
Security Deposit- Hospital		1,000,000	1,000,000
Security Deposit- PSO		1,601,389	1,001,389
Security Deposit- Mobile Connection		24,000	24,000
		<u>246,742,867</u>	<u>603,223,033</u>
8 Work-in-Process			
Opening Balance		16,434,471,848	13,740,519,005
Additions during the period		4,800,164,137	4,333,038,803
Transfers to Profit and Loss		(1,107,024,722)	(1,480,854,166)
Loss Allowance		(269,868,469)	(151,256,810)
Adjustment during year		-	(6,974,984)
Closing Balance		<u>19,857,742,794</u>	<u>16,434,471,848</u>
9 Advances, Deposits and Other Receivables			
Mobilization advance	9.1	54,353,560	56,089,040
Misc. Advances		524,106	70,000
Advances to employees		1,561,349	2,315,003
Interest Receivable		15,997,319	10,190,343
		<u>72,436,334</u>	<u>68,664,386</u>
9.1 Mobilization advance			
Infrastructure		19,724,916	19,724,916
Building		27,484,224	29,219,704
Contractors		7,144,420	7,144,420
		54,353,560	56,089,040
Less: Provision for Mobilization Advance		-	-
		<u>54,353,560</u>	<u>56,089,040</u>
10 CASH AND BANK			
Cash at Bank:			
- Deposit Accounts	10.1	3,762,954,069	4,291,324,642
Cash in Hand		100,000	100,000
		<u>3,763,054,069</u>	<u>4,291,424,642</u>
10.1	These carries mark up ranges from 13.55% to 18.8% (2022: 6.08% to 13.55%).		
11 Contract Liabilities			
Opening Balance		18,243,211,076	16,033,993,258
Receipts during the year	11.1	4,013,497,510	3,877,371,555
Refunds made during the year		(224,069,830)	(135,403,618)
Transferred for the year		(1,227,175,774)	(1,532,750,119)
Balance as at Year End		<u>20,805,462,982</u>	<u>18,243,211,076</u>
11.1	This represents receipts against different projects of the company.		
12 Loan from Financial Institution			
Loan from National Bank of Pakistan	12.1	14,226,743	14,226,743
Loan from Khyber Pakhtunkhwa Government	12.2	199,999,000	199,999,000
		<u>214,225,743</u>	<u>214,225,743</u>
12.1	Finance amounting to Rs. 4 billion has been approved by the State Bank of Pakistan and advised the National Bank of Pakistan to refinance the Prime Minister's Housing Development Company (Private) Limited for the purpose of construction of houses. The loan is repayable in two equal installments on an annual basis on fourth and fifth year respectively from the date of disbursement that is first tranche of rupees one billion disbursed on 27 September 1999. The loan is free of mark-up/service charges and secured against assignment of floating charge on company's present and future assets and a D.P. Note executed by the company in favor of National Bank of Pakistan. Out of the total sanctioned finance Rs. 1 billion has been received from National Bank of Pakistan on September 27, 1999 for the purpose of construction of houses. An amount of Rs. 66,906,975 was utilized by the company up to October 30, 1999 and the remaining amount of Rs. 933,093,025 has been withdrawn by National Bank of Pakistan. The loan and corresponding expenditure has been taken over by the PHA Foundation (Formerly Pakistan Housing Authority) from the company along with related rights and obligations. Between October 30, 1999 and June 30, 2011 PHA Foundation (Formerly Pakistan Housing Authority) paid an amount of Rs.52,680,232. The remaining liability is an amount of Rs. 14,226,743.		

14.1 Receipts from general public:

Project	Location	Rupees				Rupees			
		Cumulative as on June 30, 2022	Receipts during the period	Refund To Allotees	Transfer to Sales	Cumulative as on June 30, 2023	Transfer to Sales	Refund To Allotees	Cumulative as on June 30, 2022
PHA-008,019, 308, 309 & 305	Shabbir town, Shabbir town (extension), Shabbir town shops & UET (Shops) Lahore	119,839,335	1,656,819	-	111,096,154	10,400,000	-	-	119,839,335
PHA-011	Gulshan-e-Jauhar, Karachi	7,777,588	-	-	-	7,777,588	-	-	7,777,588
PHA-026	P.B.C. Land, Landhi, Karachi	4,725,000	-	-	-	4,725,000	-	-	329,065,966
PHA-702	Surizai, Peshawar KPK	1,129,809,757	47,338,989	151,878,953	-	1,025,269,793	-	-	1,129,809,757
PHA-015, 315 & 04	I-11& I-11 (Extension), Islamabad	40,770,745	7,255,000	-	8,650,745	39,375,000	-	-	40,770,745
PHA-800	Kurri Road, Islamabad	1,109,960,062	219,424,750	2,888,304	433,165,990	893,330,518	-	-	1,109,960,062
PHA-801&802	G-11/3, Islamabad (C & E Type)	83,382,936	3,101,571	-	68,643,692	17,840,815	-	-	83,382,936
PHA-803 & 03A	G-10/2, Islamabad (D Type)	206,074,265	51,409,012	-	210,964,126	46,519,151	-	-	206,074,265
PHA-804, 805, 806 & 808	Wafaqi Colony, Lahore (B,D, E and D&E Additional)	10,849,351	2,055,736	4,215,534	(79,473,183)	88,162,736	-	-	10,849,351
PHA-809	I-16, Islamabad	5,917,599,782	519,716,546	29,257,573	474,128,250	5,933,930,505	-	-	5,917,599,782
PHA-992	I-12, Islamabad	7,502,955,081	1,888,892,916	33,324,166	-	9,358,523,831	-	-	7,502,955,081
PHA-600	Kuchlak, Quetta	2,109,467,174	1,260,953,608	2,505,300	-	3,367,915,482	-	-	2,109,467,174
PHA-500	Gilgit Minihar	-	11,692,563	-	-	11,692,563	-	-	-
		18,243,211,076	4,013,497,510	224,069,830	1,227,175,774	20,805,462,982	-	-	18,567,552,042

- 13.2 A MoU between PHA - Foundation and PHA KPK has been signed on Dec 11, 2019 to construct low cost housing units to eliminate shelterlessness. As per MoU, Govt of KPK will provide a seed money aggregate of Rs. 500/- million to PHA - Foundation, which will be recouped from receipts collected by PHA Foundation from allottees of project and will be paid to PHA KPK. Out of Rs. 500/- millions seed money, PHA Foundation has received Rs. 199,999,000/- on September 29, 2020.

June 30, 2023 June 30, 2022
(Rupees)

13 Accrued and Other Liabilities

	13.1		
Interest Payable to HBFC		218,000,000	218,000,000
Bid Money payable		15,314,592	7,125,866
Retention money		961,220,011	895,590,726
Unclaimed deposits of members		122,408,179	125,803,179
Payable to Contractors - WIP		42,016,446	34,716,446
Contractor- excess mobilization advance recovery		4,803,810	4,803,810
Audit fee payable		370,000	310,000
Withholding Tax Payable		8,400	-
		1,364,141,438	1,286,350,027

- 13.1 House Building Finance Corporation (HBFC) agreed to provide investment finance of Rs. 1 billion for financing the construction cost of flats on eight sites, which are considered commercially viable that is UET and Walton road sites Lahore and six sites at Islamabad of the project. The financing is based on profit and loss of the eight sites to be worked out on the basis of the ratio of investment on daily product basis and the daily product cost incurred on eight sites of the project. The Foundation (Formerly Pakistan Housing Authority) shall pay total profit of Rs. 218 Million subject to adjustment on determination of profit on completion and sale of the flats of the eight sites. The House Building Finance Corporation may at its sole discretion forego its share in the profit in excess of Rs. 218 Million. In addition to profit, House Building Finance Corporation will be paid Rs. 70 Million being its share in the appreciation in the market value of eight profitable sites of the project. The House Building Finance Corporation may forego its share in the appreciation in the market value of the sites in excess of Rs. 70 Million.

The investment financing is guaranteed both for the repayment of principal amount and profit by the Federal Government of Pakistan. In addition, House Building Finance Corporation shall have the right to realize the amount due from the sale proceeds of movable and immovable properties of the PHA Foundation (Formerly Pakistan Housing Authority) in accordance with the provisions of the Law. Investment finance of Rs. 1 billion shall be repaid by the PHA Foundation (Formerly Pakistan Housing Authority) within a period of 22 months commencing from August 2002 as per cash flow statement. The PHA Foundation (Formerly Pakistan Housing Authority) shall pay to House Building Finance Corporation the profit of Rs. 218 Million in 65th month, i.e. April 2006, on provisional account basis subject to final set off of profit and loss in three months time on completion of the project. In case of breach of any terms of the Agreement, the House Building Finance Corporation may require the PHA Foundation (Formerly Pakistan Housing Authority) to repay the investment in full within 7 days of demand thereof.

14 CONTINGENCIES AND COMMITMENTS

- a PHA-F filed appeal before Supreme Court of Pakistan against the Judgment of Hon'ble Islamabad High Court whereby the Hon'ble High Court dismissed our Civil Revision regarding collection of additional cost amounting Rs. 884,000 from the respondent namely Mr. Anwar-Ul-Haq Keyani. Counsel has already been directed to do the needful for early hearing of the case.
- b **Following cases are pending in High Courts:**
- i **Ahmed Hassan Jamal Vs FOP**
Service Matter upgradation and benefits for the post off Account Officer. The matter is still pending.
- ii **Syed Asad Ali Shah Vs FOP**
Petition against NAB to not harass the employees of PHA-F. The matter is still pending.
- iii **Asif Raniha Vs FOP**
Petition against recruitment made in the year 2012 by the Company. The matter is still pending.
- iv **Huma Khalid Vs FOP**
Petition for eviction of illegal occupants from Karachi Apartments of PHA-F. The Matter is still pending in courts.

- v **Kishwar Ali Vs PHA-F**
Intra Court Appeal against the order of Single Judge. Allottees lost its appeal but not taking refund amounting Rs. 774,000 from PHA-F.
- vi **Sajida Iqbal Syed Vs FOP**
Petition for allotment of plot at Kurri Project of PHA-F. The Matter is still pending in court.
- vii **Khalid Waheed Vs FOP**
Petition regarding criteria for allotment of plot to ex-cadre officers. This case pertains to Federal Govt Employees Housing Authority.
- viii **Muhammad Shehbaz Vs Superintendent Engineer**
Writ against the order of Additional Session Judge to maintain status-quo orders in respect of disputed land at Wafaqi Colony Lahore. Case remanded back to trial Court.
- ix **M/S Mazcon Vs PHA-F**
Petition against the order of ASJ to not encash bank Guarantee. The matter is still pending.
- x **Various Petitioner Vs PHA-F**
Various Writ petition of same matter against PHA-F for previous membership and balloting process that was set-aside by Prime Minister for bogus allotments. The matter is still pending.
- xi **Qazi Nasir Khurshid Vs FOP (Services Regularization)**
Appointment as Lower Division Clerk. Adjourned by Divisional Bench due to non availability of Mr. Justice Aamer Farooq. The matter is still pending.
- xii **Mr. Kaleem Akhtar, Wahab Khan Vs FOP**
Regularization as Assistant. The Matter is still pending in court.
- xiii **Syed Haider Ali Shah Vs PHA-F**
Petition against recruitment 2017. The matter is still pending.
- xiv **Roomana Gul Kakar Vs PHA-F**
The petitioner has filed writ petition against her repatriation as Director from PHA-F. The matter is still pending.
- xv **Shah Rukh Nusrat Vs FOP**
Writ petition against PHA-F for previous membership and balloting process that was set-aside by Prime Minister for bogus allotments. The case is still pending.
- xvi **Mubashir Hussain Vs FOP**
Land & Estate Petition for provision of Sub lease and water supply. The case is still pending.
- xvii **Din Sons Vs FOP**
Issuance of Fake CDR's. The case is still pending.
- xviii **Muhammad Irshad Vs FOP**
Petition for non-allotment of Plot at Kurri Road Project. The case is still pending.
- xix **Muhammad Karim Vs FOP**
Petition against non appointment as Director in PHA-F. The case is still pending
- xx **Muhammad Shahid Hussain Vs Federation of Pakistan**
Restoration of apartment cancelled on the directions of NAB. The case is still pending.
- xxi **Salman Mazhar Vs MD, PHA-F**
Petition against non-appointment as LDC in PHA-F recruitment carried out in 2017-18. The case is still pending.
- xxii **Abdul Aziz Baloch Vs FOP**
Suit for declaration cancellation and permanent injunction at Sindh High Court. The case is still pending.
- xxiii **Syed Zafar Ali Shah Vs FOP**
Petition against Delayed Payment Charges. The case is still pending.
- xxiv **Dr. Shaukat Hameed Kiyani Vs FOP**
Petition against Delayed Payment Charges. The case is still pending.

- xxv **PHA F VS Muhammad Imran**
Appeal against the order of ASJ, Islamabad. Amount involved in this case is Rs. 600,000. The case is still pending.
- xxvi **Mst. Noor Safia Vs Rasool Bux Phulphoto**
Writ Petition against the judgment of ASJ Islamabad. The case is still pending.
- xxvii **PHA-F Vs Muhammad Mumtaz Khan**
Civil Revision against the order of Civil Judge and ASJ G-10/2. The amount involved in this case is Rs. 884,000. The case is still pending.
- c **Following cases are pending in Civil Courts:**
- i **Adeel Minhas, Yasir Abbasi Vs PHA**
Suit against the allotment of I-11 shops. The case is still pending.
- ii **Syed Muhammad Mushtaq Vs PHA-F**
Civil suit against the collection of additional cost. For arguments on injunction orders. The amount involved in this case is Rs. 799,685. The case is still pending.
- iii **PHA-F Vs East West Insurance Company**
PHA-F Filed suit against Recovery of damages amounting Rs. 280,000,000. The Case is still pending.
- iv **Islam-Ud-Din Vs PHA-F**
Civil suit against the collection of additional cost amounting Rs. 884,000. The case is still pending.
- v **PHA F Vs Jameel Khokhar**
Suit against ill legal possession of land at Kurri Road Project. Local Commission has not submitted its report till date.
- vi **Aleem-ur-Rehman Baig Vs PHA-F**
Estate Wing. Restoration of apartment at (G-11/3). Direction to plaintiff to file amended plaint. The case is still pending.
- vii **Sher Ali Vs PHA-F**
Suit against cancellation of allotment of apartment due to default in his instalments. The case is still pending.
- viii **Zahid Mehmood, Mushtaq Ali Vs PHA-F**
Suit against possession of apartment at G-11/3 project. The case is Pending for order on execution petition.
- ix **M/S Techno International through Shaikh Abdul Sattar, CEO Vs MD/CEO, PHA Foundation**
Suit against the cancellation of contract (G-10/2 Project, Islamabad). The plaintiff has filed application U/s 20 of arbitration act 1940 read with section 151 CPC for commencement of arbitration. The case is pending.
- x **Akhtar Hussain and 23 Others Vs PHA Foundation**
Suit against additional cost G-10/2 project amounting Rs. 13,260,000. Stay applications dismissed. Further, the plaintiff filed appeal before High Court, Islamabad. The case is still pending.
- xi **ICON Builders Vs PHA Foundation**
Fake CDR's matter. Stay is vacated.
- xii **Humma Farhan, Mushtaq Ali etc Vs PHA Foundation**
Suit against the possession of apartment (G-11/3). The case is Pending for arguments.
- xiii **M/S M.A. Aleem Khan (Pvt.) Vs PHA Foundation etc.**
Arbitration Suit Kurri Road. PHA-F filed application against the maintainability of the suit which was dismissed. Now appeal is pending before High Court. The amount involved in this case is Rs. 364,179,613.
- xiv **Ms. Uzma Noureen Vs PHA-F (I-16/3, Project)**
Suit against the refund of deposited amounting Rs. 241,000 (I-16/3), Project. The case is still pending.
- xv **M/s Karimi Enterprises Vs PHA-F**
Engineering wing, suit regarding demarcation of land at mahaal ghabri near hassan ghari. The case is still pending.
- xvi **M/s Engineering Management etc. Vs PHA-F etc.**
Engineering Wing Arbitration Suit Kurri Road Project. The amount involved in this case is Rs. 20,554,871. The case is still pending.

xvii **PHA Vs M/s Regent Furniture**

Payment of Furniture and fixtures amounting Rs. 200,000. The case is still pending.

xviii **M/S Skilled Construction Vs M/S Techno and PHA-F**

Kurri Road Cat-II Zone-IV. The case is pending for arguments.

xix **Farhan Yaqoob Vs PHA-F**

Change of corner plot. Pending for arguments on stay application.

xx **M.A.Aleem Khan Vs PHA-F**

Arbitration Suit I-12. Pending for arguments on stay application. Pending for arguments on stay application. The amount involved in this case is Rs. 281,334,064.

Outcome of the case

In most of the above 3 categories (Supreme court, High court and civil courts) cases, based on legal advisor confirmation, management is confident that outcome of cases will be in the favor of the company. However, in some of the cases outcome is uncertain and dependent upon court orders.

b) Commitments

There are no commitments made by the company as at year end.

		June 30,2023	June 30,2022
		(Rupees)	
15 Contract Revenue			
Revenue recognized during the year	15.1	1,227,175,774	1,532,750,119
		<u>1,227,175,774</u>	<u>1,532,750,119</u>
15.1 Revenue is recognised at a point in time.			
16 Contract Cost			
Transfer from Work-in-Progress		1,107,024,722	1,480,854,166
Loss Allowance		269,868,469	151,256,810
		<u>1,376,893,191</u>	<u>1,632,110,976</u>
17 Administrative Expenses			
Salaries, wages and other benefits		559,009,140	431,389,435
Repair and maintenance		6,316,413	3,595,211
Travelling and conveyance		13,600,752	7,355,776
Legal and professional		1,397,175	4,676,280
Miscellaneous		5,239,952	5,181,410
Communication		3,090,683	2,568,101
Printing and stationary		3,161,207	2,176,190
Auditors Remmuneration	17.1	370,000	310,000
Provident Fund Expense	17.2	11,903,867	7,241,915
Amortization		244,842	306,052
Depreciation		6,215,227	5,831,161
		<u>610,549,258</u>	<u>470,631,531</u>
17.1 Auditors Remmuneration			
Audit fee		320,000	270,000
Out of pocket expenses		15,000	15,000
Others		35,000	25,000
		<u>370,000</u>	<u>310,000</u>
17.2 All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.			

17.3 Staff Retirement Benefits

Size of fund	80,943,503	51,816,823
Cost of investments	80,943,503	51,816,823
Percentage of investments made	100%	100%
Fair value of investments	80,943,503	51,816,823

Break Up of Investment

Balance At Saving Account	<u>80,943,503</u>	<u>51,816,823</u>
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18 Selling and Marketing Expenses

Advertisement and print media	41,318	88,628
Marketing and advertisement	<u>1,835,872</u>	<u>2,496,467</u>
	<u>1,877,190</u>	<u>2,585,095</u>

19 Other Income

Interest Income	625,598,082	489,037,195
Delay payment charges	52,906,768	36,962,330
Ownership transfer fee	36,551,985	50,522,600
Allotment cancellation charges	18,799,177	12,256,244
Possession, NOC and Pre-Qualification Charges	11,284,846	22,736,421
Documentation Charges	3,800,968	13,596,732
Application forms / membership	2,082,003	21,943,347
Penalty to contractors	2,792,960	257,138
Miscellaneous Income	2,329,684	7,892,660
	<u>756,146,473</u>	<u>655,204,667</u>

20 Other Expenses

Other Expenses	-	832,531
	<u>-</u>	<u>832,531</u>

21 Financial Charges

Bank charges	21,412	41,267
	<u>21,412</u>	<u>41,267</u>

22 Taxation

Current Tax	92,701,151	74,852,302
	<u>92,701,151</u>	<u>74,852,302</u>

With reference to Note 4.3 of the Financial Statements, PHA Foundation is exempt from tax. Hence, Current Tax only contains tax withheld on Profit on Debt.

23 Related Party Transactions

The related party comprises of director of the company and key management personals, details of transactions of the Foundation and the balances outstanding with related parties other than those which have been specifically disclosed elsewhere in these financial statements.

26 Fair value of financial instruments

26.1 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.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

	Carrying Amount		Fair Value		
	Fair value through other comprehensive income	Fair value through profit and loss	Financial Assets at amortized cost	Other financial liabilities	Total
	Rupees				
On-SOFP financial instruments	----- Rupees -----				
30 June 2023					
Financial assets measured at fair value					
Property, Plant & Equipment	172,518,346	-	-	-	172,518,346
	<u>172,518,346</u>	-	-	-	<u>172,518,346</u>
Financial assets at amortized cost					
Advances	-	-	2,085,455	-	2,085,455
Deposits	-	-	246,742,867	-	246,742,867
Interest Receivables	-	-	15,997,319	-	15,997,319
Cash and Bank	-	-	3,763,054,069	-	3,763,054,069
	-	-	<u>4,027,879,710</u>	-	<u>4,027,879,710</u>
26.2	-	-	-	-	-
Financial liabilities measured at fair value					
	-	-	-	-	-
	-	-	-	-	-
Financial liabilities measured at amortized cost					
Loan from Financial Institution	-	-	14,226,743	-	14,226,743
Loan from KPK government	-	-	199,999,000	-	199,999,000
Accrued and Other Liabilities	-	-	402,921,427	-	402,921,427
	-	-	<u>630,171,857</u>	-	<u>630,171,857</u>
26.2	-	-	-	-	-

Note

	Fair value through other comprehensive income	Fair value through profit and loss	Carrying Amount			Fair Value		
			Financial Assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-SOFP financial instruments								
30 June 2022								
Financial assets measured at fair value								
Property, Plant & Equipment								
	173,142,297	-	-	-	-	-	-	173,142,297
	173,142,297							173,142,297
Financial assets not measured at amortized cost								
Advances								
	-	-	2,385,003	-	2,385,003	-	-	-
Deposits								
	-	-	603,223,033	-	603,223,033	-	-	-
Interest Receivables								
	-	-	10,190,343	-	10,190,343	-	-	-
Cash and Bank								
	-	-	4,291,424,642	-	4,291,424,642	-	-	-
	-	-	4,907,223,021	-	4,907,223,021	-	-	-
26.2								
Financial liabilities measured at fair value								
Financial liabilities not measured at amortised cost								
Loan from Financial Institution								
	-	-	-	14,226,743	14,226,743	-	-	-
Loan from KPK government								
	-	-	-	199,999,000	199,999,000	-	-	-
Accrued and Other Liabilities								
	-	-	-	390,759,301	390,759,301	-	-	-
	-	-	-	604,985,044	604,985,044	-	-	-
26.2								

Note

26.2 Fair value versus carrying amounts

The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprised over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

27 Risk management

a Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. All financial assets except cash in hand, are subject to credit risk. The company believes that it is not exposed to major concentration of credit risk.

b Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. In case of the Company this risk mainly relates to outstanding import payments. The company is in the process of obtaining exchange risk coverage on these liabilities.

c Interest mark-up rate risk

Interest/mark-up rate risk is the risk that the value of financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest/mark-up rates arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

d Liquidity risk

Liquidity risk reflects company's inability in raising funds to meet commitments. Management closely monitors the company's liquidity and cash flow position and follow an effective cash management and planning policy to ensure availability of funds to take measure for new requirements.

e Capital risk

The company's objective when managing capital is to safeguard the company's ability to continue as going concern so that it can continue to provide returns for share holders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The company manages its capital structure which comprises capital and reserves by monitoring return on net assets and make adjustments to it in the light of changes in economic conditions. There were no changes to the company's approach to capital management during the year and the company is not subject to externally imposed capital requirements.

f Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

At Amortized Cost

Long Term Deposits	246,742,867	603,223,033
Advances	2,085,455	2,385,003
Interest Receivables	15,997,319	10,190,343
Cash and Bank Balances	3,763,054,069	4,291,424,642
	<u>4,027,879,710</u>	<u>4,907,223,021</u>

(ii) Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

(iii) Counterparties with external

These include banking companies and financial institutions, which are counterparties are bank balances. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

Bank	Rating Agency	Rating (Long Term)
JS Bank Limited	PACRA	AA-
Silk Bank Limited	JCR-VIS	A-
Askari Bank Limited	PACRA	AA+
Faysal Bank Limited	VIS	AA
Bank of Punjab	PACRA	AA+
Habib Metro Politan Bank	PACRA	AA+

28 Rectification of prior period error

The Project PBC Landhi in Karachi was started in 1999 and installments from allottees started from the year 2001. The project has 168 units in total. PHA Foundation started transferring the units to allottees in 2007. Only 6 units were left to be transferred to allottees at June 30, 2021.

Proper amount from Contract Liabilities was not transferred in previous year to Contract Revenue. Consequently, this is considered as error, which have now been corrected by restating the comparative figures. This correction has been applied retrospectively as per the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The effect on prior periods is tabulated below:

	Restated		
	2022		
	Reported previously	Effect of prior period error	Reported now
Statement of Financial Position			
Contract Liabilities	18,567,552,042	(324,340,966)	18,243,211,076
Statement Of Changes In Equity			
Accumulated Surplus	1,498,922,908	324,340,966	1,823,263,874

	Restated		
	2021		
	Reported previously	Effect of prior period error	Reported now
Statement of Financial Position			
Contract Liabilities	16,358,334,224	(324,340,966)	16,033,993,258
Statement of Profit or Loss			
Contract Revenue	1,934,407,732	324,340,966	2,258,748,698
Statement Of Changes In Equity			
Accumulated Surplus	1,491,532,713	324,340,966	1,815,873,679

29 Business Information

The Company's chief decision maker reviews the Company's performance on single segment accordingly the financial information has been prepared on basis of single reportable segment.

Revenue from sale of Apartments/ Flats in Lahore, Karachi and Islamabad Projects comes at 2%, 21% and 77% respectively.

All of the Company sales are local.

All assets of the Company as at 30 June 2023 are located in Pakistan.

30 Number of Employees

	2023	2022
Average number of employees during the year	312	308
Number of employees as at June 30	312	308

31 Events After Reporting Period

There are no other significant events after the reporting period which may require adjustment of and/or disclosure in these financial statements.

32 Date of Authorization

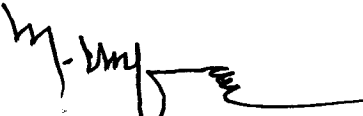
These financial statements were authorized for issuance by the management on _____.

33 General

33.1 Figures have been rounded off to the nearest rupee.

33.2 Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison.


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR FINANCE