VISION

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

MISSION STATEMENT

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

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

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

CONTENTS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2019

COMPANY INFORMATION

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

Bankers	Allied Bank Limited Askari Bank Limited Bank Al Habib Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited BankIslami (Pakistan) Limited MCB Bank Limited National Bank of Pakistan Pak Oman Investment Co. Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited Telenor Microfinance Bank Limited The Bank of Punjab United Bank Limited Silkbank Limited Meezan Bank Limited Mobilink Microfinance Bank Limited
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi-75400. Tel: (021) 111-000-322
Registered Office/Head Office	Plot No. 1566/124, Main Walton Road, Lahore, Pakistan Tel: (+92 42) 36671191-94 Fax: (+92 42) 36671197
Webpage	www.worldcall.com.pk www.worldcall.net.pk

NOTICE OF 20TH ANNUAL GENERAL MEETING

Notice is hereby given that 20th Annual General Meeting ("AGM") of the shareholders of WorldCall Telecom Limited (the "Company" or "WTL") will be held on Thursday, 30th July 2020 at 11:00 a.m. at Registered Office: Plot No. 1566/124, Main Walton Road, Lahore to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 19th Annual General Meeting held on 30 April 2019;
2. To receive, consider and adopt financial statements of the Company for the year ended 31 December 2019 together with Director's and Auditor's report thereon;
3. To appoint Auditors of the Company for the year ending 31st December 2020 and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

By Order of the Board

09 July 2020
Lahore:

Muhammad Zaki Munawar
Company Secretary

Notes:

1. Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from **23 July 2020 to 30 July 2020** (both days inclusive). Transfers received at the office of the Company's Registrars, M/s THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi-75400., by the close of business on 22 July 2020 will be treated in time.

2. Participation in the Annual General Meeting:

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

In order to be effective, duly completed and signed proxy forms must be received at the Company's Registered Office at Plot No. 1566/124, Main Walton Road, Lahore, Pakistan at least 48 hours before the time of the meeting.

3. Guidelines for CDC Account Holders:

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

a. For attending the meeting personally:

i. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall authenticate his/her original valid Computerized National Identity Card (CNIC) or the original passport at the time of attending the meeting.

ii. In case of corporate entity, the Board of Director's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

b. For appointing other members as proxies:

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

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

i) (name of the person), (designation) is appointed as execution officer for the meeting.
ii) The instruction to appoint execution officer and opting to e-vote through Intermediary as per the Companies (E-Voting) Regulations, 2016 shall be deposited to the company at least end days before holding of general meeting at Plot No. 1566/124, Main Walton Road, Lahore or through email member.report@worldcall.pk
iii) The proxy/e-voting form shall be witnessed by two persons whose names, addresses and CNIC members shall be mentioned on the form.
iv) The company will arrange for e-voting if the company receives demand for poll from atleast five members or by any member or members having not less than one tenth of the voting power.

4. Audited Financial Statement Through Email:

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

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

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

5. Form for Video Conference Facility

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

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

I/We, ______________________of __________________, being a member of WorldCall Telecom Limited, holder of ________________ (Ordinary Share(s) as per Register Folio No.___________ hereby opt for video conference facility at ____________________________________

____

Signature of Member

4. ای میل کے ذریعے آڈٹڈ مالیاتی سٹیٹمینٹ

SECP اپنے 8 ستمبر 2014 کے نوٹیفیکیشن نمبر SRO 787 (I) /2014 جو کمپنیز آرڈیننس 1984ء کی شقوں 50، 158 اور 233 کے دائرہ اختیار میں آتا ہے کے تحت آڈٹڈ مالی اسٹیٹمنٹ بمع نوٹس کو جاری کرنے کی اجازت دیتا ہے۔ اس لئے، جو اراکین سالانہ رپورٹ کی نقل اور نوٹس حاصل کرنا چاہتے ہیں کو ہدایت کی جاتی ہے کہ وہ اپنا ای میل ایڈریس فراہم کریں۔ الیکٹرانک ترسیل کی رضامندی کمپنی کی ویب سائٹ www.worldcall.com.pk پر انویسٹر کی اطلاع کے لنک پر شائع ہونی چاہیئے۔

تاہم کمپنی مطالبے پر بغیر کسی خرچ کے آڈٹڈ مالی سٹیٹمنٹس کی تحریری کاپی درخواست موصول ہونے کے سات دن کے اندر اپنے حصص داران کو فراہم کرے گی۔ اگر کسی رکن کے پتہ میں تبدیلی ہوگئی ہے تو انہیں اپنا رجسٹرڈ پتہ فوراً تبدیل کرنے کی ہدایت کی جاتی ہے۔

SECP کے 10 جولائی 2014ء کو جاری کردہ نوٹیفیکیشن نمبر SRO 634 (I)/2014 کے تحت کمپنی سالانہ اجلاس عام کے انعقاد کے بعد اکیس (21) دن کے اندر اپنی ویب سائٹ www.worldcall.com.pk پر مالی سٹیٹمنٹ اور رپورٹ شائع کرے گی۔

وڈیو کانفرنس سہولت کی نوعیت

اراکین (کراچی، لاہور کے لئے) وڈیو کانفرنس کی سہولت بھی حاصل کر سکتے ہیں۔ اس تناظر میں مندرجہ ذیل کو پر کریں اور اوراجلاسِ عام کے انعقاد سے 10 دن پہلے کمپنی کے رجسٹرڈ پتے پر جمع کروائیں۔

اگر کمپنی 10 فی صد یا اس سے زیادہ مجموعی حصص داری کے حامل اراکین اجلاس کی تاریخ سے کم از کم 10 دن پہلے کسی جغرافیائی مقام پر رہتے ہوئے اجلاس میں شرکت کرنے کے لئے رضامندی حاصل کرتی ہے تو اجلاس عام کی تاریخ سے کم از کم 5 دن پہلے دستیابی کی صورت میں وڈیو کانفرنس کی سہولت کا انتظام کرے گی اور ضروری اطلاع دے گی تا کہ وہ اس سہولت سے استفادہ حاصل کر سکیں۔

میں/ہم .... رہائش .... ورلڈ کال ٹیلی کام لمیٹڈ

کے رکن کی حیثیت سے .... (کے عمومی حصص) کے مالک ہونے پر رجسٹرڈ فولیو نمبر .... تحت

.... کے مقام پر وڈیو کانفرنس کی سہولت حاصل کرنے کا خواہش مند ہوں۔

رکن کے دستخط

اس کے اطلاق کے لئے ،حسبِ ضابطہ مکمل اور دستخط شدہ پراکسی فارم کمپنی کے رجسٹرڈ دفتر واقع ، 1566/124، مین والٹن روڈ، لاہور میں اجلاس شروع ہونے سے کم از کم 48 گھنٹے پہلے پہنچ جانا چاہئے۔

3. CDC اکاؤنٹ ہولڈرز کے لئے ہدایات

CDC اکاؤنٹ ہولڈرز کو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے عائد کی گئی مندرجہ ذیل ہدایات کی بھی پیروی کرنا ہوگی۔

a. ذاتی طور پر اجلاس میں حاضری کے لئے

(i) انفرادی طور پر، کھاتہ داران اور ذیلی کھاتہ داران جس کی رجسٹریشن کی تفصیلات قواعد کے مطابق شائع کی گئی ہیں اُن کو اپنے مجاز کمپیوٹرائزڈ قومی شناختی کارڈ یا اصلی پاسپورٹ کی اجلاس کے موقع پر توثیق کرنی ہوگی۔

(ii) کاروباری ادارہ کے معاملہ میں، بورڈ آف ڈائریکٹر کی قرارداد/مختار نامہ جس پر نامزد شخص کے نمونہ کے دستخط موجود ہوں اجلاس کے موقع پر پیش کرنا ہوگا۔(اگر یہ پہلے جمع نہیں کرائے گئے)۔

b. دوسرے ارکان کے لئے جن کو نمائندہ مقرر کیا گیا ہے

(i) انفرادی طور پر، کھاتہ داران یا ذیلی کھاتہ داران جن کی رجسٹریشن کی تفصیلات قواعد کے مطابق شائع کی گئی ہیں اُن کو مندجہ بالا ہدایات کے مطابق پراکسی فارم جمع کرانا ہوگا۔

(ii) نمائندہ اور استفامی مالک کے مجاز شناختی کارڈ اور پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ پیش کرنا ہوگی۔

(iii) نمائندہ کو اجلاس کے موقع پر اصل شناختی کارڈ اور پاسپورٹ پیش کرنا ہوگا۔

(iv) کاروباری ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمع نمونہ کے دستخط (اگر پہلے جمع نہیں کرائے گئے ہیں) پراکسی فارم کے ہمراہ کمپنی میں جمع کرانا ہوگی۔

(v) پراکسی فارم کی گواہی دو افراد دیں گے۔جن کے نام، پتے اور قومی شناختی کارڈ نمبر فارم پر درج ہوں گے۔

c. ثالث کے ذریعے نمائندے کی حیثیت سے تعمیل کرنے والے افسر کی تعیناتی کی تحریری رضامندی فراہم کر کے کمپنی کے (ای ووٹنگ) قواعد 2016ء کے مطابق الیکٹرانک ووٹ کے حق کے اطلاق کے لئے

(i ....(فرد کا نام)،..............................(عہدہ) کو اجلاس کے لئے اطلاقی افسر مقرر کیا گیا ہے۔

(ii کمپنی کے (ای ووٹنگ) قواعد 2016ء کے مطابق ثالثی کے ذریعے ای ووٹ کو اختیار کرتے ہوئے اطلاقی افسر کو تعینات کرنے کی ہدایت عمومی اجلاس کے انعقاد سے پہلے کم از کم آخر دنوں میں 1566/124، مین والٹن روڈ، لاہور میں جمع کرانا ہوگی۔ یا ای میل ایڈریس corp.info@worldcall.pk ای میل کرنا ہوگی۔

(iii پراکسی/ای ووٹنگ فارم کی توثیق دو گواہ کریں گے جن کے نام، پتے اور شناختی کارڈ فارم پر درج ہوں گے۔

(iv کمپنی کے کم از کم 5 ارکان یا کسی بھی رکن یا ارکان، جن کے پاس کم از کم ایک دہائی ووٹنگ کی طاقت ہو، کے مطالبہ پر کمپنی ای ووٹنگ کے انتظامات کرے گی۔

ورلڈکال ٹیلی کام لمیٹڈ کا بیسواں سالانہ اجلاسِ عام

بذریعہ ہذا نوٹس مطلع کیا جاتا ہے کہ ورلڈکال ٹیلی کام لمیٹڈ (''کمپنی'' یا ''WTL'') کے حصص یافتگان کا بیسواں سالانہ اجلاسِ عام مورخہ 30 جولائی 2020 بروز جمعرات بوقت 11:00 بجے دن رجسٹرڈ آفس: پلاٹ نمبر 1566/124 مین والٹن روڈ، لاہور پر منعقد ہوگا جس میں درج ذیل کاروباری امور طے کئے جائیں گے۔

عمومی امور:

1. 30 اپریل 2019 کو منعقدہ گزشتہ سالانہ اجلاسِ عام کی کاروائی کی توثیق۔
2. 31 دسمبر 2019 کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ اکاؤنٹس کے ساتھ ڈائریکٹران کی رپورٹ کی وصولی اور اس کا اطلاق۔
3. 31 دسمبر 2020ء کو اختتام پذیر سال کے لئے آڈیٹرز کو مقرر کرنا اور ان کا مشاہدہ طے کرنا۔
4. چیئرمین کی اجازت سے کسی اور امر پر بحث کرنا۔

بحکم بورڈ آف ڈائریکٹرز

محمد ذکی منور

کمپنی سیکرٹری

9 جولائی 2020

لاہور:

نوٹ:

1. حصص کی منتقلی کی کتاب کی بندش

کمپنی کے حصص کی منتقلی کی کتاب 23 جولائی 2020 سے 30 جولائی 2020ء (بشمول دونوں دن) بند رہے گی۔ کمپنی کے رجسٹرار کے دفتر، میسرز THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پہلی منزل، 40-C، بلاک-6، PECHS، کراچی-75400 میں 22 جولائی 2020ء کو کاروباری وقت ختم ہونے تک موصول ہونے والی منتقلی پر بروقت عمل ہوگا۔

2. سالانہ اجلاس عام میں شرکت

تمام اراکین جو اجلاس میں شرکت اور ووٹ کرنے کے اہل ہیں، اپنی طرف سے ووٹ اور شرکت کرنے کے لئے کسی دوسرے رکن کو تحریری طور پر اپنا نمائندہ مقرر کرنے کے مجاز ہیں۔ ایک کاروباری ادارہ، ایک رکن کی حیثیت سے، کسی بھی شخص کو چاہے وہ رکن ہے یا نہیں، اپنا نمائندہ مقرر کرسکتا ہے۔ کاروباری ادارہ کے معاملہ میں، بورڈ آف ڈائریکٹرز کی قرارداد/ مختار نامہ جس پر کاروباری ادارے کی طرف سے نمائندگی اور ووٹ دینے کے لئے اُس شخص کے نمونہ کے دستخط موجود ہوں بمعہ مکمل پراکسی فارم پارٹی کو جمع کرائے گا۔ نمائندگی حاصل کرنے والوں سے درخواست کی گئی ہے کہ وہ اجلاس کے وقت اپنے شناختی کارڈ اور اصلی پاسپورٹ پیش کریں۔

CHAIRMAN'S REVIEW REPORT

Dear Shareholders,

The Telecommunication market in Pakistan is open and tricky at times when it comes to accommodating and providing level field to operators alike. Add to this, the global outbreak of COVID – 19 pandemic and the dynamics of industry have witnessed paradigm shift coming with their own pros and cons. But still it may not be out of place to endorse here that Telecom/ IT sector seems to enjoy the atrociously rare luxury of being positively impacted. This presents WorldCall Telecom Limited a remarkable set of opportunities to thrive upon. To materialize those opportunities in to promising results, it needs anticipation, reactiveness and primarily your confidence in the Company. It would not be out of context to mention the parabolic trends in terms of revenue witnessed recently but it was support and vision of our investors that has helped us to continue during times of distress. I would like to thank you for your assurance in WorldCall.

The Company continues to strive ahead, exploring new horizons and creating niche by further consolidating its presence in Long Distance & International (LDI) and Broadband segment by enhancing its subscriber base and entering in inter-carrier agreements. The Company is ready to launch FTTH (Fiber to the Home) pilot project after undertaking detailed market research, understanding need of the consumers to be targeted, deploying necessary resources in metropolitan cities and engaging with cable operators to capture sizeable market share once it is introduced. It is worth mentioning here that, despite the challenges including but not limited to sociopolitical inadequacies and inconsistent macroeconomic policies, WorldCall Telecom Limited has closed the year on a high when compared to industrial performance.

Emphasis on entering and diversifying into yet unexplored segments/ market penetration have been pivotal and fruitful lately. WorldCall envisages to be the market leader with emphasis on optimization in operations and customer satisfaction set as top priority. Evident from our rich and unparalleled telecom history being here for the past 20 years and well steered towards the success in sight, we take pride in possessing requisite critical success factors to overturn tidal wave of adversity and restore fortune. Our long established market presence with a wide array of products and services, is what will take us barging in to glory.

I again would like to extend my earnest gratitude to our partners, our employees and our customers for trusting WorldCall as the preferred choice for telecom services.

I feel convinced that WorldCall Telecom Limited will continue to produce positive outcomes in times ahead.

Lahore, Pakistan
July 09, 2020

Muhammad Shoaib
Chairman, Board of Directors
WorldCall Telecom Limited

DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED DECEMBER 31, 2019

DEAR SHAREHOLDERS,

We are pleased to present the standalone and consolidated Financial Statements of WorldCall Telecom Limited for the year ended December 31, 2019.

ECONOMIC OVERVIEW

Pakistan's economy showedcrucial signs of sustained growth and price stability with material investmentrelating to the China Pakistan Economic Corridor (CPEC), strong consumption growth and ongoing recovery in agriculture.

But fast forward a few months and unstipulated outbreak of COVID – 19 pandemic globally, economicvariables have witnessed a paradigm shift with rebirth of e – commerce industry around the globe not to mention the need which has arisen for innovative and alternate ways of raising capital and surviving owing to prevalent “halt” which the world has come to Nevertheless, on the brighter side, all this comes with exciting set of opportunities to grasp on to and challenges alike which if catered to appropriately have the potential for enhanced revenue.

FINANCIAL PERFORMANCE REVIEW

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

WorldCall Telecom Limited – Standalone Financial Statements

Summary of financial results on standalone basis for the year ended December 31, 2019 is as follows:

Particulars	December 31, 2019	December 31, 2018
	Rs. in million	
Revenue - net	3,882	4,387
Direct Cost (Excluding Depreciation and Amortization)	(2,385)	(3,060)
Other Income	1,145	1,573
EBITDA	1,553	1,930
Depreciation and Amortization	(1,254)	(1,126)
Finance Cost	(494)	(233)
Profit / (Loss) after tax	72	447

The company has reported a net profit of Rs. 72 million for the year ended December 31, 2019 as compared to net profit of Rs. 447 million in the year 2018. This dip has mainly been caused by high cost of finance in year under review and lesser liabilities written back. Apart from that, operations of the company have sustained its targets.

The emphasis remained on cost cutting and optimization of resources at hand. Although termination of international traffic witnessed decline when appraising performance of the LDI Segment but matching increase in international clearing ensured that the segment held on to its revenue.

The Broadband business gained grounds as long term agreements reaped profits and concerted efforts were made to increase the network base. Increase in number of subscribers translated to upward trend in revenue realized.

The demand for data is still there and is growing at an ever increasing rate. With a huge carrier network across the country WTL has a comparative advantage in offering quality infrastructure services to households as well as to corporate entities. In a nutshell, Company is fully geared up to capture sizeable market share with better service offering and upgraded HFC/ OFC network.

The Company has been instrumental in cutting its Direct Costs substantially. Measures such as right sizing and engaging competent professionals to uplift the operations are some of the major factors for such sustenance.

WorldCall Telecom Limited – Consolidated Financial Statements

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

DIVIDEND

Considering the cash flow situations and expansion plans, directors have not recommended any dividend payout or bonus shares for the year.

Earnings per Share

The company recognized earnings per share of Rupee 0.04 on a standalone basis. On a consolidated basis, the earning per share was Rs. 0.03.

FUTURE OUTLOOK

The Company continues to explore new horizons by setting benchmark standards for others to follow. The same can be substantiated by groundbreaking projects in pipeline, major of which is FTTH (Fiber to the Home) pilot project. Detailed market analysis has been conducted keeping in mind targeted audience. Deployment of infrastructure in vastly populated cities is underway. Key players of the industry are being approached to bring them on board and develop a platform to ensure consistent stream of cash inflow in the Telecom Sector.

The Company deploys utmost of its resources to sustain major revenue streams generated from its Long Distance & International (LDI) and Point to Point (P2P) segments with times ahead being no exception. The sustainability factor has been topped up with the enhancement in sight owing to clearing business proving prosperous and expected expansion in countries with high volume of international traffic but lesser presence of renowned operators.

Further more, WorldCall continues to strive ahead by expanding in unexplored market segments not limited to Meat/ Poultry business, talent hunt initiatives to promote sports and extracurricular activities in the region and providing platform to deserving/ talented young players alike. MoW (Meat on Wheel), an associated concern, has been prosperous revenue stream since its incorporation and promises to deliver consistent cash inflows owing to state of the art technology for cutting sacrificial animals, timely delivery at doorstep and fine quality/ hygienic meat (all types) yet at an all affordable price. Add to that a full length 10 day event conducted under the umbrella of Worldcall's sister concerns. The event comprised of tournaments with prize money/ trophies to take home for winners featuring global sports. The event was a massive hit in collaboration with DHA and sizeable amount of revenue was generated from sponsorship and advertisement campaigns. WorldCall remains fully committed to its motto of diversification and excellence in future as well.

AUDITORS' REPORT

The External Auditors have given their unqualified opinion on the financial statements of the parent company, on standalone basis, for the year ended December 31, 2019 wherein they have given a 'Material Uncertainty relating to Going Concern' para on going concern indicating that the Company has accumulated losses of Rs. 13,187million and current liabilities exceeds current assets by Rs. 5,962 million. These conditions, along with other matters as set forth in note 22, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's management however has carried out a going concern assessment of the Company and believes that the going concern assumption used for the preparation of these financial statements is appropriate based on the grounds explained in note 22 of financial statements.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

- The financial statements for the year ended December 31, 2019 present fairly the state of affairs, the results of the operations, cash flow and changes in equity;
- Proper books of accounts have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended December 31, 2019 and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements;
- The systems of internal control is sound in design and has been effectively implemented and monitored;
- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations as on December 31, 2019;
- Default is given in notes to the financial statements for the year ended December 31, 2019.

BOARD OF DIRECTORS

Currently the Board comprises seven directors. All of them possess extensive experience and distinguished skill set with industry specific core competencies safeguarding vested interests of stakeholders and the Company. Out of them two directors are independent in accordance with the criteria mentioned in Code of Corporate Governance.

During the year under review, four (04) meetings of the Board of Directors were held from January 1, 2019 to December 31, 2019. The attendance of the Board members at the meetings was as follows:

Board Composition	Attendance at Meetings
Executive Directors	
Babar Ali Syed	4/4
Muhammad Azhar Saeed	4/4
Non-Executive Directors	
Muhammad Murtaza Raza	4/4
Faisal Ahmed	4/4
Mohammad Nadeem	3/3
Independent Director	
Dr. Syed Salman Ali Shah	2/4
Mubasher Lucman	1/4

- The leave of absence was granted to the members, who did not attend the Board meetings.

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

Note P.S. Subsequent to year under review, "Election of Directors" was held on May 31, 2020 upon completion of three (03) year tenor which commenced on May 31, 2017 for Board members in 2019. The result of the aforementioned with new composition of Board (Elected Directors) is as follows:

1. **Mr. Muhammad Shoaib**
2. **Mr. Muhammad Azhar Saeed**
3. **Mr. Faisal Ahmed**
4. **Mrs. Hina Babar**
5. **Mr. Mansoor Ali**
6. **Mr. Mubasher Lucman**
7. **Mr. Mohammad Nadeem**

CHANGE OF DIRECTORS

Mrs. Hina Babar, resigned from the post of Director on March 31, 2019 and Mr. Mohammad Nadeem was appointed to fill in the position. The Board of Directors acknowledged Mrs. Hina Babar contribution and extended their gratitude for services rendered. Mr. Mohammad Nadeem was received with good wishes in his new role. Mr. Mansoor Ali, resigned from the post of Director on 22 October 2019 and Mr. Mubasher Lucman as Independent Director was appointed on 23 October 2019 to fill the casual vacancy.

CHANGE OF COMPANY SECRETARY

Mr. Mueen Tauqir, resigned as Company Secretary on 20 September 2019 and Mr. Muhammad Zaki Munawar was appointed to fill in the position on 23 September 2019. The Board of Directors places on record its appreciation for services rendered by Mueen Tauqir and welcomed Muhammed Zaki Munawar.

DIRECTORS ' TRAINING

Three of our Directors, Mr. Muhammad Azhar Saeed (CFO), Mr. Muhammad Murtaza Raza (Director) and Mr. Mansoor Ali (Director) have obtained the prescribed certifications under the Directors Training Program. One Director is exempt from DTP. He has a minimum of 14 years of education and 15 years or more experience on the Boards of listed companies, and hence is exempt from the Directors Training Program.

In terms of Regulation 20 of the 2017 Code, the Companies are required to ensure that all the directors on their board have acquired the prescribed certification under Director Training Program by June 30, 2021. Presently, one (01) director of the Company meet the exemption from requirement of the Director's Training Program (DTP), while three (3) director has already completed this program. The remaining three (3) director shall obtain certification under the DTP in due course of time.

BOARD COMMITTEES

The Board has the following committees:

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

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

Audit Committee

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

Committee Composition	Designation	Attendance at Meetings
Mubasher Lucman	Chairman	1/1
Faisal Ahmed	Member	4/4
Muhammad Murtaza Raza	Member	4/4
Ansar Iqbal Chauhan	Secretary	4/4

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

Human Resource and Remuneration (HR & R) Committee

Human Resource & Remuneration Committee consist of five members. Chairman of the HR & R Committee is an independent director in adherence to Code of Corporate Governance Guidelines issued on September 25, 2019. The Committee holds meetings to discuss the matters falling under its ambit generally and terms of reference specifically. One meeting was held during the year which was attended by the all members as follows with the exception of Chairman, Mr. Mubasher Lucman who joined WTL's Board later in the year upon casual vacancy created by resignation of Ex – Chairman HR & R Committee Mr. Mansoor Ali, who was a non-executive director.

Committee Composition	Designation
Mubashar Lucman	Chairman
Babar Ali Syed	Member
Muhammad Azhar Saeed	Member
Muhammad Murtaza Raza	Member
Muhammad Zaki Munawar	Secretary

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

Executive Committee (EC)

Executive Committee consists of four members. The Committee holds meetings to discuss the matters falling under its Terms of Reference. No meeting was held during the period. Following are the details about members.

Committee Composition	Designation
Dr. Syed Salman Ali Shah	Chairman
Babar Ali Syed	Member
Muhammad Azhar Saeed	Member
Muhammad Murtaza Raza	Member
Muhammad Zaki Munawar	Secretary

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

AUDITORS

The auditors Messer's Crowe Hussain Chaudhury & Co., Chartered Accountants have a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan.

HOLDING COMPANY

WorldCall Telecom Limited is a subsidiary of WorldCall Services (Pvt) Limited (Holding Company). The holding company owns 983,117,312 ordinary shares of WorldCall Telecom Limited.

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

CHAIRMAN'S REVIEW

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

PATTERN OF SHAREHOLDOING

The pattern of shareholding as on December 31, 2019 and its disclosure as required by the Act and Code of Corporate Governance is annexed with this report.

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

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in their Listing Regulations relevant for the year ended December 31, 2019 have been adopted by the Company and have been duly complied with. A statement of this fact is annexed to the report.

MATERIAL CHANGES

There have been no material changes since year end December 31, 2019 till date of the report except as disclosed in this annual report and the company has not entered into any commitment which would affect its financial position at the date except for those mentioned in audited financial statements of the company for the year ended December 31, 2019.

STATUTORY COMPLIANCE

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

CODE OF CONDUCT

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

RELATED PARTY TRANSACTIONS

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

WEB PRESENCE

Updated information regarding the company can be accessed at Company's website: www.worldcall.com.pk. The website contains the latest financial results of the company along with company's profile. To facilitate its customers the Company also has its commercial website: www.worldcall.net.pk that contains information about product and services offered by the Company.

CORPORATE SOCIAL RESPONSIBILITY

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

HEALTH AND SAFETY ENVIRONMENT

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

EMPLOYEE OF THE MONTH AWARDS

The Company is committed to ensure that the personnel performing services for the company are treated with dignity & respect. We believe in long term relationship with the employee and duly recognize associate's efforts on successful accomplishment of their KPIs. Numbers of associates were rewarded with Employee of the Month Awards. Commemorating certificates and gift vouchers were presented to the associates.

ACKNOWLEDGEMENT

The Board of Directors hereby extend their gratitude and appreciation for the continued support and unwavering loyalty of our valuable customers, suppliers, contractors and stakeholders. We acknowledge their cooperation and assistance which helped us immensely in overcoming the challenges faced and continually improve our performance.

It goes without saying that all the achievements of the Company have been possible only due to the incessant and untiring efforts of its dedicated employees. Their professionalism, earnest commitment to work and ability to perform remarkably well even in dire circumstances helped the Company maintain their standing. The Company remains perpetually thankful to all of its employees for their impeccable efforts and valuable contributions. The Board remains in acknowledgement of the valuable role played by members of Audit, Human Resource and Executive Committees in assisting the management on various governance matters.

Apart from this we are indebted to the Parent Company for their financial and strategic support throughout the year. Their support and trust has been focal in encouraging the management and employees alike in surmounting the obstacles and strive to be better.

For and on behalf of the Board of Directors

Lahore, Pakistan
July 09, 2020

Babar Ali Syed
Chief Executive Officer

صحت اور تحفظ اور ماحول

کمپنی پوری ذمہ داری سے اپنا کاروبار کر رہی ہے اور کمپنی حکومت اور اندرونی صحت، تحفظ اور ماحولیاتی ضروریات کو مدنظر رکھتے ہوئے ایک لحاظ سے صحت، تحفظ اور اپنے ساتھیوں اور معاشرے کے لئے ماحولیاتی تبدیلیوں سے بچاؤ کے لئے کردار ادا کر رہی ہے۔

مہینے کے بہترین ملازم کا ایوارڈ

کمپنی یہ یقین دلانے کے لئے پرعزم ہے کہ کمپنی کے لئے ذاتی کارکردگی کی خدمات کو قدر اور عزت کی نگاہ سے دیکھا جاتا ہے۔ ہم ملازمین کے ساتھ طویل مدتی تعلق قائم کرنے پر یقین رکھتے ہیں۔ اور ان کے KPI کی کامیاب تکمیل کی ساتھی ملازم کی کوششوں کو سراہتے ہیں۔ بہت سے ساتھیوں کو مہینے کے بہترین ملازم کا ایوارڈ دیا جا چکا ہے۔ ساتھیوں کو یادگاری اسناد اور گفٹ واؤچر بھی پیش کئے گئے۔

اعتراف

بورڈ آف ڈائریکٹرز آن ریکارڈ یہ بات کہتے ہیں کہ وہ اپنے گراں قدر گاہکوں، سپلائرز، کانٹریکٹرز اور سٹیک ہولڈرز کی مسلسل حمایت اور اعتماد کو قدر کی نگاہ سے دیکھتے ہیں۔ ہم ان کے تعاون اور مدد کی بھی قدر کرتے ہیں جس نے ہمیں اپنی کارکردگی کو بہتر بنانے اور چلینجز سے نپٹنے کے لئے مدد فراہم کی ہے۔

بلاشک کمپنی کی کامیابیاں اس کے پرعزم ملازمین کی انتھک اور لگاتار کاوشوں کی مرہون منت ہیں۔ ان کی پیشہ ورانہ مہارت، کام کے ساتھ لگن اور بدترین حالات میں بھی بہترین کارکردگی دکھانے کی اہلیت نے کمپنی کو بدترین معاشی بدحالی کے عرصہ میں پرعزم رہنے میں مدد دی۔ کمپنی اپنے ملازمین کی مسلسل کاوشوں اور گراں قدر شراکت کے وجہ سے ہمیشہ شکرگزار رہے گی بورڈ آڈٹ، انسانی وسائل اور ایگزیکٹو کمیٹی کے اراکین کے متعدد گورننس معاملات میں انتظامیہ کی معاونت کے کردار کو بھی سراہتی ہے۔

اس کے علاوہ ہم پیرنٹ کمپنی کے پورے سال ان کی مالی اور اسٹریٹجک مدد کے لئے مقروض ہیں۔ ان کی مدد اور اعتماد انتظامیہ اور ملازمین کو یکساں رکاوٹوں سے نمٹنے کے لئے حوصلہ افزائی کرنے اور بہتر ہونے کی جدوجہد میں مرکزی حیثیت رکھتا ہے۔

بورڈ آف ڈائریکٹرز کے لئے اور ان کی طرف سے

Babar Ali Syed

بابر علی سید

چیف ایگزیکٹو آفیسر

لاہور:

09 جولائی 2020

کارپوریٹ گورننس کے ضابطہ کی تعمیل

31دسمبر2019ءکواختتام پذیرسال کے لئے پاکستان اسٹاک ایکسچینج کےلسٹنگ قواعد کے مطابق کارپوریٹ گورننس کے ضابطےکوکمپنی نےکلی طور پراختیار کیا ہےاور اس پرمن وعن عمل کیا ہے۔اس کےحقائق کابیان اس رپورٹ کے ساتھ منسلک ہے۔

تبدیلیاں

31دسمبر2019ءکواختتام پذیرسال سے لےکر رپورٹ کی تاریخ تک کوئی تبدیلی نہیں دیکھی گئی بجائے اس کے جواس سالانہ رپورٹ میں منکشف ہیں اور کمپنی نے کسی قسم کامعاہدہ نہیں کیا ہے جوکمپنی کی مالی حالت کومتاثر کرے بجائے اس کے کہ جو31دسمبر2019ءکواختتام پذیرسال کے لئے کمپنی کی مالی اسٹیٹمنٹس میں بتائے گئے ہیں۔

قانونی تعمیل

سال کے دوران کمپنی نے تمام قوانین پرعمل کیا ہے،تمام ریٹرنز/ فارم جمع کروائے ہیں اورکمپنیزا یکٹ2017اوراس سے متعلق تمام ضوابط،سیکیورٹیزاینڈ ایکسچینج کمیشن آف پاکستان (SECP) کےقواعداورلسٹنگ ضروریات کے مطابق تمام متعلقہ تفصیلات فراہم کی ہیں۔

ضابطہ اخلاق

اندرونی معاملات اورگاہکوں،سپلائرز،ریگولیٹرزاوردیگرسٹیک ہولڈرز کے ساتھ معاملات میں اخلاقی اوراچھے رویےکوبرقراررکھنے کے لئے بورڈ نےطریقہ کار کے طور پرایک ضابطہ اخلاق اختیار کیا ہے۔بورڈ نے ضابطہ بشمول متعلقہ پالیسیوں اورطریقہ کارکوکمپنی میں لاگوکرنے کے لئے اقدامات کئے ہیں جب کہ ضابطہ ملازمین کے ویب پورٹل میں دستیاب ہے۔

متعلقہ پارٹی لین دین کی تفصیلات

بورڈنےتمام لین دین کی تفصیلات کا جائزہ لیاہےاوراس کی توثیق کی ہے۔بورڈ نے متعلقہ پارٹی لین دین کی تفصیلات کے متعلق ایک پرائسنگ پالیسی منظور کی ہے۔ جیسا کے مالی اسٹیٹمنٹس کے مندرجات میں بحث کی گئی ہے۔

ویب کی موجودگی

کمپنی کے بارے میں تازہ ترین تفصیلات کمپنی کی ویب سائٹ:www.worldcall.com.pk سے حاصل کی جاسکتی ہیں۔ویب سائٹ میں کمپنی کے تازہ ترین مالی نتائج بمع کمپنی کا پروفائل موجود ہے۔اپنے گاہکوں کوسہولت فراہم کرنے کی غرض سے کمپنی کی اپنی کمرشل ویب سائٹ www.worldcall.net.pk بھی موجود ہےجس میں پراڈکٹ اور کمپنی کی جانب سے پیش کردہ خدمات کی تفصیل دستیاب ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی اپنی سماجی ذمہ داری پریقین رکھتی ہےاور ماحولیاتی تحفظ کے اقدامات،کمیونٹی کی سرمایہ داری اورمنسلکہ فلاحی سکیم،گاہک کی حفاظت کےاقدامات،صنعتی تعلقات، شعبہ جاتی حفاظت اورصحت،کاروباری اخلاقیات اورقومی مقاصد کے لئے چندہ دیناوغیرہ کے ذریعے اپنا کردارادا کیا ہے۔

کمیٹی کمپوزیشن	عہدہ
ڈاکٹر سید سلمان علی شاہ	چیئر مین
بابر علی سید	ممبر
محمد اظہر سعید	ممبر
محمد مرتضٰی رضا	ممبر
محمد ذکی منور	سیکرٹری

کمپنی کا دائرہ کار میں نگرانی، بورڈ کی معاونت کے لئے کمپنی کی کارکردگی پر غور، کاروباری منصوبوں اور بجٹ کا جائزہ اور توثیق، بورڈ سے منظور شدہ کمپنی کی حکمت عملی پر نگران بننا، سرمایہ کاری کے تجاویز پر غور کرنا اور نگرانی کرنا، قلیل مدتی اور طویلی مدتی مالی آپشنز کی توثیق کے لئے معاونت کرنا، بورڈ کی جانب سے منظور شدہ انتظامی اور کنٹرول پر کام کی یقین دہانی اور ان پر تعمیل کی نگرانی شامل ہیں۔ کمپنی جب بورڈ کے ڈائریکٹرز موجود نہ ہوں تو بورڈ کی جانب سے فوری نوعیت کے معاملات اور دیگر معاملات جن کا بورڈ ذمہ دار ہے پر عمل داری کی ذمہ دار ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسر کرو حسین چودھری اینڈ کو، چارٹرڈ اکاؤنٹنٹس ،انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول جائزہ کے پروگرام اور بین الاقوامی فیڈریشن آف اکاؤنٹنٹس (IFAC) کے ضابطہ اخلاق پر پورا اُترتے ہیں۔ اس ضابطہ اخلاق کے تحت جن کا اطلاق انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کرتی ہے آڈیٹرز کا درجہ تسلی بخش ہے۔

ہولڈنگ کمپنی

ورلڈ کال سروسز (پرائیوٹ) لمیٹڈ جو کہ ورلڈ کال ٹیلی کام لمیٹڈ کی ذیلی کمپنی ہے۔ ہولڈنگ کمپنی کے پاس ورلڈ کال ٹیلی کام کے 983,117,312 حصص موجود ہیں۔

ورلڈ کال سروسز (پرائیوٹ) لمیٹڈ پاکستان کے قانون کمپنیز ایکٹ 2017 کے تحت رجسٹرڈ ہے۔ اس کی بدولت پاکستان میں پے فون سرسروسز اور کیومنکیشن سروسز فراہم کی جاتی ہیں۔

چیئر مین کا جائزہ

چیئر مین کا جائزہ سال کے دوران کمپنی کی کارکردگی اور مستقبل کے نقطہ نظر کو ظاہر کرتا ہے۔ کمپنی کے ڈائریکٹر جائزہ کے مندرجات کی توثیق کرتے ہیں۔

شیئر ہولڈنگ کا پیٹرن

31 دسمبر 2019ء کو کمپنی کا شیئر ہولڈنگ کے پیٹرن اور اس کا انکشاف کارپوریٹ گورننس کے ضابطہ اور آرڈیننس کے تحت رپورٹ کے ساتھ منسلک ہے۔

پیٹرن آف شیئر ہولڈنگ میں درج اجازت نامے کے علاوہ ڈائریکٹرز، چیف ایگزیکٹو آفیسر، کمپنی سیکرٹری، چیف فائنینشل آفیسر، چیف انٹرنل آڈیٹر، چیف آپریٹنگ آفیسر اور ان کے اہلیان یا نابالغان نے زیر جائزہ سال کے دوران حصص کی خرید و فروخت کے متعلق کوئی لین دین نہیں کیا ہے۔

آڈٹ کمیٹی بورڈ سے منظور شدہ ٹرمز آف ریفرنس (TORs) کے مطابق کام کرتی ہے۔ آڈٹ کمیٹی کے ٹرمز آف ریفرنس SECP سے جاری کردہ کارپوریٹ گورننس کے ضابطہ کے عین مطابق ہیں اور اس میں بہترین عملداری کی ضرورت ہے۔ بیرونی آڈیٹرز کے تقرر کی سفارشات، آڈٹ کے کام کی سمت اور نگرانی اور آڈٹ کے عمل کی اہلیت اور معیار کے لئے کمیٹی بورڈ کو جواب دہ ہے۔ کمیٹی اندرونی آڈٹ ڈپارٹمنٹ جو خطرات سے بھرپور منصوبوں اور عمل داری کی یقین دہانی، قدر میں اضافہ کے لئے مشورے کی اسائنمنٹس اور کمپنی کے آپریشنز کی بہتری کے متعلق کارکردگی کی بھی نگرانی کرتی ہے۔ مزید یہ کہ کمیٹی یقینی دہانی کراتی ہے کہ کمپنی کے پاس متاثر کن اندرونی کنٹرول کا فریم ورک ہے۔ ان کنٹرول کے مقاصد میں اثاثہ جات کی حفاظت، قانون کے مطابق مناسب اکاؤنٹنگ ریکارڈ کی حفاظت، مالیاتی معلومات کی با اعتباری کی یقین دہانی اور آپریشنز کی کارکردگی اور تاثر شامل ہیں۔

ہیومن ریسورسس اور مشاہرہ (HR & R) کمیٹی

انسانی وسائل اور معاوضہ کمیٹی پانچ ممبروں پر مشتمل ہے۔ ایچ آر اینڈ آر کمیٹی کے چیئرمین 25 ستمبر، 2019 کو جاری کردہ کوڈ آف کارپوریٹ گورننس رہنما خطوط کی پاسداری کے لئے ایک آزاد ڈائریکٹر ہیں۔ کمیٹی عام طور پر اپنے دائرہ کار میں آنے والے معاملات اور خاص طور پر حوالہ کی شرائط پر تبادلہ خیال کرنے کے لئے اجلاس کرتی ہے۔ اس سال کے دوران ایک اجلاس ہوا جس میں تمام ممبران نے شرکت کی۔ مسٹر مبشر لقمان (چیئرمین) جنہوں نے مسٹر منصور علی، ایکس چیئرمین (جو کہ نان ایگزیکٹو ڈائریکٹر بھی تھے) کے استعفے کے بعد ورلڈ کال کے بورڈ میں شمولیت اختیار کی۔

کمیٹی کمپوزیشن	عہدہ
مبشر لقمان	چیئرمین
بابر علی سید	ممبر
محمد اظہر سعید	ممبر
فیصل احمد	ممبر
محمد مرتضیٰ رضا	ممبر
محمد ذکی منور	سیکرٹری

HR & R کمیٹی کمپنی کے ہیومن ریسورسس کی تشکیل کے جائزے کی ذمہ دار ہے اور کارپوریٹ گورننس کے ضابطہ کے مطابق ٹرمز آف ریفرنس میں درج ضروریات کے مطابق کام کرتی ہے۔ انسانی وسائل کی ترقی کے اہم شعبہ میں بہتری کے لئے یہ کمیٹی تشکیل دی گئی ہے۔ اس کا مقصد بورڈ کو مشورہ دینا اور انتظامیہ کو انتظامی کارکردگی، HR سٹاف کی بھرتی، جرمانہ اور فوائد سے متعلق مارکیٹ میں موجود HR پالیسیوں کی بناوٹ کے بارے میں آگاہ کرنا ہے۔ انتخاب، اندازے اور CEO، COO، CFO، کمپنی سیکرٹری اور انٹرنل آڈٹ کے سربراہ کے مشاہرے کا بھی جائزہ لیا جائے گا اور کمیٹی کی جانب سے بورڈ کو سفارش کی جائے گی۔

ایگزیکٹو کمیٹی

ایگزیکٹو کمیٹی چار ارکان پر مشتمل ہے۔ کمیٹی اپنے ٹرمز آف ریفرنس کے تحت معاملات پر بحث کے لئے اجلاس بلاتی ہے۔ اس عرصے کے دوران کوئی بھی اجلاس نہیں بلایا گیا۔ ارکان کی تفصیل مندرجہ ذیل ہے:

ڈائریکٹرز کی تبدیلی

مسز حنا بابر، 31 مارچ 2019 کو ڈائریکٹر کے عہدے سے مستعفی ہوئیں اور ان کی خالی نشست کو پُر کرنے کیلئے 9 اپریل 2019 کو جناب محمد ندیم کو مقرر کیا گیا۔ بورڈ آف ڈائریکٹرز نے مسز حنا بابر کی گراں قدر خدمات کی تعریف کی اور ان کی خدمات کو سراہا اور جناب محمد ندیم کی شمولیت کو خوش آمدید کہا۔ مسٹر منصور علی، نے 22 اکتوبر 2019 کو ڈائریکٹر کے عہدے سے استعفیٰ دے دیا تھا اور مسٹر مبشر لقمان کو بطور آزاد ڈائریکٹر 23 اکتوبر 2019 کو عارضی طور پر خالی جگہ کو پُر کرنے کے لئے مقرر کیا گیا تھا۔

کمپنی سیکرٹری کی تبدیلی

جناب معین توقیر، کمپنی سیکرٹری کے عہدے سے 20 ستمبر 2019 کو مستعفی ہوئے اور جناب محمد ذکی منور کو خالی نشست پُر کرنے کیلئے 23 ستمبر 2020 کو مقرر کیا گیا۔ بورڈ آف ڈائریکٹرز، جناب معین توقیر کی خدمات کو قدر کی نگاہ سے دیکھتے ہیں اور جناب محمد ذکی منور کو خوش آمدید کہتے ہیں۔

بورڈ کی کمیٹیاں

بورڈ نے مندرجہ ذیل کمیٹیوں کی تشکیلِ نو قائم کیں ہیں:

☆ آڈٹ کمیٹی

☆ ہیومن ریسورس اور ریمونیریشن کمیٹی

☆ ایگزیکٹو کمیٹی

ان کمیٹیوں کے ذریعے بورڈ کاروبار کے اہم شعبوں اور CEO کی کارکردگی پر فعال نگرانی رکھے ہوئے ہے۔ بورڈ مسلسل ان کمیٹیوں سے متعلق چارٹر/حوالہ جات کی شرائط (TORs) پر نظر رکھے ہوئے ہے۔

آڈٹ کمیٹی

آڈٹ کمیٹی تین ممبروں پر مشتمل ہے جن میں سے دو نان ایگزیکٹو ڈائریکٹر ہیں اور کوڈ آف کارپوریٹ گورننس (سی سی جی) 2019 کی تعمیل کے مطابق چیئرمین آزاد ڈائریکٹر ہیں۔ سال کے دوران چار اجلاس ہوئے۔ مالیات کے جائزے کے لئے بورڈ آف ڈائریکٹر کے اجلاس کے ہر انعقاد کے ساتھ آڈٹ کمیٹی کا اجلاس بلایا گیا۔ ان اجلاسوں میں 31 دسمبر 2019ء کو اختتام پذیر سال کے لئے آڈٹ کی تکمیل سے پہلے اور بعد بیرونی آڈیٹرز کے اجلاس اور CCG کی ضروریات کے مطابق قانونی اجلاس بھی شامل ہیں۔ آڈٹ کمیٹی مندرجہ ذیل ارکان پر مشتمل ہے:

کمیٹی کمپوزیشن	عہدہ	حاضریوں کی تعداد
آڈٹ کمیٹی کی انتظامیہ		
مبشر لقمان	چیئرمین	1/1
فیصل احمد	ممبر	4/4
محمد مرتضیٰ رضا	ممبر	4/4
انصر اقبال چوہان	سیکرٹری	4/4

زیر جائزہ سال کے دوران، 01 جنوری 2019ء سے 31 دسمبر 2019ء تک بورڈ آف ڈائریکٹرز کے (04) اجلاس منعقد ہوئے۔ بورڈ کے اراکین کی حاضریاں مندرجہ ذیل ہیں۔

بورڈ کی انتظامیہ	
بورڈ کمپوزیشن	حاضریوں کی تعداد
ایگزیکٹو ڈائریکٹرز	
بابر علی سید	4/4
محمد اظہر سعید	4/4
نان ایگزیکٹو ڈائریکٹرز	
محمد مرتضیٰ رضا	4/4
فیصل احمد	4/4
محمد ندیم	3/3
آزاد ڈائریکٹر	
ڈاکٹر سید سلمان علی شاہ	2/4
مبشر لقمان	1/1

☆ بورڈ کے اجلاس میں شریک نہ ہونے والے ارکان کو غیر حاضری کی رخصت دی گئی۔

کمپنی کی انتظامیہ نے نان ایگزیکٹو اور آزاد ڈائریکٹرز کے معاوضے کی درستگی کے لئے ایک منصفانہ اور شفاف پالیسی مرتب کی ہے۔ انڈسٹری میں اسی، متعلقہ تجربے، تعلیمی پس منظر، تکنیکی ذہانت، کمپنی کے اسٹریٹجک وژن کی قیمتی ان پٹ اور کمپنی کو اپنے طے شدہ اہداف اور اہداف کی تکمیل کے لئے مستقبل کی بصیرت کے لئے معاوضے ذہن میں رکھے جا رہے ہیں۔

نوٹ : سال کے آخر میں جائزہ کے تحت، "ڈائریکٹرز کے انتخاب" کا انعقاد 31 مئی 2020 کو تین (03) سالہ مدت پوری ہونے پر ہوا جس کا آغاز بورڈ کے ممبروں کے لئے 2019 میں 31 مئی 2017 کو ہوا تھا۔ بورڈ کی نئی تشکیل کے ساتھ مذکورہ بالا نتائج کا نتیجہ (منتخب ڈائریکٹرز) مندرجہ ذیل ہیں:

1. جناب محمد شعیب
2. جناب محمد اظہر سعید
3. جناب فیصل احمد
4. مسز حنا بابر
5. جناب منصور علی
6. مسٹر مبشر لقمان
7. جناب محمد ندیم

ڈائریکٹرز کی ٹریننگ

ہمارے تین ڈائریکٹرز، محمد اظہر سعید (سی ایف او)، جناب محمد مرتضیٰ رضا (ڈائریکٹر) اور مسٹر منصور علی (ڈائریکٹر) نے ڈائریکٹرز ٹریننگ پروگرام کے تحت مقرر کردہ سرٹیفکیٹ حاصل کیے ہیں. ایک ڈائریکٹر (ڈی ٹی پی) سے مستثنیٰ ہے۔ اس کے پاس کم از کم 14 سال کی تعلیم ہے اور لسٹڈ کمپنیز کے بورڈ پر 15 سال سے زائد کا تجربہ ہے، اور اس وجہ سے ڈائریکٹر ٹریننگ پروگرام سے مستثنیٰ ہے۔

ضابطہ اخلاق 2017 کے ضابطہ 20 کے تحت، کمپنیوں کو یہ یقینی بنانا ہوگا کہ ان کے بورڈ میں موجود تمام ڈائریکٹرز 30 جون، 2021 تک ڈائریکٹر ٹریننگ پروگرام کے تحت طے شدہ سند حاصل کرلیں۔ فی الحال، کمپنی کے ایک (01) ڈائریکٹر، ڈائریکٹر ٹریننگ پروگرام (DTP) کی ضرورت سے استثنیٰ، جبکہ تین (3) ڈائریکٹر اس پروگرام کو پہلے ہی مکمل کر چکے ہیں۔ باقی تین ڈائریکٹر وقتاً فوقتاً DTP کے تحت سند حاصل کریں گے۔

ایم او ڈبلیو (میٹ آن وہیل) جو اس سے منسلک ہے، تمام اقسام کی چیزوں کو ڈلیئر پر بروقت اور سستی قیمت پر صحت بخش گوشت کی فراہمی اور عمدہ معیار اور قربانی کے جانوروں کو کاٹنے، مستقل نقد رقم کی فراہمی کا وعدہ کرتا ہے۔

مزید براں ورلڈکال کی وساطت سے 10 روزہ ایونٹ کا انعقاد کیا گیا جس میں عالمی کھیلوں کی خاصیت رکھنے والے فاتحین کو اس ٹورنامنٹس میں انعامی رقم / اور ٹرافیاں دی گئیں۔ یہ پروگرام ڈی ایچ اے کے اشتراک سے منعقد ہوا جس میں بڑے پیمانے پر اشتہاری مہموں سے قابل ذکر آمدنی حاصل ہوئی۔ ورلڈکال مستقبل میں بھی اپنے مقصد کے لئے پوری طرح پر عزم ہے۔

آڈیٹر کی رپورٹ

31 دسمبر2019ء کو اختتام پذیر سال کے لئے بیرونی آڈیٹرز نے کمپنی کی علیحدہ مالی اسٹیٹمنٹس پر اپنی unqualified رائے کا اظہار کیا ہے۔ انہوں نے اس معاملے پر زور دیا ہے کہ کمپنی نے 31 دسمبر2019ء کو اختتام پذیر سال کے دوران 13,187 ملین روپے کا خسارہ برداشت کیا ہے۔ اور موجودہ قرضے اس کے موجودہ اثاثوں سے 5,962 ملین روپے سے بڑھ گئے ہیں۔ یہ حالات بمع دیگر معاملات جو نوٹ 2.2 میں درج ہیں، مادی غیر یقینی کی صورت حال کو ظاہر کرتے ہیں جو کمپنی کے کاروبار کو جاری رکھنے کی اہلیت کو شک میں ڈال دیتی ہے۔

تاہم کمپنی کی انتظامیہ کو یقین ہے کہ کمپنی کا کاروبار جاری رہے گا۔ اور کاروبار کو جاری رکھنے کی توقعات مناسب ہیں جو مالیاتی اسٹیٹمنٹس کو تیار کرنے کے لئے استعمال ہوئی ہیں جو کہ نوٹ 2.2 میں بیان کی گئی ہیں۔

کاروباری اور مالیاتی رپورٹنگ فریم ورک پر بیان

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

- ☆ 31 دسمبر2019ء کو اختتام پذیر سال کے لئے مالیاتی اسٹیٹمنٹس اپنے دائرہ کار، اس کے کام کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر بیان کرتی ہیں۔
- ☆ کھاتہ داری کی کتابیں مناسب طریقے سے برقرار رکھی گئی ہیں۔
- ☆ 31 دسمبر2019ء کو اختتام پذیر سال کے لئے مالیاتی اسٹیٹمنٹس کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے۔ اور اکاؤنٹنگ تخمینے مناسب اور قابل فیصلوں کو مدنظر رکھ کر لگائے گئے ہیں۔
- ☆ مالیاتی اسٹیٹمنٹس کی تیاری کے لئے بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈ (IFRS)، جس کا اطلاق پاکستان میں ہوتا ہے، کو مدنظر رکھا گیا ہے۔
- ☆ اندرونی کنٹرول بہت اعلیٰ ہے اور اس پر مؤثر طریقے سے عمل درآمد اور نگرانی ہو رہی ہے۔
- ☆ کارپوریٹ گورننس کی بہترین عمل داری کوئی ابہام نہیں جیسا کہ لسٹنگ ریگولیشنز میں بتایا گیا ہے۔
- ☆ 31 دسمبر2019ء کو اختتام پذیر سال کے لئے واجب الادا ٹیکس اور لیوی / ڈیفالٹ کی معلومات مالیاتی اسٹیٹمنٹس کے Notes میں بیان کی گئی ہیں۔

بورڈ آف ڈائریکٹرز

بورڈ 7 ڈائریکٹرز پر مشتمل ہے۔ تمام ڈائریکٹرز بورڈ میں اپنا بھرپور تجربہ استعمال کرتے ہیں تاکہ کمپنی اور سٹیک ہولڈرز کی دلچسپی کو ملحوظ خاطر رکھا جائے۔ کارپوریٹ گورننس کے ضابطہ میں بیان کردہ معیار کے مطابق ان میں سے دو ڈائریکٹرز آزاد ہیں۔

جب طویل مدتی معاہدوں سے منافع ہوا اورنیٹ ورک کی بنیاد کو بڑھانے کے لئے ٹھوس کوششیں کی گئیں تو براڈ بینڈ کے کاروبار کی بنیادیں بڑھ گئیں۔آمدنی میں اضافے کے رجحان کا ترجمہ کرنے والے خریداروں کی تعداد میں اضافہ۔

اعداد وشمار کی طلب اب بھی موجود ہے اور بڑھتی ہوئی شرح سے بڑھ رہی ہے۔ ملک بھر میں بہت بڑے کیریئر نیٹ ورک کے ساتھ، گھریلو اور کاروباری اداروں کو معیاری خدمات پیش کرنے میں ورلڈ کال ٹیلی کام لمیٹڈ کو نسبتاً فائدہ ہے۔مختصر یہ کہ، بہتر خدمات کی پیش کش اور اپ گریڈ ڈ ایچ ایف سی/ او ایف سی نیٹ ورک کے ساتھ کمپنی کے قابل مارکیٹ شیئر پر قبضہ کرنے کے لئے پوری طرح تیار ہے۔

کمپنی نے اپنے براہ راست اخراجات میں کافی حد تک کمی لانے میں اہم کردار ادا کیا ہے۔اس عمل کو بہتر بنانے کیلئے رائٹ سائز نگ اور قابل پیشہ ور افراد کو شامل کرنے جیسے اقدامات اس طرح کی روزی کے لئے کچھ اہم عوامل ہیں۔

ورلڈ کال ٹیلی کام لمیٹڈ - مجموعی مالی اسٹیٹمنٹ

مجموعی مالی اسٹیٹمنٹ ورلڈ کال ٹیلی کام لمیٹڈ (پیرنٹ کمپنی) اور روڈ 1 ڈیجیٹل (پرائیوٹ) لمیٹڈ (ماتحت کمپنی) کے مالی نتائج پر مشتمل ہیں۔روڈ 1 ڈیجیٹل ایک نجی کمپنی ہے جو 21 دسمبر، 2016 کو کمپنیز آرڈیننس، 1984 (جو کہ اب کمپنیز ایکٹ، 2017 ہے) انکارپوریٹ ہوئی)۔اس کا بنیادی کاروبار تمام نقل وحمل کی خدمات، کسی دوسرے یا دوسروں کے ساتھ موٹر گاڑی کی نقل وحمل کا اشتراک، اور انفارمیشن ٹیکنالوجی کے میدان میں، سافٹ ویئر کی ترقی اور تمام سرگرمیوں کی مدد سے متعلق ہے۔ اس کا رجسٹرڈ آفس سکینڈ فلور، 300 وائے بلاک، فیز III، ڈیفینس ہاؤسنگ اتھارٹی، لاہور کینٹ پر واقع ہے. جبکہ کاروبار کا اہم مقام 20، طارق بلاک، نیو گارڈن ٹاؤن، لاہور پر واقع ہے۔گروپ نے اس ماتحت ادارے کا کنٹرول 20 اپریل 2018 کو سال کے دوران حاصل کیا.

ڈیوڈینڈ

کیش فلو حالات اور توسیع کے منصوبوں پر غور وخوص کے بعد ڈائیریکٹرز نے اس سال کے لئے کسی بھی الاونس ادائیگی یا بونس شیئرز کی سفارش نہیں کی ہے۔

فی حصص آمدنی

کمپنی نے انفرادی طور پر فی حصص 0.04 روپے کا نقصان حاصل کیا اور مجموعی طور پر فی حصص نقصان کا تخمینہ 0.03 کی روپے رہا۔

مستقبل کا نقطۂ نظر اور توقعات

کمپنی دوسروں کے لئے معیارات کا معیار طے کر کے نئے افق کو ڈھونڈتی ہے۔اسی کو پائپ لائن میں گراؤنڈ بریکنگ پروجیکٹس کی مدد سے ثابت کیا جا سکتا ہے، ان میں سے ایک FTTH (فائبر ٹو ہوم) پائلٹ پروجیکٹ ہے۔ھدف بنائے گئے سامعین کو مدنظر رکھتے ہوئے مارکیٹ کا تفصیلی تجزیہ کیا گیا ہے۔آبادی والے شہروں میں انفراسٹرکچر کی تعیناتی جاری ہے۔انڈسٹری کے کلیدی کھلاڑیوں سے رابطہ کیا جا رہا ہے کہ وہ بورڈ میں لائیں اور ٹیلی کام سیکٹر میں مسلسل نقد آمدنی کو یقینی بنانے کے لئے ایک پلیٹ فارم تیار کریں۔

کمپنی اپنے لانگ ڈسٹنس اینڈ انٹرنیشنل (LDI) اور (P2P) طبقات سے پیدا ہونے والی بڑی آمدنی کے سلسلے کو برقرار رکھنے کے لئے اپنے وسائل کی بیشتر ترسیل کرتی ہے اور اس سے آگے آنے کی کوئی رعایت نہیں ہے۔ پائیداری عنصر بین الاقوامی ٹریفک کی اعلی مقدار کے حامل ممالک میں معروف آپریٹرز کی کم موجودگی میں خوشحال اور متوقع توسیع کو ثابت کرنے کے باعث کاروبار میں اضافہ کے ساتھ سرفہرست رہا ہے۔

مزید برآں، ورلڈ کال نہ صرف غیر منحرف مارکیٹ کے حصوں میں توسیع کر کے گوشت/ پولٹری کے کاروبار تک محدود رہا، بلکہ خطے میں کھیلوں اور غیر نصابی سرگرمیوں کو فروغ دینے کیلئے ٹیلنٹ ہنٹ کے اقدامات اور مستحق/ باصلاحیت نوجوان کھلاڑیوں کو پلیٹ فارم مہیا کرنے کی کوششیں جاری رکھے ہوئے ہے۔

ڈائریکٹرز رپورٹ

31 دسمبر 2019ءکواختتام پذیر سال کے لئے

معزز شیئر ہولڈرز

ہم کمپنی کے 31 دسمبر 2019 کے سالانہ آڈٹ کردہ علیحدہ اور مجموعی مالیاتی کارکردگی کا جائزہ پیش کرنے میں فخرمحسوس کرتے ہیں۔

اقتصادی جائزہ

پاکستان کی معیشت نے چین پاکستان اقتصادی راہداری (CPEC) سے متعلق مادی سرمایہ کاری، مستحکم کھپت میں اضافے اور زراعت میں جاری بحالی سے متعلق مستحکم نمواور قیمت میں استحکام کی اہم علامات ظاہر کیں۔

چندمہینوں سے عالمی سطح پر کوویڈ-19 وبائی امراض کا غیر متوقع پھیلاؤ تیزی سے آگے بڑھا جس میں دنیا میں آنے والے مروجہ "ہولٹ" کی وجہ سے معاشی متغیرات نے دنیا بھر میں ای کامرس انڈسٹری کا کاروبار جس کی ضرورت سے انکارنہیں، جو سرمایہ بڑھانے کے جدید اور متبادل طریقوں کے لئے پیدا ہوا ہے۔ بہرحال، روشن پہلو پر، یہ سب کچھ دلچسپ مواقع کے ساتھ ملتا ہے جس پر قابو پانے کیلئے بہتر مواقعے اور اسی طرح کے چیلنجوں کا سامنا کرنا پڑتا ہے جو اگر مناسب طریقے سے پورا ہوتا ہے تو اس میں آمدنی کے اضافے کا امکان موجود ہے۔

مالیاتی کارکردگی کا جائزہ

ورلڈکال ٹیلی کام لمیٹڈ کے مالیاتی گوشوارے میں کمپنی کے علیحدہ معاشی بیانئے اور اس کے ساتھ ساتھ مجموعی مالیاتی گوشوارے شامل ہیں۔

ورلڈکال ٹیلی کام لمیٹڈ - علیحدہ معاشی بیانئے

31 دسمبر 2019 کو ختم ہونے والے مالی سال کا خلاصہ مندرجہ ذیل ہے:

تفصیلات	31 دسمبر 2018	31 دسمبر 2019
	روپے ملین میں '000'	
آمدنی	4,387	3,882
براہ راست لاگت (استحصال اور اموریت کے بغیر)	(3,060)	(2,385)
دیگر آمدنی	1,573	1,145
EBITDA	1930	1,553
ڈیپریسیشن اینڈ امورٹائزیشن	(1,126)	(1,254)
فنانس کی لاگت	(233)	(494)
ٹیکس کے بعد منافع/(نقصان)	447	72

کمپنی نے 31 دسمبر 2019 کو ختم ہونے والے سال کیلئے 72 ملین روپے کا خالص منافع ہوا جبکہ سال 2018 میں 447 ملین روپے تھا۔ یہ گھٹاؤ بنیادی طور پر جائزہ لینے کے تحت سال میں اعلی لاگت کی وجہ سے اور کم تحویل میں لکھا گیا ہے۔ اس کے علاوہ، کمپنی کی کارروائیوں نے اپنے اہداف کو برقرار رکھا ہے۔

لاگت میں کمی اور وسائل کی اصلاح پر بھی زور دیا گیا۔ اگرچہ ایل ڈی آئی طبقہ کی کارکردگی کی تشخیص کرتے ہوئے بین الاقوامی ٹریفک کے خاتمے میں کمی کا سامنا کرنا پڑا لیکن بین الاقوامی کلیئرنس میں مماثلت اضافے نے اس حصے کو اس کی آمدنی برقرار رکھنے کو یقینی بنایا۔

SIX YEAR FINANCIAL PERFORMANCE
INCOME STATEMENTS

	Dec'19	Dec'18	Dec'17	Dec'16	Dec'15	Dec'14
	Rupees in Thousands					
Revenue - net	3,881,844	4,386,953	2,321,750	1,819,706	2,191,552	2,314,753
Direct cost excluding depreciation and amortization	(2,385,421)	(3,059,519)	(1,947,727)	(1,848,172)	(2,992,674)	(1,956,859)
Operating cost	(592,239)	(725,928)	(615,280)	(641,925)	(1,488,488)	(1,203,516)
Other income	1,144,581	1,573,111	8,145,200	192,335	259,319	490,489
Other expenses	(495,520)	(244,749)	(243,767)	(286,743)	(314,443)	(66,945)
Profit / (Loss) before Interest, Taxation, Depreciation and Amotization	1,553,245	1,929,868	7,660,176	(764,799)	(2,344,734)	(422,078)
Depreciation and amortization	(1,254,179)	(1,126,175)	(1,067,169)	(1,232,683)	(1,433,708)	(1,483,653)
Impairment loss on available for sale financial asset		-	-	-	(4,240,451)	-
Finance cost	(493,839)	(233,493)	(347,694)	(566,329)	(677,792)	(1,408,248)
Profit / (Loss) before Taxation	(194,773)	570,200	6,245,313	(2,563,811)	(8,696,685)	(3,313,979)
Taxation	267,071	(123,305)	(143,553)	1,299,074	(1,936,202)	516,765
Net Profit / (Loss) for the Year	72,298	446,895	6,101,760	(1,264,737)	(10,632,887)	(2,797,214)
Earnings / (Loss) per share - basic (Rupees)	0.04	(0.18)	6.18	(1.72)	(12.79)	(3.30)
Earnings / (Loss) per share - diluted (Rupees)	0.03	(0.18)	1.86	(1.72)	(12.79)	(3.30)

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

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

1. The total number of directors are 7 as per the following,-
   a) **Male: 7**
   b) **Female: 0**

2. The composition of the Board is as follows:

CATEGORY	NAMES
Independent Director	Dr. Syed Salman Ali Shah Mr. Mubasher Lucman
Executive Director	Mr. Babar Ali Syed Mr. Muhammad Azhar Saeed
Non-Executive Directors	Mr. Muhammad Murtaza Raza Mr. Faisal Ahmed Mr. Mohammad Nadeem–(Nominee Pak-Oman Inv. Bank)

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

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

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

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

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to ***frequency**, recording and circulating minutes of meeting of the Board.
   ***Boardhas** met for the first quarter of the year on 09 April, 2019. Overall four Board meetings were held during the year.

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

9. The Board has arranged Directors' Training program for the following:

   - Muhammad Murtaza Raza
   - Muhammad Azhar Saeed
   - Mansoor Ali

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

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

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

a. Executive Committee (Name of members and Chairman)

- Dr. Syed Salman Ali Shah (Chairman)
- Babar Ali Syed (Member)
- Muhammad Murtaza Raza (Member)
- Muhammad Azhar Saeed (Member)

b. Audit Committee (Name of members and Chairman)

- Mubasher Lucman (Chairman)
- Muhammad Murtaza Raza (Member)
- Faisal Ahmed (Member)
- Anser Iqbal (Secretary)

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

- Mubasher Lucman (Chairman)
- Babar Ali Syed (Member))
- Muhammad Murtaza Raza (Member)
- Muhammad Azhar Saeed (Member)
- Faisal Ahmed (Member)

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

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

a. Executive Committee: No meeting was held during the year
b. Audit Committee: **Quarterly
c. HR and Remuneration Committee: Annual
******Audit committee has met for the first quarter of the year on 09 April, 2019. Overall four audit committee meetings were held during the year.

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

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

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

18. We confirm that all requirements of regulations 3, 6, 7, 8, 32, 33 and 36 of the Regulations have been complied with. Regulation 27 has been explained in SOC 14.

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

Lahore,
July 09, 2020

Muhammad Shoaib
Chairman, Board of Directors
WorldCall Telecom Limited

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WORLDCALL TELECOM LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

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

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2019.

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

Serial No.	Paragraph Reference	Description
1	7	The Board did not have meeting in respect of first quarter until as late as April 09, 2019.
2	14	The Audit committee did not have meeting in respect of first quarter until as late as April 09, 2019.

Crowe Hussain Ch & Co

Lahore
Dated: 09 July, 2020

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLDCALL TELECOM LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **WorldCall Telecom Limited (the Company),** which comprise the statement of financial position as at December 31, 2019 and the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statement, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss account, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2019 and of the profit, its comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Material Uncertainty relating to Going Concern

We draw attention to Note 2.2 in the accompanying financial statements, which indicates that the Company has earned profit after taxation of Rs. 72.298 million during the year ended December 31, 2019 which includes the impact of write back of liabilities for Rs. 742.972 million. As of that date, the Company has accumulated losses of Rs. 13,186.813 million and its current liabilities exceeded its current assets by Rs. 5,962.436 million. These conditions, along with others factors like declining revenue and contingencies and commitments as mentioned in note 22 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section we have determined the matters described below to be the key audit matters to be communicated in our report:

Key Audit Matters	How the matter was addressed in our report
1. Contingencies	
Refer to note 22 to the financial statements. There are a number of threatened and actual legal, regulatory and tax cases against the Company. The contingencies require management to make judgments and estimates in relation to the interpretation of laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Involvement of subjectivity, inherent uncertainty and the time period such matters may take to resolve, the management judgments and estimates in relation to such contingencies may be complex and can significantly impact the financial statements. For such reasons we have considered contingencies as a key audit matter.	Our key audit procedures included: • Discussing the process of identifying and recording contingencies in the financial statements with the management • Review of the correspondence of the Company with the relevant tax authorities including judgments and orders passed by the competent authorities • Obtaining and reviewing external confirmations from Company's legal counsels and tax advisors for their views on case status • Discussing with the Company's in - house tax experts to assess and validate management's conclusion • Held discussion with Company's legal counsels to assess adequacy of disclosures in the financial statements • Assessed the adequacy of relevant disclosures in the financial statements.
2. Revenue Recognition	
Refer note 4.19 and note 5.1 to the financial statements. There is an inherent risk around the accuracy and completeness of revenue recorded because of the complex billing system that involves processing a large volume of data making it inherent industry risk. We have considered revenue recognition as a key audit matter because of the timing of revenue recognition, application of slab and exchange rates, controls over underlying accuracy of billing systems and presumed risk of fraud.	Our audit procedures included: • Testing of controls assisted by our IT specialists • Authorization of slab rates and reports • Inputs of records into billing system and recalculation of amounts billed to customers • Performed tests on the accuracy of customer bill generation process on a sample basis • Performed substantive analytical procedures over the significant revenue streams by developing an expectation based on rates, disconnections and installations • Tested a sample of bills and checked these to supporting documents

3. Recoverability of Trade Debts	
Refer notes 34 and note 4.14 to the financial statements. As at December 31, 2019, the Company's gross trade debts were Rs. 3,430.566 million against which allowances for against credit losses of Rs. 2,533.817 million were recognized. The Company has adopted IFRS 9 with effect from January 1, 2019 as referred to in note 5.3 t o the financial statements. The new standard requires the Company to make provision for financial assets using expected credit losses (ECL) model. We identified the recoverability of trade debts as a key audit matter because it involves significant manage ment judgment in assessing the amount likely to be received and corresponding estimates in determining the allowance of expected credit loss.	Our audit procedures included: • Discussing the policies and procedures related to revenue recognition and corresponding trade debts and allowing maximum credit ceiling to trade debts. • Obtaining an understanding of and testing the design and implementation of management's key internal controls relating to credit control, debt collection and making allowances for doubtful debts. • Agreeing, on a sample basis, the balances used in management's estimate of expected credit loss with the books of account of the Company. • Assessed the historical patterns of recovery of selected parties. • Testing the assumptions and estimates made by management for the allowances of doubtful debts. • Circularizing trade debts; assessment of their response and corroborating with the subsequent sales / receivable patterns. • Evaluating that the allowance for doubtful debt is in accordance with the applicable financial reporting framework.
4 Adoption of IFRS 16 "Leases"	
Refer notes 4.3 and note 17 to the financial statements. The Company has adopted IFRS 16 with effect from January 1, 2019 as referred to in note 5.2 to the financial statements. The new standard requires management to make significant estimates and judgements for measurement of lease liability and right of use assets. We considered the adoption of the standard as a key audit matter due to the significance of the accounting change and the involvement of significant management judgements.	Our audit procedures included: • We evaluated the appropriateness of the new accounting policies for recognition of lease contracts and their measurement in the financial statements • We obtained an understanding of the process and controls in place for identification of in scope and material lease contracts and capturing relevant data regarding the terms and conditions of the lease contracts in lease database • We corroborated the completeness of lease database by comparing the previously identified operating lease contracts and the

	Our audit procedures included: lease / rent expenses with the contracts appearing in the lease database • We performed independent checks of lease accounting computations for a sample of lease contracts through reperformance of such computations • We evaluated the appropriateness of the assumptions used by the management in measuring lease liabilities • We evaluated the adequacy of disclosures made regarding the applicati on of the standard and its impact on the financial statements

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2019, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Crowe Hussain Ch & Co

Lahore
Dated: 09 July, 2020

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	Note	2019	2018	2017
		-----------(Rupees in '000)-----------		
			(Restated)	(Restated)
SHARE CAPITAL AND RESERVES				
Authorized share capital		29,000,000	21,000,000	21,000,000
Ordinary share capital	6	11,615,252	10,835,944	9,950,546
Preference share capital	7	2,114,651	2,585,646	3,150,236
Dividend on preference shares	8	772,136	949,662	900,687
Capital reserves	9	476,453	606,776	285,911
Accumulated loss		(13,186,813)	(13,162,382)	(13,027,326)
Surplus on revaluation of fixed assets	10	1,247,166	1,466,342	605,249
		3,038,845	3,281,988	1,865,303
NON-CURRENT LIABILITIES				
Term finance certificates	11	1,567,104	1,583,763	-
Long term financing	12	87,330	13,893	43,996
Sponsor's loan	13	1,416,639	1,255,931	675,893
License fee payable	14	1,021,500	1,021,500	1,021,500
Post employment benefits	15	210,796	241,020	253,213
Long term deposit	16	-	93,580	105,000
Lease liabilities	17	175,585	-	-
		4,478,954	4,209,687	2,099,602
CURRENT LIABILITIES				
Trade and other payables	18	6,093,671	6,984,430	7,419,518
Unearned revenue		55,810	73,903	134,893
Accrued mark up	19	136,847	122,184	540,671
Current and overdue portion of non-current liabilities	20	415,282	164,740	1,605,672
Short term borrowings	21	934,046	701,558	563,936
Unclaimed dividend		1,807	1,807	1,807
Provision for taxation - net		311,857	276,322	177,015
		7,949,320	8,324,944	10,443,512
Contingencies and Commitments	22	-	-	-
TOTAL EQUITY AND LIABILITIES		15,467,119	15,816,619	14,408,417
NON-CURRENT ASSETS				
Property, plant and equipment	23	6,584,882	7,274,364	6,590,870
Right of use assets	24	2,138,001	1,001,746	333,853
Intangible assets	25	1,916,615	2,306,651	2,697,636
Investment properties	26	48,800	50,210	45,800
Long term investment	27	50,000	50,000	-
Long term trade receivable	28	-	54,578	65,240
Deferred taxation	29	2,725,027	2,281,289	2,661,372
Long term loans	30	-	-	2,890
Long term deposits	31	16,910	46,677	45,511
		13,480,235	13,065,515	12,443,172
CURRENT ASSETS				
Stores and spares	32	40,592	60,661	76,291
Stock-in-trade	33	204,777	204,777	67,258
Trade debts	34	896,749	1,674,557	1,075,745
Loans and advances	35	189,469	203,356	171,711
Deposits and prepayments	36	502,996	473,500	443,801
Short term investments	37	38,579	38,115	58,961
Other receivables	38	73,639	88,880	49,258
Cash and bank balances	39	40,083	7,258	22,220
		1,986,884	2,751,104	1,965,245
TOTAL ASSETS		15,467,119	15,816,619	14,408,417

The annexed notes from 1 to 56 form an integral part of these financial statements.

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

STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Revenue	40	3,881,844	4,386,953
Direct costs excluding depreciation and amortization	41	(2,385,421)	(3,059,519)
Operating costs	42	(592,239)	(725,928)
Other income	43	1,144,581	1,573,111
Other expenses	44	(495,520)	(244,749)
Profit before Interest, Taxation, Depreciation and Amortization		1,553,245	1,929,868
Depreciation and amortization	45	(1,254,179)	(1,126,175)
Finance cost	46	(493,839)	(233,493)
(Loss) / Profit before Taxation		(194,773)	570,200
Taxation	47	267,071	(123,305)
Net Profit for the Year		72,298	446,895
Earnings / (Loss) per Share - basic (Rupees)	48	0.04	(0.18)
Earnings / (Loss) per Share - diluted (Rupees)	48	0.03	(0.18)

The annexed notes from 1 to 56 form an integral part of these financial statements.

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
	--------------(Rupees in '000)-------------	
		(Restated)
Net Profit for the Year	72,298	446,895
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
- Remeasurement of post employment benefit obligations - net of tax	22,744	3,885
- Surplus on revaluation of fixed assets - net of tax	-	965,383
- Changes in fair value of financial assets through other comprehensive income - net of tax	464	(20,846)
Item that may be subsequently reclassified to profit or loss:	-	-
Other Comprehensive Income - net of tax	23,208	948,422
Total Comprehensive Income for the Year - net of tax	95,506	1,395,317

The annexed notes from 1 to 56 form an integral part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

Particulars	Ordinary Share Capital	Preference Share Capital	Dividend on Preference Shares	Capital Reserves			Revenue Reserve (Accumulated Loss)	Surplus on Revaluation of Fixed Assets	Total
				Fair Value Reserve	Exchange Translation Reserve	Total Capital Reserves			
	(Rupees in '000)								
Balance as at December 31, 2017	9,950,546	3,150,236	900,687	(5,928)	291,839	285,911	(13,027,326)	605,249	1,865,303
Net profit for the year	-	-	-	-	-	-	446,895	-	446,895
Other comprehensive loss for the year - net of tax	-	-	-	(20,846)	-	(20,846)	3,885	965,383	948,422
Total comprehensive income for the year - net of tax	-	-	-	(20,846)	-	(20,846)	450,780	965,383	1,395,317
Incremental depreciation / amortization for the year on surplus on revaluation of fixed assets	-	-	-	-	-	-	125,658	(125,658)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	21,368	21,368
Exchange translation reserve	-	-	-	-	463,790	463,790	(463,790)	-	-
Conversion of preference shares and dividend thereon	6,848,062	(564,590)	(198,729)	-	(122,079)	(122,079)	-	-	5,962,664
Discount on issuance of ordinary shares	(5,962,664)	-	-	-	-	-	-	-	(5,962,664)
Dividend on preference shares for the year	-	-	247,704	-	-	-	(247,704)	-	-
Total transactions with owners, recognized directly in equity	885,398	(564,590)	48,975	-	341,711	341,711	(711,494)	-	-
Balance as at December 31, 2018	10,835,944	2,585,646	949,662	(26,774)	633,550	606,776	(13,162,382)	1,466,342	3,281,988
Effect of adoption of IFRS 9 - net of tax	-	-	-	-	-	-	(331,538)	-	(331,538)
Adjusted balance as at December 31, 2018	10,835,944	2,585,646	949,662	(26,774)	633,550	606,776	(13,493,920)	1,466,342	2,950,450
Net profit for the year	-	-	-	-	-	-	72,298	-	72,298
Other comprehensive income for the year - net of tax	-	-	-	464	-	464	22,744	-	23,208
Total comprehensive income for the year - net of tax	-	-	-	464	-	464	95,042	-	95,506
Incremental depreciation / amortization for the year on surplus on revaluation of fixed assets	-	-	-	-	-	-	212,065	(212,065)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(7,111)	(7,111)
Conversion of preference shares and dividend thereon	6,528,320	(470,995)	(177,526)	-	(130,787)	(130,787)	-	-	5,749,012
Discount on issuance of ordinary shares	(5,749,012)	-	-	-	-	-	-	-	(5,749,012)
Total transactions with owners, recognized directly in equity	779,308	(470,995)	(177,526)	-	(130,787)	(130,787)	-	-	-
Balance as at December 31, 2019	11,615,252	2,114,651	772,136	(26,310)	502,763	476,453	(13,186,813)	1,247,166	3,038,845

The annexed notes from 1 to 56 form an integral part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	49	22,577	(381,820)
Decrease / (Increase) in non-current assets:			
- Long term loans		-	2,890
- Long term trade receivables		-	(1,166)
- Long term deposits		10,937	30,659
		10,937	32,383
		33,514	(349,437)
Post employment benefits paid		(1,276)	(48,205)
Finance cost paid		(50,379)	(51,763)
Income tax paid		(26,805)	(58,753)
Net Cash Used in Operating Activities		(44,946)	(508,158)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(62,995)	(96,554)
Dividend income		784	33
Investment in subsidiary		-	(5,000)
Income on deposit and savings accounts		33,199	17,913
Proceeds from disposal of property, plant and equipment		6,909	34,895
Net Cash Used in Investing Activities		(22,103)	(48,713)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term finance certificates		(30,000)	(200,000)
Repayment of long term financing		(44,987)	(83,931)
Sponsor's loan		-	688,218
Short term borrowings - net		223,728	137,622
Repayment of lease liability		(48,867)	-
Net Cash Generated from Financing Activities		99,874	541,909
Net Increase / (Decrease) in Cash and Cash Equivalents		32,825	(14,962)
Cash and cash equivalents at the beginning of the year		7,258	22,220
Cash and Cash Equivalents at the End of the Year		40,083	7,258

The annexed notes from 1 to 56 form an integral part of these financial statements.

Babar Ali Syed

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1
The Company and its Operations

1.1 Worldcall Telecom Limited ("the Company") is a public limited Company incorporated in Pakistan on March 15, 2001 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange. The Company commenced its operations on December 01, 2004 and is engaged in providing Wireless Local Loop ("WLL") and Long Distance & International ("LDI") services in Pakistan; re-broadcasting international/national satellite/terrestrial wireless and cable television and radio signals; interactive communication and to establish, maintain and operate the licensed telephony services. The Company has been licensed by Pakistan Telecommunication Authority ("PTA") and Pakistan Electronic Media Regulatory Authority ("PEMRA") for these purposes. The Company is domiciled in Pakistan and its registered office cum principal place of business is situated at Plot # 1566/124, Main Walton Road, Lahore Cantt.

Worldcall Services (Pvt.) Limited (the "Parent Company"), incorporated in Pakistan, owns 39.98% (2018: 27.79%) ordinary shares of the Company. Aggregate holding of Worldcall Services (Private) Limited through other associates is 47.75% (2018: 53.27%) (refer to note 4.23.1)

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

Sr.	Business unit	Address
1	Main Offices	Plot # 1566/124, Main Walton Road, Lahore Cantt.
2		Office # 317, The Plaza Shopping Center, G-7, Block-9, Clifton, Karachi.
3	Regional offices	Office # 302, 303, 304, 318, 319 & 316 The Plaza Shopping Center, G-7, Block-9, Clifton, Karachi.
4		Office No 508, Uni Plaza, I.I.Chundrigar Road, Karachi.
5		41 N, Gulberg II, Lahore.
6		Y-194/1, Commercial Phase-III, DHA, Lahore.
7		Ali Tower, 105-BII, MM Alam Road, Lahore.
8		Shop # 35,34, J-I Market, WAPDA Town, Lahore.
9		CSC Cantt. Shop # 02 Ground floor Cantt Board Plaza, Tufail Road, Lahore Cantt.
10		House # 81, FG Colony, Hassan Garhi Shami Road, Peshawar.
11	Warehouse	Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore.
12		Plot # F15/F16, Ground Portion situated at P&T Colony, Gizri Road, Clifton, Karachi.
13		Shop # 42, Near Arbab Ziauddin Plaza, Sabzal Road, Quetta.
14	Headends	Office # 315, Plot # G-7, Block-9, K.D.A Scheme # 5, Kehkashan Clifton, Karachi.
15		Plot # 33, Maqboolabad Cooperative Housing Society, Karachi.
16		Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakh Pat, Lahore.
17		P-1410-11-B, People's Colony-1, Faisalabad.
18		Plot # 321, St # 04, Sector I-9/3, Islamabad.
19		Khawar Centre, 92-Nusrat Road, Near SP Chowk, Multan.
20		Mukarram Plaza, Plot # 591-592-B, Main Market Model Town, Gujranwala.

Note 2
Basis of Preparation

2.1 **Statement of compliance**

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

The financial statements provide comparative information in respect of the previous year. In addition, the Company presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

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

2.2 Going concern assumption

2.2.1 The Company has earned a profit after taxation of Rs. 72.298 million during the year ended December 31, 2019 (2018: profit after taxation of Rs. 446.90 million) which includes the impact of write back of liabilities for Rs. 742.972 million (2018: Rs. 718.393 million). As at December 31, 2019, the accumulated loss of the Company stands at Rs. 13,186.813 million (December 31, 2018: Rs. 13,162.382 million) and its current liabilities exceed its current assets by Rs. 5,962.436 million (December 31, 2018: Rs. 5,573.84 million). These conditions, along with the other factors like declining revenue and contingencies and commitments as mentioned in note 22, indicate the existence of material uncertainties that cast significant doubt about the Group's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

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

2.2.2 Net Liabilities Position - Risk Mitigation

As mentioned above, there is a net current liability position of approximately Rs. 5.962 billion as on the reporting date, which has the following major components:

Description	Note	Rs in million
Short term Borrowings	2.2.2.1	934
Pakistan Telecommunication Authority (PTA)	2.2.2.2	2,335
Claims of Parties Challenged	2.2.2.3	824
Regularly revolving creditors	2.2.2.4	767
Provision for taxation	2.2.2.5	312
		5,172

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

2.2.2.1 The Company has been successful in obtaining renewals of its short term financing facilities from all major banks except two facilities of Rs. 150 million (note 21). Moreover, short term borrowings include funds obtained from sponsor / related parties to the tune of rupees 491.834 million.

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

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

2.2.2.4 The amount payable to creditors amounting Rs. 767 million represents routine trade credits extended by regular parties and these balances are of revolving nature. Thus, no immediate net cash outlay would be required.

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

2.2.3 Continued Support from a Majority Shareholder

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

2.3 Presentation currency

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

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

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

The following amendments to existing standards and interpretations have been published and are mandatory for the year ended December 31, 2019 and are considered to be relevant to the Company's financial statements:

IFRS 9 Financial Instruments	July 1, 2018
IFRS 9 Financial Instruments [Amendments]	January 1, 2019
IFRS 15 Revenue from Contracts with Customers	July 1, 2018
IAS 19 Employee Benefits [Amendments]	January 1, 2019
IFRS 3 Business Combinations [Amendments]	January 1, 2019
IAS 23 Borrowing costs [Amendments]	January 1, 2019
IFRS 16 Leases	January 1, 2019
Annual improvements to IFRSs (2015-2017 Cycle)	January 1, 2019

The Company had to change its accounting policies and make certain adjustments following the adoption of above. These are disclosed in relevant notes to the financial statements.

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

IFRIC 23 Uncertainty over Income Tax Treatments	January 1, 2019
IAS 28 Investments in Associates and Joint Ventures [Amendments]	January 1, 2019
IFRS 11 Joint Arrangement [Amendments]	January 1, 2019

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

2.4.2.1 The following standards, amendments and interpretations with respect to the approved accounting and reporting standards as applicable in Pakistan and relevant to the Company, would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective Date (Period beginning on or after)
Conceptual Framework in IFRS Standards [Amendments]	January 1, 2020
IFRS 3 Business Combinations [Amendments]	January 1, 2020
IFRS 7 Financial Instruments: Disclosures [Amendments]	January 1, 2020
IFRS 9 Financial Instruments [Amendments]	January 1, 2020
IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
IFRS 16 Leases [Amendments]	June 1, 2020
IFRS 17 Insurance Contracts	January 1, 2021
IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2020
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

The Company expects that such improvements to the standards will not have any material impact on its financial statements in the period of initial application.

Note 3
Basis of Measurement

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

3.1 Use of estimates and judgments

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

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

Note 4
Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, except for those as disclosed in Note 5.

4.1 Share capital

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

4.2 Post employment and other benefits

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

4.2.1 *Defined benefits plan*

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

4.2.2 *Accumulating compensated absences*

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

4.3 Leases

The Company has applied "IFRS 16 - Leases" effective from January 01, 2019 using the cumulative catch-up approach. The comparative information has not been restated as permitted by IFRS 16.

For contracts entered into, or modified, on or after January 1, 2019; the Company assesses whether a contract contains a lease or not at the inception of a contract. Inception date is the earlier of lease agreement and the date of commitment by both lessor and the lessee to the terms and conditions of the lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company reassesses whether a contract is, or contains, a lease further when the terms and conditions of the contract are modified.

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

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

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

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

4.3.1 *Company as a lessee*

4.3.1.1 Recognition

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

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

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

4.3.1.2 Initial measurement

Lease liability

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

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

Right-of-use asset

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

4.3.1.3 Subsequent measurement

Lease liability

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

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

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

Right-of-use asset

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

The Company applies fair value model to right-of-use assets that meet the definition of investment property and does not apply revaluation model to right-of-use assets that relate to a class of property, plant and equipment to which the Company applies the revaluation model.

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

Depreciation is charged to the statement of profit or loss account at rates given in note 24.

4.3.2 *Company as a lessor*

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

4.3.2.1 Finance leases

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

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

b) any unguaranteed residual value accruing to the Company.

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

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

Company as a Manufacturer of Dealer Lessor

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

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

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

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

Subsequent measurement of finance leases:

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

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

Lease modifications:

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

4.3.2.2 Operating leases

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

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

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

4.4 Provisions

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

4.5 Taxation

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

4.5.1 Current

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

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

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

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

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

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

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

4.5.2 ***Deferred***

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

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

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

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

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

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

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

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

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

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

4.6 **Contingent liabilities**

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

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

4.7 Property, plant and equipment

4.7.1 *Operating fixed assets*

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

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

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

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

Depreciation on additions is charged from the month in which the assets are available for use while no depreciation is charged in the month in which the assets are disposed off. Rates of depreciation are disclosed in Note 23.1.

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

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

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

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

4.7.2 *Capital work-in-progress*

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

4.7.3 *Major spare parts and stand-by equipment*

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

4.8 Intangible assets

4.8.1 *Goodwill*

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

4.8.2 *Other intangible assets*

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

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

Indefeasible Right to Use ("IRU") contracts are recognized at cost as an intangible asset when the Company has the specific IRU on identified portion of the underlying asset, generally optical fibers or dedicated bandwidth, and the duration of the right is for the major part of the underlying asset's economic life. They are amortized on a straight-line basis over the period of the contract.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is charged to the statement of profit or loss account as and when incurred. Amortization on other intangible assets is charged to the statement of profit or loss account on straight-line method at the rates given in note 25. Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

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

4.9 Investment properties

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

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

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

4.10 Impairment of non-financial assets

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

4.11 Investments

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

4.11.1 Long term investments in equity instruments of subsidiaries

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

4.12 Stores and spares

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

4.13 Stock-in-trade

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

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

4.14 Financial instruments

4.14.1 Financial assets

Classification

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

a) *Financial assets at amortized cost*

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

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

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

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

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

Reclassification

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

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

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

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

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

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

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

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

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

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

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

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

Derecognition

Financial assets are derecognized when:

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

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

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

Impairment of financial assets

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

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

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

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

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

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

4.14.2 Financial liabilities

Initial recognition and measurement

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

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

The Company does not reclassify any of its financial liabilities.

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

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

All other liabilities

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

Derecognition

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

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

4.14.3 Offsetting of financial assets and liabilities

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

4.15 Cash and cash equivalents

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

4.16 Foreign currency transactions and translation

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

4.17 Borrowing costs

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

4.18 Balances from Contract with Customers

Contract costs

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

Contract assets

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

Trade receivables

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

Contract liabilities

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

4.19 Revenue recognition

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

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

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

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

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

4.20 Dividend and other appropriations

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

4.21 Fair value measurement

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

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

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

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

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

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 — Unobservable inputs for the asset or liability.

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

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

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

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

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

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

- Property, plant and equipment under revaluation model	Note 23.1.3
- Intangible assets under revaluation model	Note 25.1
- Investment properties	Note 26
- Financial instruments (including those carried at amortized cost)	Note 52.4

4.22 Earnings per Share

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

4.23 Related parties

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

Name of Related party	Basis of Relationship	% of Holding in the Company
Ferret Consulting - F.Z.C	Common directorship	7.53%
Worldcall Services (Private) Limited	Parent company (note 4.23.1)	39.98%
AMB Management Consultants (Private) Limited	Common directorship	0.24%
Worldcall Business Solutions (Private) Limited	Common key management personnel	0%
Worldcall Cable (Private) Limited	Common directorship	0%
Route 1 Digital (Private) Limited	Wholly owned subsidiary	0%
Worldcall Ride Hail (Private) Limited	Common directorship	0%
Acme Telecom (Private) Limited	Common directorship	0%
Mr. Babar Ali Syed	Director / CEO	0.00003%
Mr. Muhammad Azhar Saeed	Director / CFO	0.00002%
Mr. Muhammad Murtaza Raza	Director	0.00002%
Dr. Syed Salman Ali Shah	Director	0.00037%
Mr. Faisal Ahmed	Director	0.00002%
Mr. Mansoor Ali	Ex - Director	0.00000%
Mrs. Hina Babar	Ex - Director	0.00000%
Mr. Mubasher Lucman	Director	0.00002%
Mr. Mohammad Nadeem	Director	0.00002%

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

4.23.1 Worldcall Services (Private) Limited, through other associates namely Ferret Consulting F.Z.C and AMB Management Consultants (Private) Limited, in aggregate holds 47.75% (2018: 53.27%) ordinary shares in the Company.

Note 5
Effect of Changes in Accounting Policies

Except for the changes mentioned below, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

The following standards, amendments and interpretations to approved accounting and reporting standards have been adopted by the Company which are relevant for the Company. Any change in presentation or classification of items has been accounted for in accordance with IAS 8 '*Accounting Policies, Changes in Accounting Estimates and Errors*'. However, no restatement has been deemed necessary in this regard.

5.1 IFRS 15 'Revenue from Contracts with Customers'

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is nil.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 July 2018) replaces IAS 18 Revenue, IAS 11 Construction Contracts, and other related interpretations on revenue recognition. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Set out below, are the amounts by which each financial statement line item is affected as at and for the year ended December 31, 2019 as a result of the adoption of IFRS 15. The adoption of IFRS 15 did not have a material impact on the financial statements of the Company. The only change is the change in terminologies with no change in amounts to be recognized. The first column shows amounts prepared under IFRS 15 and the second column shows what the amounts would have been had IFRS 15 not been adopted:

	IFRS 15	Previous IFRS	Increase / (Decrease)
	-----------------Rupees in thousands---------------------		
LIABILITIES			
Contract liabilities - trade and other payables	10,639	-	10,639
Advance from customers - trade and other payables	-	10,639	(10,639)

The Company has not presented a third statement of financial position as at the beginning of the the preceding period as the Company believes that the there is no effect of restatement and reclassifications.

5.2 IFRS 16 'Leases'

The Company has adopted IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019) during the period that has replaced IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC-15 - Operating Leases - Incentives and SIC-27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 aims to set out the principles for recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for virtually all of the leases. IFRS 16 includes an optional exemptions for certain short-term leases and leases of low-value assets for lessees. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make the lease payments. Under the previous standard, IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17 'Leases'. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, as the IASB has updated the guidance on the definition of a lease as well as the guidance on the combination and separation of contracts, lessors will also be affected by the new standard. The adoption of IFRS 16 has necessitated change in accounting policy for the Company.

The Company has applied IFRS 16 using the cumulative catch-up approach and therefore the comparative information presented has not been restated and continues to be reported under IAS 17 and related interpretations.

On transition to IFRS 16, the Company has elected to use the following practical expedients under IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease;

- A single discount rate has been applied to portfolio of leases with reasonably similar characteristics;

- Leases with a remaining term of twelve months or less from the date of application have been accounted for as short-term leases (i.e. not recognized in the statement of financial position) even though the initial term of the leases from lease commencement date may have been more than twelve months;

- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Company, as a lessee, previously used to classify leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. The Company used to recognize minimum lease payments in full as an expense. Now, under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for all leases, after taking into account the elections made for available practical expedients described above.

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 'Determining Whether an Arrangement contains a Lease'. The Company now assesses whether a contract is, or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company depreciates right-of-use assets in depreciation and amortization and unwounds the discount on lease liability into finance cost.

On transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at January 1, 2019, the date of initial application. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. There has been no impact on the opening equity.

The Company has applied IAS 36 Impairment of Assets to ROU assets at the date of initial application and assessed that ROU assets are not impaired as at that date.

On transition to IFRS 16, the Company has recognized an additional Rs. 254.34 million of right-of-use assets (adjusted by prepaid lease payments of Rs. 3.49 million) and Rs. 250.85 million of lease liabilities in the statement of financial position. The Company used its incremental borrowing rate at January 1, 2019 to discount the lease payments. The weighted average incremental borrowing rate applied to lease liabilities on January 1, 2019 was 13.35%.

The reconciliation of aggregate lease liability recognized in the statement of financial position at January 1, 2019 with the Company's operating lease commitment as at December 31, 2018 is as follows:

	Rs. in '000
- Operating lease commitment as at December 31, 2018	450,841
- Recognition exemption for short-term leases	(10,829)
- Effect of discounting those lease commitments at an annual rate of 13.35%	(189,165)
Lease liabilities recognized at January 1, 2019 as a result of initial application of IFRS 16	**250,847**

There is no effect on prior period figures in statement of profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity. The effect on prior period financial statements in statement of financial position on account of re-classification of leased assets to a new category line item is as follows:

	Note	Amount previously stated as at December 31, 2018	Re-classification	Amount re-stated as at December 31, 2018
		---------------------Rupees in '000	---------------------	
Property, plant and equipment	23	8,276,110	(1,001,746)	7,274,364
Right of use assets	24	-	1,001,746	1,001,746

	Note	Amount previously stated as at December 31, 2017	Re-classification	Amount re-stated as at December 31, 2017
		---------------------Rupees in '000	---------------------	
Property, plant and equipment	23	6,924,723	(333,853)	6,590,870
Right of use assets	24	-	333,853	333,853

5.3 IFRS 9 'Financial Instruments'

The Company has adopted IFRS 9 'Financial Instruments' during the period that has replaced IFRIC 9 - Reassessment of Embedded Derivatives, IAS 39 - Financial Instruments: Recognition and Measurement, IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). IFRS 9 shall now govern the classification, recognition, measurement, presentation and disclosure of financial instruments.

IFRS 9 has introduced new requirements governing the recognition and measurement of financial instruments and impairment losses on financial assets. IFRS 9 also includes new guidelines on hedge accounting. The financial assets are now classified on the basis of the business model in which they are held and their cash flow characteristics. Equity instruments currently classified as held for trading financial assets may now be recognized at fair value through other comprehensive income. The change in recognition of impairment of financial assets from the incurred loss model to the expected loss model will result in earlier recognition of expected losses in the profit and loss account. The loss allowances to be recognized on receivables will now be determined using the full lifetime expected loss model. The default rates will be based on historical and forward-looking data. The requirements regarding financial liabilities remain mostly unchanged.

The Company has applied IFRS 9 prospectively, with an initial application date of January 1, 2019. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising, if any, from the adoption of IFRS 9 have been recognized directly in retained earnings and other components of the equity.

Effects of IFRS 9, Financial Instruments

The reclassification of financial instruments from IAS 39 to IFRS 9 categories depending on the applicable business model and the associated contractual cash flows did not materially affect the condensed interim financial statements.

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortized cost, or fair value through other comprehensive income (OCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, January 1, 2019. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact to the Company. The Company continued measuring at fair value all financial assets previously held at fair value under IAS 39. The following are the changes in the classification of the Company's financial assets:

- Financial assets classified as Loans and receivables as at December 31, 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortized cost beginning January 1, 2019.

- Quoted debt investments classified as Available-for-sale (AFS) financial assets as at December 31, 2018 are classified and measured as debt instruments at fair value through OCI beginning January 1, 2019. The Company expects not only to hold the assets to collect contractual cash flows, but also to sell a significant amount on a relatively frequent basis.

The Company has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Company's financial liabilities.

In summary, upon the adoption of IFRS 9, the Company had the following required or elected reclassifications as at January 1, 2019:

IAS 39 Category		IFRS 9 Category		
	Amount under IAS 39	Fair value through profit or loss	Amortized cost	Fair value through OCI
	--------------------------Rupees in thousands------------------------------			
Loans and receivables				
Long term loans	2,758	-	2,758	-
Long term deposits	46,677	-	46,677	-
Long term trade receivables*	54,578	-	-	-
Long term investment	50,000	-	50,000	-
Trade debts*	1,674,557	-	1,266,868	-
Short term deposits	458,565	-	458,565	-
Other receivables	88,880	-	88,880	-
Cash and bank balances	7,258	-	7,258	-
Available for sale				
Listed equity investments	38,115	-	-	38,115

*The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below:

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of IFRS 9 the Company recognized additional impairment on the Company's Trade debts of Rs. 462.267 million which resulted in a decrease in retained earnings of Rs. 462.267 as at January 1, 2019. Impairment losses do not reduce the carrying amount of debt instruments at fair value through OCI in the statement of financial position, which remains at fair value.

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Allowance for impairment under IAS 39 as at December 31, 2018	Re-measurement	ECL under IFRS 9 as at January 1, 2019
	---------------------Rupees in '000---------------------		
Loans and receivables under IAS 39 / Financial assets at amortized cost under IFRS 9	2,064,433	462,267	2,526,700

Note 6

Ordinary Share Capital

2019	2018		Note	2019	2018
No. of Shares				--------------(Rupees in '000)--------------	
344,000,000	344,000,000	Ordinary shares of Rs. 10 each fully paid in cash		3,440,000	3,440,000
309,965,789	309,965,789	Ordinary shares of Rs. 10 each issued in accordance with the scheme of merger		3,099,658	3,099,658
98,094,868	98,094,868	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		980,949	980,949
108,510,856	108,510,856	Ordinary shares of Rs. 10 each issued against convertible loan		1,085,109	1,085,109
1,598,182,378	945,350,404	Ordinary shares of Rs. 10 each issued against convertible preference shares	6.1	15,981,824	9,453,504
				24,587,540	18,059,220
		Less: Discount on issue of shares	6.6	(12,972,288)	(7,223,276)
2,458,753,891	1,805,921,917			11,615,252	10,835,944

6.1 During the year, 46,800 (2018: 56,100) convertible preference shares and accumulated preference dividend thereon amounting to Rs. 177.526 million (2018: Rs. 198.729 million) have been converted into ordinary shares in accordance with the agreed terms and conditions detailed in Note 7.2.

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

6.3 Worldcall Services (Private) Limited, parent of the Company, holds 983,117,312 shares (2018: 501,862,290 shares) representing 39.98% (2018: 27.79%) shareholding in the Company. Out of these shares, 175 million shares are pledged to secure TFC liability which will be released with quarterly scheduled principal repayments proportionately starting from June 2019 (refer to note 11).

6.4 Ferret Consulting F.Z.C., an associate of the Company, holds 185,221,085 shares (2018: 324,444,643 shares) representing 7.53% (2018: 17.97%) shareholding in the Company.

6.5 AMB Management Consultants (Private) Limited, an associate of the Company, holds 5,914,053 shares (2018: 135,576,543 shares) representing 0.24% (2018: 7.51%) shareholding in the Company.

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

	2019	2018
	--------------(Rupees in '000)--------------	
Opening balance	7,223,276	1,260,612
Add: Discount on issuance of ordinary shares during the year	5,749,012	5,962,664
Closing balance	12,972,288	7,223,276

6.7 Reconciliation of ordinary share capital is as follows:

	2019	2018
Opening balance	18,059,220	11,211,158
Add: Shares issued during the year	6,528,320	6,848,062
Closing balance	24,587,540	18,059,220

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

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

Note 7

Preference Share Capital

	Note	2019	2018	2019	2018
		--------No. of Shares--------		------------(Rupees in '000)------------	
Opening balance		255,400	311,500	2,585,646	3,150,236
Less: Preference shares converted into ordinary shares during the year	7.3	(46,800)	(56,100)	(470,995)	(564,590)
		208,600	255,400	2,114,651	2,585,646

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

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

7.3 In accordance with the terms detailed in Note 7.2 above, certain preference shareholders have exercised conversion option. Thus, their CPS and accrued preference dividend thereon have been converted into ordinary shares as reflected in Note 6.1 and Note 8.2.

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

7.5 Worldcall Services (Private) Limited, parent of the Company, holds NIL preference shares (2018: 34,500 preference shares) in the Company.

7.6 Ferret Consulting F.Z.C., an associate of the Company, holds 156,100 preference shares (2018: 164,100 preference shares) in the Company.

7.7 AMB Management Consultants (Private) Limited, an associate of the Company, holds NIL preference shares (2018: 4,300 preference shares) in the Company.

7.8 Mandatory date of conversion of CPS has expired during the last year and the Company has failed to redeem the un-converted preference shares in a timely fashion as required by its Articles of Association. Thus, the Company is in default of Regulation 12 of the Companies (Further Issue of Shares) Regulations, 2018. According to these Regulations, a listed Company that fails to, completely or partially, fulfill or comply with any of the relevant terms and conditions of preference shares is considered to be in an event of default.

7.9 During the year, the preference shareholders in an ExtraOrdinary General Meeting held on January 4, 2019 and ordinary shareholders in annual general meeting held on April 30, 2019 have given their assent for the conversion of preference shares at nominal value of Rs. 10 each and for amendments in the Memorandum and Articles of Association of the Company. Resultantly, preference shares along with dividend accrued thereon shall be converted on any date from the mandatory conversion date, at par value of Rs. 10 each. However, the shares for which notices have been received before mandatory conversion date would be converted on the terms prevalent on the date of notice.

Note 8

Dividend on Preference Shares

	Note	2019	2018
		-------------(Rupees in '000)-------------	
Dividends on preference shares	8.1	772,136	949,662

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

8.2 During the year, cumulative preference dividend amounting to Rs. 177.526 million (December 31, 2018: Rs. 198.72 million) was converted into ordinary shares as a result of conversion option exercised by certain preference shareholders in accordance with the terms and conditions given in Note 7.2 above.

Note 9

Capital Reserves

	2019	2018
	--------------(Rupees in '000)--------------	
Fair value reserve	(26,310)	(26,774)
Exchange translation reserve	502,763	633,550
	476,453	606,776

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

Note 10

Surplus on Revaluation of Fixed Assets

	2019	2018
	--------------(Rupees in '000)--------------	
Opening balance - net of tax	1,466,342	605,249
Surplus on revaluation arisen during the year	-	1,340,623
Related deferred taxation	-	(375,240)
	-	965,383
Adjustment of related deferred tax due to change in tax rate and proportion of normal sales	(7,111)	21,368
Transfer to retained earnings in respect of net incremental depreciation / amortization net of deferred tax	(212,065)	(125,658)
Closing balance - net of tax	1,247,166	1,466,342

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

Latest revaluation was carried out by an approved independent valuer, M/s Arch-E'-Decon, on October 01, 2018 using current market price / replacement cost methods, wherever applicable. This has resulted in revaluation surplus of Rs. 1.34 billion. Incremental depreciation charged on revalued fixed assets is taken to the statement of changes in equity to record realization of surplus to the extent of incremental depreciation. Incremental depreciation represents the difference between the actual depreciation / amortization on revalued assets based on revalued amounts and the equivalent depreciation / amortization based on the historical cost of these assets.

Note 11

Term Finance Certificates

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Opening balance		1,317,110	1,517,110
Less: Payments made during the year		(30,000)	(200,000)
		1,287,110	1,317,110
Less: Current and overdue portion	20	(200,076)	(130,006)
		1,087,034	1,187,104
Add: Deferred markup	11.1	480,070	396,659
		1,567,104	1,583,763

Term finance certificates (TFCs) have a face value of Rs. 5,000 per certificate. These TFCs carry mark up at the rate of six months average KIBOR plus 1.0% per annum (2018: six month average KIBOR plus 1.0% per annum), payable quarterly. The mark up rate charged during the year on the outstanding balance ranged from 9.20% to 14.91% (2018: 7.49% to 9.2%) per annum.

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

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

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

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

The Company is in default of certain covenants including non-payment of due quarterly installments of June, September and December 2019. In case of failure to make due payments by the Company, Trustee can instruct the security agent to enforce the letter of pledge and sell the quantum of the pledged shares to generate the amount required for the settlement of the outstanding redemption amount.

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

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

		Note	2019	2018
			--------------(Rupees in '000)--------------	
11.1	**Deferred markup**			
	Deferred markup	11.1.1	667,277	588,776
	Adjustment due to impact of IFRS 9	11.1.2	(187,207)	(192,117)
			480,070	396,659
11.1.1	Reconciliation of deferred markup is as follows:			
	Opening balance		588,776	-
	Add: Markup deferred during the year		78,501	588,776
			667,277	588,776
11.1.2	Reconciliation is as follows:			
	Opening balance		192,117	-
	Add: Discounting impact of deferred markup	43.1	28,667	192,117
			220,784	192,117
	Less: Unwinding impact of discounted deferred markup	46.1	(33,577)	-
			187,207	192,117

Note 12

Long Term Financing

From Banking Companies (secured)

		Note	2019	2018
Allied Bank Limited		12.1	87,330	-
Askari Bank Limited		12.2	-	13,893
			87,330	13,893
			87,330	13,893
12.1	**Allied Bank Limited**			
	Opening balance		-	51,820
	Transfer from running finance		120,697	-
	Repayments		(14,147)	(51,820)
			106,550	-
	Less: Current and overdue portion	20	(28,550)	-
			78,000	-
	Add: Deferred markup		15,098	-
	Less: Discounting of deferred markup	43.1	(5,768)	-
			9,330	-
			87,330	-

This represents balance transferred as a result of restructuring of short term running finance (RF) facility to Term Loan Facility. Principal will be repaid in 48 stepped up monthly installments starting from January 2019 till December 2022. Markup will be accrued and will be serviced in 12 equal monthly installments, starting from January 01, 2023. Effective markup rate applicable will be 3 Month KIBOR + 85 bps. The mark up charged during the year on the outstanding balance ranged from 11.4% to 14.7% per annum. The facility is secured against 1st joint pari passu charge on present and future current and fixed assets excluding building of the Company for Rs. 534 million and right to set off on collection account.

	Note	2019	2018
		--------------(Rupees in '000)--------------	
12.2 Askari Bank Limited			
Opening balance		48,627	76,414
Repayments		(30,840)	(27,787)
		17,787	48,627
Less: Current and overdue portion	20	(17,787)	(34,734)
		-	13,893

This represents liability created by the bank due to encashment of performance guarantee issued in favor of Universal Service Fund (USF). The tenure of the loan is 3 years and is repayable by April 01, 2020. It carries mark up at 6 months KIBOR plus 2% per annum. The mark up charged during the year on the outstanding balance ranged from 12.80% to 15.13% (2018: 8.21% to 9.04%) per annum. The loan is secured through joint collateral comprising first joint pari passu hypothecation charge of Rs. 1.26 billion over all present and future fixed and current assets of the Company with 25% margin, first exclusive assignment of all present and future receivables of LDI business arm of the Company in favor of lender with 25% margin and collection accounts with the Bank for routing of LDI receivables.

Note 13

Sponsor's Loan

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Sponsor's Loan - unsecured			
- Interest bearing	13.1	466,050	417,300
- Non-interest bearing	13.2	950,589	838,631
		1,416,639	1,255,931
13.1 Opening balance		417,300	331,500
Exchange loss		48,750	85,800
		466,050	417,300

This represents USD denominated loan obtained from Worldcall Services (Private) Limited, the Parent Company. It carries mark up at 12 months KIBOR plus 1%. This loan is subordinate to long term financing from Allied Bank Limited (note 12.1) up to the extent of exposure of Allied Bank Limited. The mark up rate charged during the year on the outstanding balance is 12.34% (2018: 7.50%) per annum. The amount is not payable over the period of next 2 years.

13.2 This represents interest free loan obtained from Worldcall Services (Private) Limited, the Parent Company. The amount is not payable over the period of next 2 years. This loan is subordinate to long term financing from Allied Bank Limited (note 12.1) up to the extent of exposure of Allied Bank Limited.

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

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Opening balance		1,221,337	368,500
Transferred from current account		-	852,837
Amount of loan		1,221,337	1,221,337
Adjustment due to impact of IFRS 9:			
Discounting		(406,813)	(406,813)
Unwinding of discount	46	136,065	24,107
		(270,748)	(382,706)
		950,589	838,631

Note 14
License Fee Payable

This represents balance amount of license fee payable to Pakistan Telecommunication Authority (PTA) for WLL licenses. The Company had filed an application with PTA for grant of moratorium over payment of this balance amount. However, PTA rejected the Company's application and demanded its payment. Being aggrieved by this, the Company filed an appeal before Islamabad High Court ("IHC") against PTA's order. Meanwhile, the Ministry of Information Technology ("Ministry") through its letter dated August 30, 2011, allowed to the operators, the staggering for settlement of Access Promotion Contribution ("APC") and Initial Spectrum Fee ("ISF") dues and required PTA to submit an installment plan for this purpose after consultations with the operators. In respect of an appeal filed by the Company, IHC took notice of the Ministry's letter and directed PTA through its order dated January 20, 2015, to expeditiously proceed with the preparation and submission of the said installment plan. As of the reporting date, no such installment plan has been submitted by PTA. Owing to these circumstances, the management does not expect the liability to materialize fully in the near future. PTA has initiated recovery proceedings against this amount as referred to in note 22.2.7.

Note 15
Post Employment Benefits

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Obligations for defined benefit scheme - gratuity	15.1.1	196,776	222,507
Accumulating compensated absences	15.2.1	14,020	18,513
		210,796	241,020

15.1 Obligations for defined benefit scheme - gratuity

Latest actuarial valuation of the gratuity scheme was conducted as on December 31, 2019 using the following assumptions: Results of actuarial valuation are as under:

	2019	2018
Discount rate for interest cost - per annum	13.25%	9.50%
Discount rate for year end obligations - per annum	11.25%	13.25%
Expected rate of increase in salary level - per annum	10.25%	12.25%
Weighted average duration of defined benefit obligation	9 Years	9 Years
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Rates Table	
Actuarial cost method	Projected Unit Credit Method	

Results of actuarial valuation are as under:

15.1.1 Movement in net liability for defined benefit scheme obligation

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Opening balance		222,507	236,014
Charge for the year - Statement of Profit or Loss Account	15.1.2	60,258	53,288
Net remeasurements for the year - Other comprehensive income		(32,034)	(5,395)
Transferred to trade and other payables		(52,725)	(13,957)
Payments made during the year		(1,230)	(47,443)
Closing balance		196,776	222,507

15.1.2 Charge for the year

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

	2019	2018
	--------------(Rupees in '000)--------------	
Current service cost	34,350	33,783
Interest cost	25,908	19,505
	60,258	53,288

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

	2019	2018	2017	2016	2015
	(Rupees in '000)				
Present value of defined benefit obligation	196,776	222,507	236,014	257,296	337,723
Fair value of plan asset	-	-	-	-	-
Net deficit	196,776	222,507	236,014	257,296	337,723

15.1.4 Estimated charge for the year 2020

	Rupees in '000'
Current service cost	26,084
Interest cost	20,768
	46,852

15.1.5 Year end sensitivity analysis on defined benefits obligations

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

	2019
	Rupees in '000
Discount rate + 100 bps	(180,866)
Discount rate - 100 bps	215,090
Salary increase + 100 bps	215,448
Salary increase - 100 bps	(180,270)

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

15.1.6 Allocation of charge for the year

	Note	2019	2018
		(Rupees in '000)	
Direct costs excluding depreciation and amortization	41	27,560	23,092
Operating costs	42	32,698	30,196
		60,258	53,288

15.2 Accumulating compensated absences

Latest actuarial valuation of the leave encashment scheme was conducted as on December 31, 2019 using the following assumptions:

Discount rate for interest cost - per annum	13.25%	9.50%
Discount rate for year end obligations - per annum	11.25%	13.25%
Expected rate of increase in salary level - per annum	10.25%	12.25%
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table	
Actuarial cost method	Projected Unit Credit Method	

Results of actuarial valuation are as under:

15.2.1 Movement in net liability for accumulating compensated absences

	Note	2019	2018
		(Rupees in '000)	
Opening balance		18,513	17,199
Charge for the year - Statement of Profit or Loss Account	15.2.2	2,511	2,677
Net remeasurements for the year - Statement of Profit or Loss Account		(1,483)	473
Transferred to trade and other payables		(5,475)	(1,074)
Payments made during the year		(46)	(762)
Closing balance		14,020	18,513

	Note	2019	2018
		(Rupees in '000)	

15.2.2 Charge for the year

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

	2019	2018
Current service cost	424	1,130
Interest cost for the year	2,087	1,547
	2,511	2,677

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

	2019	2018	2017	2016	2015
	(Rupees in '000)				
Present value of defined benefit obligation	14,020	18,513	17,199	17,634	36,275
Fair value of plan asset	-	-	-	-	-
Net deficit	14,020	18,513	17,199	17,634	36,275

15.2.4 Estimated charge for the year 2020

	Rupees in '000'
Current service cost	418
Interest cost	1,577
	1,995

15.2.5 Year end sensitivity analysis on defined benefit obligation

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

	2019 Rupees in '000'
Discount rate + 100 bps	(12,729)
Discount rate - 100 bps	15,526
Salary increase + 100 bps	15,501
Salary increase - 100 bps	(12,729)

15.2.6 Allocation of charge for the year

	Note	2019	2018
		(Rupees in '000)	
Direct costs excluding depreciation and amortization	41	475	1,179
Operating costs	42	553	1,971
		1,028	3,150

Note 16

Long Term Deposits

This represents the security deposit pursuant to the agreement for selling and distributing the Company's products and services for three years commencing from June 09, 2017. Security deposit is refundable / adjustable within one month of expiry of term of the agreement.

	Note	2019	2018
		(Rupees in '000)	
Opening balance		93,580	-
Amount of security deposit		-	105,000
Less: Discounting / unwinding impact under IFRS 9	46.1	11,420	(11,420)
Less: Current maturity	20	(105,000)	
		-	93,580

Note 17

Lease Liabilities

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Opening balance		-	-
Add: Initial application of IFRS 16 on January 1, 2019		250,847	-
Add: Accrued lease rentals as at December 31, 2018		7,848	-
Add: Additions during the year		-	-
Add: Interest expense	46	29,626	-
Less: Lease payments		(48,867)	-
Gross liability		239,454	-
Less: Current and overdue portion	20	(63,869)	-
Closing balance		175,585	-

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

	Included in	Note	2019	2018
			--------------(Rupees in '000)--------------	
Carrying amount of ROU assets	SOFP	24	2,138,001	-
Expense relating to short-term leases	Direct costs	41.3	24,634	-
Expense relating to short-term leases	Operating costs	42.2	15,325	-
Depreciation charge for ROU assets	Depreciation and amortization	45	130,810	-
Interest expense on lease liabilities	Finance cost	46	29,626	-
Repayment of lease liability	Financing Activities	Statement of Cash Flows	48,867	-

17.2 Maturity analysis of contractually undiscounted cash flows

At December 31, 2019	**Within One Year**	**Between Two to Five Years**	**Later than Five Years**
	--------------(Rupees in '000)--------------		
	74,800	205,211	118,981

17.3 Nature of leasing activities

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

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

Note 18

Trade and Other Payables

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Trade creditors	18.1	3,156,376	4,322,291
Accrued and other liabilities	18.2	892,630	740,186
Payable to PTA against APC charges		1,766,190	1,766,190
Payable against long term investment		44,000	45,000
Contract liabilities		701	10,639
Retention money		-	18,804
Withholding tax		43,382	21,383
Sales tax		155,256	24,801
Security deposits	18.3	35,136	35,136
		6,093,671	6,984,430

18.1 This includes payable to PTA amounting to Rs. 569.05 million (2018: Rs. 526.66 million). Out of this Rs. 444.01 million (2018: Rs. 409.45 million) represents payable regarding Annual Radio Spectrum Fee in respect of WLL licenses. PTA has issued multiple determinations that have been challenged and contested by the Company on legal grounds as well as on account of preoccupation of frequency / spectrums and losses suffered by the Company due to such preoccupancy for which the Company has demanded due compensation from PTA. In all these matters, the Company has filed appeals against PTA's determinations before the honorable Lahore High Court and the Honorable Islamabad High Court and stay orders were obtained against the recovery. This matter has been decided in favour of the Company; however, PTA has gone into appeal before the Honorable Supreme Court of Pakistan.

18.2 This includes payable to key management personnel amounting to Rs. 88.117 million (2018: Rs. 89.805 million).

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

Note 19

Accrued Mark up

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Short term borrowings		80,742	43,133
Term finance certificates		50,143	1,992
Sponsor's loan	19.1	5,285	75,913
Long term financing		677	1,146
		136,847	122,184

19.1 The reconciliation is as follows:

	2019	2018
Opening balance	75,913	32,969
Add: Markup accrued during the year	60,039	30,278
	135,952	63,247
Less: Paid during the year	(136,571)	-
Add: Exchange loss	5,904	12,666
	5,285	75,913

Note 20

Current and Overdue Portion of Non-Current Liabilities

	Note	2019	2018
Term finance certificates	11	200,076	130,006
Long term financing	12	46,337	34,734
Long term deposit payable	16	105,000	-
Lease liabilities	17	63,869	-
		415,282	164,740

Note 21

Short Term Borrowings

	Note	2019	2018
Banking companies (secured - interest bearing):			
- Running finances	21.1	442,212	562,458
Related parties (unsecured - interest free):			
- Ferret Consulting F.Z.C.	21.2	363,726	139,100
- Worldcall Services (Private) Limited	21.3	128,108	-
		934,046	701,558

21.1 Short term running finance facilities available from commercial banks under mark up arrangements amount to Rs. 464.075 million (2018: Rs. 587.075 million). Running finance facilities are available at mark up rate of KIBOR plus 1.5% to 2.5% per annum (2018: KIBOR plus 1.5% to 2.5% per annum), payable quarterly, on the balance outstanding. The mark up charged during the year on outstanding balances ranged from 12.04% to 16.36% (2018: 7.67% to 11.38%) per annum, effectively. These facilities have been successfully rolled over subsequent to the reporting date with the exception of two facilities of Rs. 150 million.

As at the reporting date, the Company had available Rs. 21.86 million (2018: Rs. 24.55 million) of yet-to-be-drawn available / committed borrowing facilities.

21.2 This represents interest free USD denominated loan received from M/s Ferret Consulting - F.Z.C to meet working capital requirements. The accumulated balance as at reporting date is USD 2,341,336 (2018: USD 1,000,000). In the absence of written agreement, the amount is repayable on demand.

21.3 This represents interest free amount received from M/s Worldcall Services (Private) Limited to meet the working capital requirements. The amount is repayable on demand. Reconciliation is as follows:

	2019	2018
	--------------(Rupees in '000)--------------	
Amount paid by WSL on behalf of the Company	98,793	-
Funds received during the year	367,332	-
Repayments during the year	(344,459)	-
Expenses charged to the Company	6,442	-
	128,108	-

21.4 ***Letters of credit and guarantees***

Of the aggregate facilities of Rs. Nil (2018: Rs. 45 million) for opening letters of credit and Rs. 568.126 million (2018: Rs. 485.126 million) for guarantees, the amount utilized as at December 31, 2019 was Nil (2018: Nil) and Rs. 339.138 million (2018: Rs. 349.1 million) respectively.

21.5 The facilities in note 21.1 and 21.4 are secured against first pari passu hypothecation charge on all present and future current and fixed assets excluding building, WLL/LDI receivables, first joint pari passu hypothecation charge over all present and future current and fixed assets of the Company with security margin over the facility amount, pledge of shares of listed companies in CDC account of the Company, lien over cash deposit of Rs. 3.9 million, first exclusive assignment of all present and future receivables of LDI business arm of the Company, collection accounts with Bank for routing of LDI receivables, counter guarantee of the Company, equitable mortgage over the property of office # 302, 303, 304, 3rd Floor, the Plaza on Plot # G-7, Block-9, KDA Scheme # 5, Kehkashan Clifton, Karachi and equitable mortgage over the property of office # 07, 08, 09 situated on 1st Floor, Ali Tower, MM Alam Road, Gulberg III.

Note 22

Contingencies and Commitments

Contingencies

22.1 Billing disputes with PTCL

22.1.1 There is a dispute of Rs. 72.64 million (2018: Rs. 72.64 million) with Pakistan Telecommunication Limited (PTCL) in respect of non-revenue time of prepaid calling cards and Rs. 46.92 million (2018: Rs. 46.92 million) in respect of excess minutes billed on account of interconnect and settlement charges. Similarly, PTCL has charged the Company excess Domestic Private Lease Circuits ("DPLC") and other media charges amounting to Rs. 334.08 million (2018: Rs. 334.08 million) on account of difference in rates, distances and date of activations. The management has taken up these issues with PTCL and considers that these would most likely be decided in Company's favor as there are reasonable grounds to defend the Company's stance. Hence, no provision has been made in these financial statements for the above amounts.

22.2 Disputes with PTA

22.2.1 The Company has filed a suit before Civil Court, Lahore on December 15, 2016 in which it has sought restraining order against PTA demands of regulatory and other dues and claimed set off from damages / compensation claim of the Company on account of auction of preoccupied frequency spectrum. The Company has raised a claim of approximately Rs. 5.3 billion against PTA. The Court issued notice to PTA and directed to maintain status quo in the meantime.

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

22.2.3 PTA has raised demand amounting to Rs. 29.77 million (2018: Rs. 29.77 million) on account of using extra Radio Spectrum not assigned to the Company. The Company challenged this amount on July 3, 2012 before Islamabad High Court which has allowed appeal of the Company. PTA went into appeal before the Honorable Supreme Court of Pakistan in March 2017 which got dismissed. Now, PTA has filed review application which is still pending. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these financial statements against this demand.

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

Moreover, the Company is confident that incidental liability, if any, will be set off by way of a claim filed against PTA as stated in Note 22.2.1.

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

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

22.2.6 PTA has raised demand amounting to Rs. 18.07 million (2018: Rs. 18.07 million) on account of BTS registration and microwave charges for the year 2007 till 2014. The Company challenged this amount in November 2019 before Lahore High Court which is pending adjudication. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these financial statements against this demand.

22.2.7 PTA has filed recovery proceedings against the Company before the District Collector / District Officer Revenue, Lahore for an amount of Rs. 2.648 billion on November 4, 2016 due to non-payment of initial spectrum fee (ISF). This includes principal portion of Rs. 1.022 billion already recognized in note 14 to the financial statements and late payment charges amounting to Rs. 1.626 billion. The Company has not received any notice from the Revenue department. The Company's management and legal advisor feels that there are strong grounds to defend the Company's stance and that the late payment charges determined unilaterally by PTA will not materialize, hence, no provision has been made in these financial statements.

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

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

22.2.10 Other than the amounts recognized in the financial statements and amounts disclosed in the above contingencies, PTA has also demanded amounts of PKR 1.352 billion on account of various charges, default surcharges / penalties / fines. Since the principal amount is disputed, the Company's management feels that there are strong grounds to defend the Company's stance and that the liability determined unilaterally by PTA will not materialize, hence, no provision has been made in these financial statements.

22.3 Taxation issues

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

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

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

22.3.4 A demand of Rs. 1.059 billion (including default surcharge of Rs. 325.849 million) was raised against the Company under section 161/205 of the Ordinance for the period relevant to Tax Year 2012 alleging non-compliance with various applicable withholding provisions contained in the Ordinance. The management assailed the subject order on March 28, 2004 in usual appellate course and while first appellate authority decided certain issues in the Company's favor, major issues were remanded back to department for adjudication afresh. Such appellate order was further assailed by the Company before ATIR on May 20, 2014, at which forum, adjudication is pending. Meanwhile, the Department concluded the reassessment proceedings, primarily repeating the treatment earlier accorded, however, based on relief allowed by first appellate authority, demand now stands reduced to Rs. 953.355 million (including default surcharge of Rs. 308.163 million). Such reassessment order was assailed by the Company in second round of litigation and the first appellate authority, through its order dated June 29, 2015, has upheld the Departmental action. The management has contested this order before ATIR on August 20, 2015 for favorable outcome. The Company's management feels that there are strong grounds to defend the Company's stance and the liability will not materialize, hence, no provision has been made in these financial statements.

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

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

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

22.3.8 On September 30, 2016, Punjab Revenue Authority (PRA) issued show cause notice allegedly demanding Rs. 419.821 million for the periods from May 2013 to December 2013. The Company challenged imposition of sales tax on LDI services on the first appellate authority in 2016 and relief granted by CIR(A) through set aside the demand created by PRA with direction of reassessment proceedings. The Company challenged these proceedings through filing a writ petition in LHC heard on February 9, 2017 on the grounds that it was unconstitutional and in violation of fundamental principles of sales tax and international commitments of Government of Pakistan. The writ petition has been allowed with instructions passed by honorable Judge of Lahore High Court Lahore to PRA restraining from passing final order in pursuance of proceedings. The matter has been taken up by other LDI operators against PRA in June 2015 before LHC on the grounds that imposition of sales tax is unconstitutional and in violation of fundamental principles of sales tax and international commitments of Government of Pakistan. The period pertains to ICH time when amount of sales tax was withheld by PTCL. Based on the advice of the Company's tax advisor, the management is of the view that the Company's case is based on meritorious grounds and hence, relief would be secured from the Court. In view of the above, provision for sales tax on LDI services aggregating Rs. 1,206.734 million (2018: Rs. 884.689 million) has not been made in these financial statements.

22.4 Others

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

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

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

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

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

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

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

22.4.5 A suit is filed by Box Office (Private) Limited against the Company/All Pakistan Cable Operators Association/Karachi Cable Operators Association/PEMRA. The case was filed for the grant of permanent injunction/damages against Defendants for Rs. 100 million for infringement of cinematographic work by illegally displaying, relaying, transmitting certain programs and also for cancellation of license by PMERA. Issues were framed on 02.03.2009. The Company is not directly involved in the dispute. Based on the legal advice, the management is of the view that it is unlikely that any claim will materialize against the Company.

22.4.6 As stated in note 7.8, the Company is in default of Regulation 12 of the Companies (Further Issue of Shares) Regulations 2018. The Company may be liable to pay penalty amounting to Rs. 5 million. The management is of the view that it is unlikely that any claim will materialize against the Company.

22.4.7 A total of 30 cases (2018: 29) are filed against the Company involving Regulatory, Telecom Operators, Employees, Landlords and Subscribers having aggregate claim of all cases amounting to Rs. 113.1 million (2018: Rs. 91.92 million). Because of number of cases and their uncertain nature, it is not possible to quantify their financial impact. Management and legal advisors of the Company are of the view that the outcome of these cases is expected to be favorable and liability, if any, arising out on the settlement is not likely to be material.

		2019	2018
		--------------(Rupees in '000)--------------	
22.5	Outstanding guarantees and letters of credit	339,138	349,100
Commitments			
22.6	Commitments in respect of capital expenditure	273,031	138,330

Note 23
Property, Plant and Equipment

	Note	2019	2018
		(Rupees in '000)	
Operating fixed assets	23.1	6,516,313	7,217,963
Capital work-in-progress	23.2	68,569	56,401
		6,584,882	7,274,364

23.1 Operating fixed assets

	Note	Owned assets									
		Freehold Land	Building on Freehold Land	Leasehold Improvements	Plant and Equipment	Office Equipment	Computers	Furniture and Fixtures	Vehicles	Laboratory and Other Equipment	Total
	Note	(Rupees in '000)									
Cost / Revalued Amount											
Balance as at December 31, 2017		19,800	97,500	158,113	12,204,716	106,389	181,173	32,567	43,341	21,940	12,865,539
Additions during the year		-	-	5,500	133,306	5,500	5,211	909	-	106	150,532
Disposals / settlement during the year	23.1.7	(19,800)	-	(272)	(3,923,874)	(7,660)	(8,154)	(620)	(8,910)	-	(3,969,290)
Elimination of accumulated depreciation against cost on revaluation		-	-	-	(1,453,862)	-	-	-	-	-	(1,453,862)
Revaluation surplus during the year		-	-	-	1,340,623	-	-	-	-	-	1,340,623
Assets written off due to fire		-	-	-	(664)	(273)	-	-	-	-	(937)
Balance as at December 31, 2018		**-**	**97,500**	**163,341**	**8,300,245**	**103,956**	**178,230**	**32,856**	**34,431**	**22,046**	**8,932,605**
Additions during the year		-	-	3,347	71,055	465	791	1,046	-	-	76,704
Disposals / settlement during the year	23.1.7	-	-	(4,463)	(45,457)	(2,643)	(2,102)	(862)	(2,567)	(266)	(58,360)
Balance as at December 31, 2019		**-**	**97,500**	**162,225**	**8,325,843**	**101,778**	**176,919**	**33,040**	**31,864**	**21,780**	**8,950,949**
Depreciation and Impairment											
Balance as at December 31, 2017		-	15,031	122,403	5,893,781	87,849	180,863	24,096	42,505	18,844	6,385,372
Depreciation for the year		-	4,875	8,251	659,528	5,833	2,275	1,848	308	165	683,083
Depreciation on disposals		-	-	(272)	(3,874,661)	(7,648)	(8,096)	(620)	(8,382)	-	(3,899,679)
Elimination of accumulated depreciation against cost on revaluation		-	-	-	(1,453,862)	-	-	-	-	-	(1,453,862)
Assets written off due to fire	23.1.7	-	-	-	(152)	(120)	-	-	-	-	(272)
Balance as at December 31, 2018		**-**	**19,906**	**130,382**	**1,224,634**	**85,914**	**175,042**	**25,324**	**34,431**	**19,009**	**1,714,642**
Depreciation for the year		-	4,875	7,238	713,454	3,394	2,649	1,585	-	138	733,333
Depreciation on disposals	23.1.7	-	-	(562)	(6,448)	(1,460)	(2,047)	(175)	(2,567)	(80)	(13,339)
Balance as at December 31, 2019		**-**	**24,781**	**137,058**	**1,931,640**	**87,848**	**175,644**	**26,734**	**31,864**	**19,067**	**2,434,636**
Net book value as at December 31, 2019		**-**	**72,719**	**25,167**	**6,394,203**	**13,930**	**1,275**	**6,306**	**-**	**2,713**	**6,516,313**
Net book value as at December 31, 2018		-	77,594	32,959	7,075,611	18,042	3,188	7,532	-	3,037	7,217,963
Annual rate of depreciation (%)		-	5	10 to 20	5 to 33	10	33.33	10	20	20	

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

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

Sr. No.	Description	Net Book Value (Rs. in '000')	Persons in whose possession
1	USB Sticks	-	Customers
2	Customer Premises Equipment (CPE)	232,370	Customers

23.1.3 Latest revaluation has been carried out on October 01, 2018 by an independent professional valuer M/s Arch-E'-Decon that resulted in revaluation surplus of Rs. 1.341 billion. Forced sale value of revalued plant and equipment is estimated at Rs. 6.774 billion.

	Fair value measurement of Plant and Equipment using significant unobservable inputs (Level 3)	
	2019	2018
	--------------(Rupees in '000)--------------	
Recurring fair value measurements		
Plant and equipment (owned)	6,394,203	7,075,611

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

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 items for the year ended December 31, 2019 for recurring fair value measurements:

	LDI and Broadband Operations	WLL Operations	Total
	-------------------- (Rupees in '000) -------------------		
Balance as at December 31, 2018	6,924,644	150,967	7,075,611
Additions	71,055	-	71,055
Disposals	(39,009)	-	(39,009)
Depreciation	(686,155)	(27,299)	(713,454)
Balance as at December 31, 2019	6,270,535	123,668	6,394,203

Valuation techniques used to derive level 3 fair values

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

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

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

Valuation inputs and relationship to fair value

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

Description	Significant Unobservable Inputs	Quantitative Data / Range and Relationship to the Fair Value
Plant and Equipment (Owned) - LDI and Broadband Operations	The valuation done on the basis of its respective rating and nameplate data with adjustments for age and remaining lives of assets.	The market value has been determined by using cost of acquisition of similar plant and machinery with similar level of technology and applying a suitable depreciation factor based on normal wear and tear and remaining useful lives of plant and machinery. Both Physical and functional depreciation of facility is taken into consideration while determining remaining
	Condition based analysis of operating equipment is a key parameter of valuation process.	life. Remaining useful lives have been estimated from 1 to 20 years. The higher the cost of acquisition of similar plant and machinery, higher the fair value of plant and machinery. Further, higher the depreciation rate, the lower the fair value of plant and machinery.
	Cost of acquisition of similar plant and equipment with similar level of technology.	
	Suitable depreciation rate to arrive at depreciated replacement value.	
Plant and Equipment (Owned) - WLL Operations	Rating, nameplate data and fundamental technical characteristics of plant and equipment.	The market value has been determined by applying prevalent market prices to the rating, nameplate data and fundamental technical characteristics of plant and equipment. Higher the market price, higher the fair value.
	Prevalent market prices for these assets.	

23.1.4 The carrying amount of temporarily idle property, plant and equipment amounts to Rs. 116.272 million (2018: Rs. 145.971 million).

The cost / revalued amount of fully depreciated property, plant and equipment that is still in use of the Company amounts to Rs. 166.494 million (2018: Rs. 121.728 million).

23.1.5 Carrying values of property, plant and equipment and current assets having charge against borrowings amount to Rs. 12,801.043 million (2018: Rs. 12,801.043 million).

23.1.6 Had there been no revaluation, the net book value of plant and equipment (owned) would have amounted to Rs. 5,249.256 million (2018: 5,765.358 million).

23.1.7 Disposal of operating fixed assets

Particulars	Name of Buyer along with Relationship with the Company or any Director of the Company (if any)	Cost / Revalued Amount	Accumulated Depreciation and Impairment	Written Down Value	Sale Proceeds / Settlement Value	Gain / (Loss)	Mode of Disposal
		(Rupees in '000)					
Leasehold Improvements	Shaukat Khanum Memorial Trust	4,284	543	3,741	2,489	(1,252)	Negotiation
Plant and Equipment							
Fiber Cable	Regal Star Network (Private) Limited	26,667	2,124	24,543	-	-	Lease of Fiber
Fiber Cable	Smile Max Cable (Private) Limited	14,667	1,558	13,109	-	-	Lease of Fiber
Assets with book value less than Rs. 500,000		12,742	9,114	3,628	4,420	792	
	2019	**58,360**	**13,339**	**45,021**	**6,909**	**(460)**	
	2018	3,970,227	3,899,951	70,276	34,895	12,535	

		Note	2019	2018
			(Rupees in '000)	
23.2	**Capital work-in-progress ("CWIP")**			
	Advances to suppliers		61,768	52,805
	Plant and equipment		6,801	3,596
		23.2.1	68,569	56,401
23.2.1	**The reconciliation of the carrying amount is as follows:**			
	Opening balance		56,401	110,703
	Additions during the year		78,776	69,288
	Transfers during the year		(23,432)	(123,266)
	Written off during the year		-	(324)
	Provision against advance to suppliers	23.2.1.1	(43,176)	-
	Closing balance		68,569	56,401
23.2.1.1	**Provision against advance to suppliers**			
	Opening balance		-	-
	Charged during the year	44	43,176	-
			43,176	-

Note 24
Right of use (ROU) assets

	Note	2019	2018
Opening balance		1,001,746	333,853
Add: Initial application of IFRS 16 on January 1, 2019	17	250,847	-
Add: Prepaid lease rentals as at December 31, 2018		3,493	-
Add: Additions during the year		1,012,725	720,000
Less: Depreciation charge for the year	45	(130,810)	(52,107)
Closing balance		2,138,001	1,001,746
Lease Term (Years)		18-20 Years	18-20 Years

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

Note 25
Intangible Assets

	Note	Licenses	Patents and copyrights	IRU - media cost	Softwares	Goodwill	Total
					2019	2018	
		--------(Rupees in '000)--------					
Cost / Revalued Amount							
Balance as at December 31, 2017		3,082,755	5,333	784,800	11,280	2,690,403	6,574,571
Additions / (deletions) during the year		-	-	-	-	-	-
Balance as at December 31, 2018		3,082,755	5,333	784,800	11,280	2,690,403	6,574,571
Additions / (deletions) during the year		-	-	-	-	-	-
Balance as at December 31, 2019		3,082,755	5,333	784,800	11,280	2,690,403	6,574,571
Amortization and Impairment							
Balance as at December 31, 2017		809,296	5,333	361,572	10,331	2,690,403	3,876,935
Amortization for the year	45	337,768	-	52,268	949	-	390,985
Balance as at December 31, 2018		1,147,064	5,333	413,840	11,280	2,690,403	4,267,920
Amortization for the year	45	337,768	-	52,268	-	-	390,036
Balance as at December 31, 2019		1,484,832	5,333	466,108	11,280	2,690,403	4,657,956
Net book value as at December 31, 2018		1,935,691	-	370,960	-	-	2,306,651
Net book value as at December 31, 2019		**1,597,923**	**-**	**318,692**	**-**	**-**	**1,916,615**
Annual amortization rate (%)		5 to 20	10	6.67	20	-	

25.1 On October 1, 2018, licenses and softwares were revalued by an independent professional valuer, M/s Arch-E'-Decon, which resulted in no revaluation gain / loss. The table below analyses the non-financial assets carried at fair value, by valuation method.

	2019	2018
	--------(Rupees in '000)--------	
Recurring fair value measurements of following items of intangible assets		
Licenses	1,597,923	1,935,691
Softwares	-	-
	1,597,923	1,935,691

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

Fair value measurements using significant unobservable inputs (level 3)

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

	Licenses and Softwares	
	2019	2018
	--------(Rupees in '000)--------	
Opening balance	1,935,691	2,274,408
Amortization charged during the year	(337,768)	(338,717)
Closing balance	1,597,923	1,935,691

Valuation techniques used to derive level 3 fair values:

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

Valuation inputs and relationship to fair value

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

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

25.2 Had there been no revaluation, the net book value of licenses and softwares would have amounted to Rs. 918.73 million (2018: Rs. 1,106.81 million).

25.3 Licenses of the Company are encumbered with IGI Holding Limited, Trustee of TFC holders, as disclosed in Note 11.

25.4 The licenses include license granted by PTA to the Company for providing the LDI telecommunication services in the country. The license has carrying amount of Rs. 609.97 million (2018: Rs. 744.44 million) which is due to expire in July 2024.

Note 26

Investment Properties

	Note	2019	2018
		--------------(Rupees in '000)	--------------
Opening balance		50,210	45,800
Fair value adjustment recognized in profit or loss account	26.1	(1,410)	4,410
Closing balance		48,800	50,210

26.1 As of the reporting date, investment properties comprise land. Latest valuation of these properties was carried out on June 30, 2018 by an approved independent valuer, M/s Gandhara Consultants. The valuation was carried out using sales comparison approach which resulted in fair value loss of Rs. 1.4 million.

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

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

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

Sr. No.	Particulars	Location	Area	Forced Sale Value (Rupees in '000)
1	13 Plots	Super Dream, K.T. Bundar Road, Gharo, Sindh	9600 Sq. Yd.	24,576
2	2 Plots	Windmill Villas, K.T. Bundar Road, Gharo, Sindh	1800 Sq. Yd.	4,608
3	6 Plots	Super Highway, Noriabad, Sindh	1200 Sq. Yd.	3,072
4	2 Plots	Peace City Farm Houses, District Rawalpindi	8000 Sq. Yd.	6,784
				39,040

Recurring fair value measurements

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during the year 2019.

Valuation techniques used to derive level 2 fair values

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

Note 27

Long Term Investment

	2019	2018
	--------------(Rupees in '000)--------------	
Wholly owned subsidiary Company - at cost [unquoted]		
Route 1 Digital (Private) Limited		
30,000 (2018: 30,000) ordinary shares of Rs. 100 each,		
equity held 100% (2018: 100%)	50,000	50,000

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

Note 28

Long Term Trade Receivable

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

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Opening balance		54,578	65,240
Unwinding of discount	43.1	330,064	19,997
		384,642	85,237
Less: current and overdue portion (transferred to trade debts)		-	(30,659)
Less: Impairment allowance	28.1	(384,642)	-
		-	54,578

28.1 Impairment allowance

	Note	2019	2018
Opening balance		-	-
Effect of adoption of IFRS 9	5.3	54,578	-
Provision for expected credit losses on long term receivable	44	330,064	-
Closing balance		384,642	-

Note 29

Deferred Taxation

	2019	2018
Asset for deferred taxation comprising temporary differences related to:		
-Unused tax losses	3,685,582	3,906,595
-Provision for doubtful debts	716,657	577,835
-Post employment benefits	59,621	67,461
-Provision for stores and spares & stock-in-trade	15,536	15,375
-Provision for doubtful advances and other receivables	87,661	69,494
-Lease liabilities	49,662	-
Liability for deferred taxation comprising temporary differences related to:		
-Accelerated tax depreciation	(1,099,389)	(1,407,581)
-Surplus on revaluation of fixed assets	(576,979)	(672,792)
-Accelerated tax amortization	(228,761)	(259,822)
-Long term trade receivables	15,437	(15,276)
	2,725,027	2,281,289

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

Being prudent, the Company has not recognized deferred tax assets of Rs. Rs. 2,560.083 million (2018: 2,414.745 million) in respect of unused tax losses and Rs. 81.14 million (2018: Rs. 104.29 million) in respect of minimum tax available for carry forward under the Income Tax Ordinance, 2001 ("ITO"), as sufficient taxable profits would not be available to utilize these in the foreseeable future. Minimum tax available for carry forward and unused tax losses on which deferred tax asset has not been recognised, would expire as follows:

Accounting year to which minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	Rupees in '000	
2017	27,649	2022
2018	53,493	2023
	81,142	

Accounting year to which unused tax relates	Amount of unused tax loss	Accounting year in which unused tax loss will expire
	Rupees in '000	
2015	2,054,362	2021
2016	1,221,494	2022
	3,275,856	

	Note	2019	2018
		(Rupees in '000)	
The gross movement in net deferred tax asset during the year is as follows:			
Opening balance		2,281,289	2,661,372
Deferred tax on surplus on revaluation of fixed assets		(7,111)	(353,872)
Charged to other comprehensive income		(9,290)	(1,510)
Charged to statement of changes in equity on adoption of IFRS 9		130,729	-
Charged to the statement of profit or loss account	47	329,410	(24,701)
Closing balance		2,725,027	2,281,289

Note 30

Long Term Loans

	Note	2019	2018
Loans to employees [secured - considered good]:			
- Executives	30.1	-	585
- Others		1,843	2,173
		1,843	2,758
Current portion:			
- Executives		-	(585)
- Others		(1,843)	(2,173)
		(1,843)	(2,758)
		-	-

30.1 Executives

	2019	2018
Opening balance	585	6,731
Disbursements during the year	-	1,166
	585	7,897
Repayments / adjustments during the year	(585)	(7,312)
	-	585

These represented interest free loans given for various purposes, such as construction of houses and other personal needs as per the Company's policy. These are secured against gratuity and are recoverable within a period of three years from the date of disbursement through monthly deductions from salary. Maximum aggregate balance due at the end of any month during the year was Rs. 2.7 million (2018: Rs. 6.93 million).

Note 31

Long Term Deposits

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Security deposits with:			
- Rented premises		7,142	35,106
- Utilities		960	960
- Others		8,808	10,611
		16,910	46,677

Note 32

Stores and Spares

	Note	2019	2018
Cost		90,898	110,967
Less: Provision for obsolete/slow-moving items	32.1	(50,306)	(50,306)
		40,592	60,661

32.1 Provision for obsolete/slow-moving items

	Note	2019	2018
Opening balance		50,306	50,306
Add: Provision for the year	41	-	-
Closing balance		50,306	50,306

Note 33

Stock-in-Trade

	Note	2019	2018
Cost		209,401	209,401
Less: Provision for obsolete/slow-moving stock-in-trade	33.1	(4,624)	(4,624)
		204,777	204,777

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

	Note	2019	2018
Opening balance		4,624	206,232
Add: Reversal during the year		-	(201,608)
Closing balance		4,624	4,624

Note 34

Trade Debts

	Note	2019	2018
Considered good - unsecured		896,749	1,674,557
Considered doubtful - unsecured		2,533,817	2,064,433
		3,430,566	3,738,990
Less: Impairment allowance	34.1	(2,533,817)	(2,064,433)
		896,749	1,674,557

34.1 Impairment allowance

	Note	2019	2018
Opening balance		2,064,433	2,033,988
Effect of adoption of IFRS 9	5.3	407,689	-
Provision for expected credit losses on trade debts	44	62,847	30,445
		2,534,969	2,064,433
Less: reversal of provision	43	(1,152)	-
Closing balance		2,533,817	2,064,433

Note 35

Loans and Advances

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Advances to employees - considered good	35.1	47,901	52,423
Current portion of long term loans to employees	30	1,843	2,758
Advances to PTA - considered good	35.2	40,000	40,000
		89,744	95,181
Advances to suppliers:			
- Considered good		99,725	108,175
- Considered doubtful		194,698	176,226
		294,423	284,401
Less: Provision for doubtful advances	35.3	(194,698)	(176,226)
		99,725	108,175
		189,469	203,356

35.1 This includes advances given to executives amounting to Rs. 22.327 million (2018: Rs. 26.076 million) out of which Rs. 13.63 million (2018: Rs. 12.46 million) represents advances given to key management personnel of the Company. Maximum aggregate amount outstanding, in respect of related parties, at any time during the year calculated by reference to month-end balances was Rs. 14.116 million (2018: Rs. 12.609 million).

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

Upto 1 year	1 to 2 years	2 to 3 years	Over 3 years
--------------- Rupees in '000 ---------------			
4,879	1,425	2,010	5,312

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

35.2 This represents amount paid against demand on account of annual spectrum fee and other regulatory charges. PTA determined the demand amounting to Rs. 223.34 million vide its determination dated February 22, 2010. Being aggrieved, the Company's management preferred an appeal before the Honorable Lahore High Court ("LHC") against the PTA's determination. LHC granted stay against the recovery subject to payment of Rs. 40 million which was complied by the Company. Based on the advice of the Company's legal counsel, the Company's management feels that there are strong grounds to defend the Company's position and the ultimate decision would be in the Company's favor, therefore, this advance is considered unimpaired as at the reporting date.

35.3 Provision for doubtful advances

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Opening balance		176,226	111,229
Charged during the year		20,447	66,800
Less: Reversal during the year	43	(1,975)	(1,803)
Closing balance		194,698	176,226

Note 36

Deposits and Prepayments

	Note	2019	2018
Deposit in Escrow Account	36.1	435,609	412,394
Margin and other deposits	36.2	57,608	46,171
Prepayments		9,779	14,935
		502,996	473,500

36.1 This represents balance in savings accounts accumulated in Escrow Account. The telecom operators challenged the legality of Access Promotion Contribution (APC) for Universal Service Fund (USF), as levied by PTA in 2009, and the dispute was finally decided by the honorable Supreme Court in December 2015. During pendency of the court proceedings, International

Clearing House (ICH) agreement was signed in 2012, whereby it was decided that regular contributions for APC, based on each operator's share under the ICH agreement, shall be made by LDI operators in an Escrow Account.

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

36.2 These include deposits placed with banks against various guarantees and letters of credit. This amount also includes Rs. 20 million deposited in a Court of Law as disclosed in note 22.4.2.

Note 37
Short Term Investments

	2019	2018	2019	2018
	------No. of Shares ------		-----------(Rupees in '000)-----------	
The Bank of Punjab	10,528	10,528	119	126
Orix Leasing Pakistan Limited	13,083	13,083	343	343
Shaheen Insurance Company Limited	3,136,963	3,136,963	12,391	12,705
First Capital Securities Corporation Limited	3,991,754	3,991,754	4,990	6,307
Pace (Pakistan) Limited	6,959,290	6,959,290	16,285	14,267
Media Times Limited	4,199,500	4,199,500	4,451	4,367
			38,579	38,115

37.1 All shares have a face value of Rs. 10 each.

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

Note 38
Other Receivables

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Due from related parties - considered good	38.1	68,744	36,220
Other receivables - considered good		4,895	52,660
Other receivables - considered doubtful		72,055	72,055
		145,694	160,935
Less: Provision for doubtful receivables		(72,055)	(72,055)
		73,639	88,880

38.1 Due from related parties

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

	2019	2018
Worldcall Business Solutions (Private) Limited	52,961	27,211
Route 1 Digital (Private) Limited	13,627	7,769
Worldcall Ride Hail (Private) Limited	16	-
ACME Telecom (Private) Limited	30	-
Worldcall Cable (Private) Limited	2,110	1,240
	68,744	36,220

Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances was Rs. 68.744 million (2018: Rs. 36.22 million). Interest at the rate of 14.7% has been calculated on the outstanding balances.

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

	Upto 1 year	1 to 2 years	2 to 3 years	Over 3 years
	--------------- Rupees in '000	---------------		
	32,524	36,115	105	-

Note 39

Cash and Bank Balances

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Cash at bank:			
- Current accounts		35,596	894
- Savings accounts	39.1	1,062	2,623
		36,658	3,517
Cash in hand		2,425	2,741
Pay orders in hand		1,000	1,000
		40,083	7,258

39.1 The balances in savings accounts bear mark up at the rates ranging from 7.13% to 8.9% (2018: 3.35% to 6%) per annum.

Note 40

Revenue

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Telecom		2,012,775	2,439,328
Broadband		2,017,578	2,026,963
Other		30,983	12,966
Gross revenue	40.1	4,061,336	4,479,257
Less: Sales tax		(179,492)	(92,304)
		3,881,844	4,386,953

40.1 This includes revenue amounting to Rs. 814.354 million (2018: 720 million) in respect of agreement for Indefeasible Right of Use of metro fiber. The agreement grants both parties to the agreement an IRU for 20 years.

Note 41

Direct Cost excluding Depreciation and Amortization

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Salaries, wages and benefits	41.1	221,295	242,017
Interconnect, settlement and other charges		1,588,627	1,967,937
PTCL share cost	41.2	813	6,018
Bandwidth and other PTCL charges		98,585	235,235
Power consumption and rent	41.3	103,812	131,177
Security services		3,630	4,034
PTA charges	41.4	12,973	15,945
Cable license fee		22,802	26,199
Stores and spares consumed		12,607	25,585
Stock in trade consumed		-	64,089
Annual spectrum fee		34,558	34,558
Content cost		6,558	8,209
Network maintenance and insurance		55,393	54,712
Network partner share		15,397	29,237
Fees and subscriptions		38,897	37,862
Revenue share cost		97,223	95,640
Metro fiber cost		37,652	47,916
SMS bundle cost		1,555	1,652
Commission on sales		24,774	28,580
IT application development		5,400	-
Others		2,870	2,917
		2,385,421	3,059,519

41.1 This includes contribution to gratuity amounting to Rs. 27.56 million (2018: Rs. 23.092 million) and accumulated leave absences amounting to Rs. 0.475 million (2018: Rs. 1.179 million).

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

41.3 This includes expense relating to short term leases / operating lease rentals amounting to Rs. 24.634 million (2018: Rs. 65.079 million).

	Note	2019	2018
		--------------(Rupees in '000)--------------	
41.4 This represents PTA charges in respect of the following:			
LDI license	41.4.1	9,976	11,471
WLL license - royalty fee		2	19
Broadband license		2,762	4,199
Telephony license	41.4.2	-	6
Annual numbering charges		233	228
Testing fee paid to PTA		-	22
		12,973	15,945

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

	2019	2018
Universal Service Fund	5,986	6,883
Research and Development Fund	1,995	2,294
Annual Regulatory Fee	1,995	2,294
	9,976	11,471

41.4.2 This represents Telephony license charges in respect of the following:

	2019	2018
Universal Service Fund	-	4
Research and Development Fund	-	1
Annual Regulatory Fee	-	1
	-	6

Note 42

Operating Cost

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Salaries, wages and benefits	42.1	299,667	382,372
Rent, rates and taxes	42.2	16,235	48,327
Travelling and conveyance		67,661	77,390
Legal and professional		42,219	37,706
Utilities		15,688	19,614
Transportation		36,822	24,560
Communications		6,955	11,176
Repairs and maintenance		10,967	13,686
Fees and subscriptions		15,480	21,469
Marketing, advertisement and selling expenses		2,032	9,817
Insurance		6,504	6,788
Printing and stationery		4,816	5,278
Business promotion and entertainment		49,524	41,036
Directors' meeting expenses		4,363	4,411
Postage and courier		644	795
Newspapers and periodicals		254	225
Security services		8,201	14,954
Miscellaneous		4,207	6,324
		592,239	725,928

42.1 This includes contribution to gratuity amounting to Rs. 32.698 million (2018: Rs. 30.196 million) and accumulated leave absences amounting to Rs. 0.553 million (2018: Rs. 1.971 million).

42.2 This includes expense relating to short term leases / operating lease rentals amounting to Rs. 15.32 million (2018: Rs. 47.4 million).

Note 43
Other Income

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Income on deposits, advances and savings accounts		33,199	17,913
Adjustment due to impact of IFRS 9	43.1	364,499	606,240
Scrap sales		-	1,350
Gain on disposal of property, plant and equipment		-	12,535
Change in fair value of investment properties	26.1	-	4,410
Liabilities written back:			
- Excess provisions written back during the year		78,071	394,998
- TFC penalty written back during the year		-	118,756
- Unclaimed liabilities written back during the year	43.2	325,490	-
- Liabilities written back on settlement with parties		339,411	204,639
		742,972	718,393
Reversals of provision for:			
- Stock in trade	33.1	-	201,608
- Trade debts	34.1	1,152	-
- Advances to suppliers	35.3	1,975	1,803
		3,127	203,411
Dividend income related to investments held at the reporting period		784	33
Insurance claim		-	8,744
Miscellaneous		-	82
		1,144,581	1,573,111

43.1 Breakup is as follows:

	Note	2019	2018
Discounting impact of liability for term finance certificates	11.1.2	28,667	192,117
Discounting impact of liability for long term finance	12.1	5,768	-
Discounting impact of sponsor's loan	13.2	-	382,706
Discounting impact of long term deposit	16	-	11,420
Unwinding impact of long term trade receivable	28	330,064	19,997
		364,499	606,240

43.2 This represents long outstanding unclaimed liabilities which have been written back under the local laws and on the basis of legal opinion.

Note 44
Other Expenses

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Exchange loss - net		13,480	127,237
Capital work in progress written off during the year	23.2.1	-	324
Auditors' remuneration	44.1	4,490	4,575
Provision for expected credit losses on trade debts	34.1	62,847	30,445
Provision for expected credit losses on long term receivable	28.1	330,064	-
Provision for doubtful advances	35.3	20,447	66,800
Provision for advances to suppliers - CWIP	23.2.1.1	43,176	-
Deposits written off		19,146	-
Change in fair value of investment properties	26.1	1,410	-
Loss on disposal of property, plant and equipment		460	-
Restructuring fee for TFC		-	15,250
Fine and penalties		-	118
		495,520	244,749

44.1 Auditors' remuneration

	2019	2018
Statutory audit	2,575	2,000
Half year review	950	900
Other assurance services	150	150
Out of pocket expenses	440	400
Certifications	375	1,125
	4,490	4,575

Note 45
Depreciation and Amortization

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Depreciation	23.1	733,333	683,083
Depreciation on ROU assets	24	130,810	52,107
Amortization	25	390,036	390,985
		1,254,179	1,126,175

Note 46
Finance Cost

	Note	2019	2018
Mark up on term finance certificates		157,003	117,235
Mark up on long term financing		19,658	5,970
Markup on sponsor's loan		60,039	30,278
Mark up on short term borrowings		61,103	50,414
Finance charge on lease liabilities	17	29,626	-
Unwinding of discount on liabilities	46.1	158,954	24,107
Bank charges and commission		7,456	5,489
		493,839	233,493

46.1 Breakup is as follows:

	Note	2019	2018
Unwinding impact of sponsor's loan	13.2	111,958	24,107
Unwinding impact of long term deposit	16	11,420	-
Unwinding impact of liability for Term Finance Certificates	11.1.2	33,577	-
Unwinding of trade payables		1,999	-
		158,954	24,107

Note 47
Taxation

	Note	2019	2018
Current			
- For the year	47.1	58,306	98,604
- Prior years		4,033	-
		62,339	98,604
Deferred		(329,410)	24,701
		(267,071)	123,305

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

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

Note 48

Earnings / (Loss) per Share - Basic and Diluted

			2019	2018
			--------------(Rupees in '000)--------------	
48.1	**Basic earnings / (loss) per share:**			
	Profit after taxation		72,298	446,895
	Adjustments for:			
	- Dividend on CPS		-	(247,704)
	- Exchange loss on CPS		-	(463,790)
			-	(711,494)
	Profit / (loss) attributable to ordinary shareholders		72,298	(264,599)
	Weighted average number of ordinary shares	Number in '000	1,991,934	1,479,155
	Basic earnings / (loss) per share	Rupees	0.04	(0.18)
48.2	**Diluted earnings / (loss) per share:**			
	Profit / (loss) attributable to ordinary shareholders		72,298	(264,599)
	Adjustments for:			
	- Dividend on CPS		-	247,704
	- Exchange loss on CPS		-	463,790
			-	711,494
	Profit used to determine diluted loss per share		72,298	446,895
	Weighted average number of ordinary shares	Number in '000	1,991,934	1,479,155
	Assumed conversion of CPS and dividend thereon into ordinary shares	Number in '000	805,792	3,471,065
	Weighted average number of ordinary shares for diluted loss per share	Number in '000	2,797,726	4,950,220
	Diluted earnings per share	Rupees	0.03	0.09

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

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

Note 49
Cash Used in Operations

	2019	2018
	--------------(Rupees in '000)--------------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(194,773)	570,200
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	733,333	683,083
- Amortization on intangible assets	390,036	390,985
- Amortization of right of use assets	130,810	52,107
- Provision for expected credit losses on trade debts	62,847	30,445
- Provision for expected credit losses on long term receivable	330,064	-
- Provision for doubtful advances CWIP	43,176	-
- Loss / (Gain) on disposal of property, plant and equipment	460	(12,535)
- Revenue from IRU agreement	(814,354)	(720,000)
- Disposal of fiber under IRU arrangement	37,652	47,916
- Excess provisions written back during the year	(78,071)	(394,998)
- TFC penalty written back during the year	-	(118,756)
- Unclaimed liabilities written back during the year	(325,490)	-
- Liabilities written back on settlement with parties	(339,411)	(204,639)
- Reversal of provision for stock in trade	-	(201,608)
- Reversal of provision for advance to suppliers	(1,975)	(1,803)
Reversal of provision for trade receivables	(1,152)	-
- Gain on re-measurement of investment properties at fair value	1,410	(4,410)
- Post employment benefits	61,286	56,438
- Dividend income on short term investments	(784)	(33)
- Capital work in progress written off during the year	-	324
- Adjustment due to impact of IFRS 9	(364,499)	(606,240)
- Income on deposits, advances and savings accounts	(33,199)	(17,913)
- Exchange loss on foreign currency loan	48,750	85,800
- Exchange loss on foreign currency accrued markup	5,904	12,666
- Exchange (gain)/loss on foreign currency balances - net	(41,174)	28,771
- Provision for doubtful advances	20,447	66,800
- Deposits written off	19,146	-
- Unwinding impact of liabilities under IFRS 9	158,954	24,107
- Finance cost	334,885	209,386
	379,051	(594,107)
Operating loss before working capital changes	184,278	(23,907)
(Increase) / decrease in current assets		
- Stores and spares	5,721	15,630
- Stock-in-trade	-	64,089
- Trade debts	(131,174)	(629,257)
- Loans and advances	(4,585)	(96,642)
- Deposits and prepayments	(33,305)	(29,699)
- Other receivables	(31,059)	(39,622)
Increase / (decrease) in current liabilities		
- Unearned revenue	(18,093)	(60,990)
- Trade and other payables	50,794	418,578
	(161,701)	(357,913)
Cash used in operations	22,577	(381,820)

Note 50

Remuneration of Chief Executive Officer, Directors and Executives

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

	Chief Executive		Non-Executive Directors		Executive Directors		Executives	
	2019	2018	2019	2018	2019	2018	2019	2018
	---------(Rupees in '000)---------		--------(Rupees in '000)--------		--------(Rupees in '000)--------		-----------(Rupees in '000)-----------	
Managerial remuneration	9,600	9,600	13,434	13,189	4,000	4,000	91,729	99,662
Retirement benefits	1,600	1,600	949	1,035	667	667	10,405	12,199
House rent allowance	3,840	3,840	5,374	5,276	1,600	1,600	36,691	39,865
Utilities	960	960	1,343	1,319	400	400	9,173	9,966
Bonus	-	-	-	-	-	-	-	2,647
Meeting fee allowance	779	527	2,805	3,356	779	527	-	-
Advisory fee	-	-	-	6,000	-	-	-	-
	16,779	16,527	23,905	30,175	7,446	7,194	147,998	164,339
Number of persons	1	1	5	5	1	1	36	40

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

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

Note 51

Transaction with Related Parties

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

Transactions during the year with local companies

Related party	Relationship	Nature of transaction	2019	2018
			--------------(Rupees in '000)--------------	
Worldcall Services (Private) Limited	Parent Company (note 4.23)	Funds received by the Company during the year	367,332	784,561
		Funds repaid by the Company during the year	344,459	96,343
		Expense paid on behalf of the Company	-	88,685
		Expense charged to the Company	6,442	12,297
		Settlement with multimedia	98,793	-
		Dividend on CPS	-	145
		Markup on long term borrowings	60,039	30,278
		Exchange loss on markup	5,904	12,666
		Markup paid during the year	136,571	-
AMB Management Consultants (Pvt.) Limited	Associate (note 4.23)	Dividend on CPS	-	18
Route 1 Digital (Private) Limited	Wholly Owned Subsidiary (note 4.23)	Investment made during the year	-	50,000
		Expenses borne on behalf of subsidiary	5,858	7,769
Worldcall Business Solutions (Private) Limited	Associate (note 4.23)	Expenses borne on behalf of associate	25,855	27,106

			2019	2018
			(Rupees in '000)	
Worldcall Cable (Private) Limited	Associate (note 4.23)	Expenses borne on behalf of associate	870	1,240
ACME Telecom (Private) Limited	Associate (note 4.23)	Expenses borne on behalf of associate	30	-
		Funds received by the Company during the year	10,000	-
		Funds repaid by the Company during the year	10,000	-
Worldcall Ride Hail (Private) Limited	Associate (note 4.23)	Expenses borne on behalf of associate	16	-
Director	Associated person	Payment to IBA against open enrollment program	-	276
		Sale of vehicle	-	528
Key management personnel	Associated persons	Advances against expenses disbursed / (adjusted) - net	2,857	1,151
		Long term loans received back - net	269	8,018

The amounts above do not include salaries and other related benefits of the Chief Executive Officer, directors and executives of the Company which have been disclosed in note 50.

Transactions during the year with foreign companies

Related party	Relationship	Nature of transaction	2019	2018
Ferret Consulting - F.Z.C	Associate (note 4.23)	Dividend on CPS	575,956	224,877
		Direct Cost-IT Service	5,400	-
		Exchange loss	24,222	1,100
		Net funds received by the Company during the year	195,004	138,000

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

Outstanding Balance as at the year end

		2019	2018
Worldcall Services (Private) Limited	Sponsor's loan	1,416,639	1,255,931
	Dividend on CPS	-	130,868
	Accrued markup	5,285	75,913
	Short term borrowings	128,108	-
Ferret Consulting - F.Z.C	Dividend on CPS	575,957	606,303
	Short term borrowings	363,726	139,100
AMB Management Consultants (Pvt.) Limited	Dividend on CPS	-	16,311
Route 1 Digital (Private) Limited	Investment in subsidiary	50,000	50,000
	Other receivables	13,627	7,769
Worldcall Business Solutions (Private) Limited	Other receivables	52,961	27,211
ACME Telecom (Private) Limited	Other receivables	30	-
Worldcall Ride Hail (Private) Limited	Other receivables	16	-
Worldcall Cable (Private) Limited	Other receivables	2,110	1,240
Key management personnel	Payable against expenses, salaries and other employee benefits	88,117	89,805
	Long term loans	-	269
	Advance against expenses	15,312	12,455

Note 52
Financial Risk Management

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

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

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

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

52.1 Market risk

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

52.1.1 Currency risk

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

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

	2019	2018
	-----------------USD ('000)-----------------	
Trade debts	5,398	6,870
Trade and other payables	(2,223)	(11,908)
Borrowings	(5,375)	(4,546)
Net exposure	(2,200)	(9,584)

	2019	2018
The following significant exchange rates were applied during the year		
Average rate - Rupees per US Dollar (USD)	146.98	121.58
Reporting date rate - Rupees per US Dollar (USD)		
Assets	154.85	138.60
Liabilities	155.35	139.10

At December 31, 2019, if the Rupee had weakened / strengthened by 1% against the US dollar with all other variables held constant, pre-tax loss for the year would have been Rs. 3.42 million (2018: Rs. 13.33 million) higher / lower, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

52.1.2 Interest rate risk

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

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

	2019	2018
Floating rate instruments	--------------(Rupees in '000)--------------	
Financial assets		
Bank balances - saving accounts	1,062	2,623
Deposit in Escrow Account	435,609	412,394
Financial liabilities		
Term finance certificates	(1,287,110)	(1,317,110)
Long term financing	(124,337)	(48,627)
Sponsor's loan	(466,050)	(417,300)
Short term borrowings	(442,212)	(562,458)
	(1,883,038)	(1,930,478)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date had fluctuated by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 18.83 million (2018: Rs. 19.31 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at the reporting date are outstanding for the entire year.

52.1.3 Other market price risk

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

Equity price risk arises from investments held by the Company which are classified in the statement of financial position as fair value through other comprehensive income (Note 37). The primary goal of the Company's investment strategy is to maximize investment returns on the surplus cash balance. In accordance with this strategy, investments are designated as available-for-sale and their performance is actively monitored.

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

52.2 Credit risk

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

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

52.2.1 Exposure to credit risk

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

	2019	2018
	(Rupees in '000)	
Long term trade receivables	-	54,578
Long term loans	1,843	2,758
Long term deposits	16,910	46,677
Trade debts	896,749	1,674,557
Short term deposits	493,217	458,565
Other receivables	73,639	88,880
Long term investment	50,000	50,000
Short term investments	38,579	38,115
Bank balances	36,658	3,517
	1,607,595	2,417,647

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

The aging of trade debts and long term trade receivables		
Not past due	4,912	119,829
Past due 1 - 180 days	982,210	1,127,475
Past due 181 - 365 days	66,218	139,094
1 - 2 years	132,858	292,113
More than 2 years	2,244,368	2,115,057
	3,430,566	3,793,568

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

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

52.2.3 Credit quality of bank balances

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

	Rating		Rating Agency	2019	2018
	Long term	Short term			
				------------(Rupees in '000)------------	
Allied Bank Limited	AAA	A1+	PACRA	87	1
Askari Bank Limited	AA+	A1+	PACRA	330	114
Bank AL Habib Limited	AA+	A1+	PACRA	1	96
Habib Bank Limited	AAA	A1+	JCR-VIS	2	22
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	21	28
JS Bank Limited	AA-	A1+	PACRA	17	17
Bank Islami Pakistan Limited (Formerly KASB Bank Limited)	A+	A1	PACRA	552	446
MCB Bank Limited	AAA	A1+	PACRA	127	126
National Bank of Pakistan	AAA	A1+	PACRA	6	6
Silk Bank Limited	A-	A2	JCR-VIS	296	45
Standard Chartered Bank (Pakistan) Limited	AAA	A1+	PACRA	521	504
Soneri Bank Limited	AA-	A1+	PACRA	8	38
Summit Bank Limited	SUSPENDED	SUSPENDED	JCR-VIS	814	1,795
Telenor Microfinance Bank Limited (Formerly Tameer Microfinance Bank Limited)	A+	A1	PACRA	1	29
United Bank Limited	AAA	A1+	JCR-VIS	19	19
Mobilink Microfinance Bank Limited (Formerly Waseela Microfinance Bank Limited)	A	A1	PACRA	1	231
Meezan Bank	AA+	A1+	JCR-VIS	33,855	-
				36,658	3,517

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

52.3 Liquidity risk

Liquidity risk represents the risk that the Company shall encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The management monitors the forecasts of the Company's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the Company operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities and maintaining debt financing plans. The Company has been facing difficulty in meeting various obligations towards its lenders and creditors. However, the management has devised a strategy for settlement and servicing of its liabilities as detailed in note 2.2. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
	---Rupees in '000---					
Contractual maturities of financial liabilities as at December 31, 2019:						
Term finance certificates	1,767,180	2,943,691	200,076	489,380	1,485,395	768,840
Long term financing	124,337	165,899	47,582	38,400	79,917	-
Sponsor's loan	1,416,639	1,687,387	-	1,687,387	-	
Long term deposit	105,000	105,000	105,000	-	-	-
Lease liabilities	239,454	398,992	74,800	36,010	169,201	118,981
License fee payable	1,021,500	1,021,500	-	-	1,021,500	-
Short term borrowings	934,046	934,046	934,046	-	-	-
Trade and other payables	5,859,196	5,859,196	5,859,196	-	-	-
Unclaimed dividend	1,807	1,807	1,807	-	-	-
Accrued mark up	136,847	136,847	136,847	-	-	-
	11,606,006	13,254,365	7,359,354	2,251,177	2,756,013	887,821

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
	-----	-----	-----Rupees in '000-----	-----	-----	-----
Contractual maturities of financial liabilities as at December 31, 2018:						
Term finance certificates	1,713,769	3,215,977	257,087	215,264	1,484,587	1,259,039
Long term financing	48,627	50,598	36,497	14,101	-	-
Sponsor's loan	1,255,931	1,669,726	-	448,389	1,221,337	-
Long term deposit	93,580	105,000	-	105,000	-	-
License fee payable	1,021,500	1,021,500	-	-	1,021,500	-
Short term borrowings	701,558	701,558	701,558	-	-	-
Trade and other payables	6,873,667	6,873,667	6,873,667	-	-	-
Unclaimed dividend	1,807	1,807	1,807	-	-	-
Accrued mark up	122,184	122,184	122,184	-	-	-
	11,832,623	13,762,017	7,992,800	782,754	3,727,424	1,259,039

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

52.4 Fair value of financial instruments

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

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

Fair value estimation

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

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

The following table presents the Company's financial assets that are measured at fair value at December 31, 2019:

	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
Assets				
Recurring fair value measurements				
Investments at fair value through other comprehensive income	38,579	-	-	38,579

The following table presents the Company's financial assets that are measured at fair value at December 31, 2018:

	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
Assets				
Recurring fair value measurements				
Investments at fair value through other comprehensive income	38,115	-	-	38,115

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

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

	January 1, 2019	Cash Flows	Foreign Exchange Movement	Impact of (Discounting) / Unwinding	Other Adjustments	December 31, 2019
	(Rupees in '000)					
Term finance certificates	1,713,769	(30,000)	-	4,910	78,501	1,767,180
Long term financing	48,627	(44,987)	-	(5,768)	135,795	133,667
Sponsor's loan	1,255,931	-	48,750	111,958	-	1,416,639
Lease liabilities	-	(48,867)	-	-	288,321	239,454
Short term borrowings	701,558	223,728	24,222	-	(15,462)	934,046
Total liabilities from financing activities	3,719,885	99,874	72,972	111,100	487,155	4,490,986

	January 1, 2018	Cash Flows	Foreign Exchange Movement	Impact of (Discounting) / Unwinding	Other Adjustments	December 31, 2018
	(Rupees in '000)					
Term finance certificates	1,517,110	(200,000)	-	(192,117)	588,776	1,713,769
Long term financing	132,558	(83,931)	-	-	-	48,627
Sponsor's loan	739,530	688,218	85,800	(358,599)	100,982	1,255,931
Short term borrowings	563,936	137,622	-	-	-	701,558
Total liabilities from financing activities	2,953,134	541,909	85,800	(550,716)	689,758	3,719,885

Other adjustments include, markup deferred / accrued during the year, addition in lease liabilities due to adoption of IFRS 16, transfer of short term loan to long term loan due to restructuring, expenses borne by lender on behalf of the Company

52.6 **Capital Risk Management**

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

The Company's objectives when managing capital are:

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

b) to provide an adequate return to shareholders.

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

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

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

	2019	2018
	Rupees in '000	
Borrowings	4,481,656	3,719,885
Cash and bank balances	(40,083)	(7,258)
Net debt	4,441,573	3,712,627
Equity	3,038,845	3,281,988
Total capital employed	7,480,418	6,994,615
Gearing ratio (%)	59.38%	53.08%

52.7 **Financial instruments by categories**

Financial assets as at December 31, 2019

	Amortized Cost	At fair value through OCI - equity instruments	At fair value through profit or loss	Total
	----Rupees in '000----			
Long term loans	1,843	-	-	1,843
Long term deposits	16,910	-	-	16,910
Long term trade receivables	-	-	-	-
Long term investment	50,000	-	-	50,000
Trade debts	896,749	-	-	896,749
Short term deposits	493,217	-	-	493,217
Other receivables	73,639	-	-	73,639
Short term investments	-	38,579	-	38,579
Cash and bank balances	40,083	-	-	40,083
	1,572,441	38,579	-	1,611,020

Financial assets as at December 31, 2018

	Amortized Cost	At fair value through OCI - equity instruments	At fair value through profit or loss	Total
	----Rupees in '000----			
Long term loans	2,758	-	-	2,758
Long term deposits	46,677	-	-	46,677
Long term trade receivables	54,578	-	-	54,578
Long term investment	50,000			50,000
Trade debts	1,674,557	-	-	1,674,557
Short term deposits	458,565	-	-	458,565
Other receivables	88,880	-	-	88,880
Short term investments	-	38,115	-	38,115
Cash and bank balances	7,258	-	-	7,258
	2,383,273	38,115	-	2,421,388

Financial liabilities at amortized cost

	2019	2018
	----(Rupees in '000)----	
Term finance certificates	1,767,180	1,713,769
Long term financing	124,337	48,627
Sponsor's loan	1,416,639	1,255,931
Long term deposit	105,000	93,580
Lease liabilities	239,454	-
License fee payable	1,021,500	1,021,500
Short term borrowings	934,046	701,558
Trade and other payables	5,859,196	6,873,667
Unclaimed dividend	1,807	1,807
Accrued mark up	136,847	122,184
	11,606,006	11,832,623

52.8 Offsetting financial assets and financial liabilities

(a) Financial assets

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

	Gross amounts of recognized financial assets	Gross amount of recognized financial liabilities off set in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
	----------	----------	(Rupees in '000)	----------	----------	
As at December 31, 2019	**A**	**B**	**C = A + B**	**D**	**E = C + D**	
Long term trade receivables	-	-	-	-	-	-
Long term loans	-	-	-	-	-	1,843
Long term deposits	-	-	-	-	-	16,910
Trade debts	4,083,040	(3,186,291)	896,749	-	896,749	-
Short term deposits	-	-	-	-	-	493,217
Other receivables	119,939	(46,300)	73,639	-	73,639	-
Short term investments	-	-	-	-	-	38,579
Cash and bank balances	-	-	-	-	-	40,083
	4,202,979	**(3,232,591)**	**970,388**	**-**	**970,388**	

	Gross amounts of recognized financial assets	Gross amount of recognized financial liabilities off set in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
	----------	----------	(Rupees in '000)	----------	----------	
As at December 31, 2018	A	B	C = A + B	D	E = C + D	
Long term trade receivables	-	-	-	-	-	54,578
Long term loans	-	-	-	-	-	2,758
Long term deposits	-	-	-	-	-	46,677
Trade debts	3,861,909	(2,187,352)	1,674,557	-	1,674,557	-
Short term deposits	-	-	-	-	-	458,565
Other receivables	-	-	-	-	-	88,880
Short term investments	-	-	-	-	-	38,115
Cash and bank balances	-	-	-	-	-	7,258
	3,861,909	(2,187,352)	1,674,557	-	1,075,745	

(b) Financial liabilities

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

	Gross amounts of recognized financial liabilities	Gross amount of recognized financial assets off set in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
	----------	----------	(Rupees in '000)	----------	----------	
As at December 31, 2019	**A**	**B**	**C = A + B**	**D**	**E = C + D**	
Short term borrowings	-	-	-	-	-	934,046
License fee payable	-	-	-	-	-	1,021,500
Trade and other payables	7,557,432	(1,698,236)	5,859,196	-	5,859,196	-
Unclaimed dividend						1,807
Accrued mark up	-	-	-	-	-	136,847
Term finance certificates	-	-	-	-	-	1,767,180
Long term financing	-	-	-	-	-	124,337
Sponsor's loan	-	-	-	-	-	1,416,639
Lease liabilities	1,534,355	(1,534,355)	-	-	-	-
Long term deposit	-	-	-	-	-	105,000
	9,091,787	**(3,232,591)**	**5,859,196**	**-**	**5,859,196**	

	Gross amounts of recognized financial liabilities	Gross amount of recognized financial assets off set in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
	----------	----------	(Rupees in '000)	----------	----------	
As at December 31, 2018	A	B	C = A + B	D	E = C + D	
Short term borrowings	-	-	-	-	-	701,558
License fee payable	-	-	-	-	-	1,021,500
Trade and other payables	8,341,019	(1,467,352)	6,873,667	-	6,873,667	-
Unclaimed dividend					-	1,807
Accrued mark up	-	-	-	-	-	122,184
Term finance certificates	-	-	-	-	-	1,713,769
Long term financing	-	-	-	-	-	48,627
Sponsor's loan	-	-	-	-	-	1,255,931
Lease liabilities	720,000	(720,000)	-	-	-	-
Long term deposit	-	-	-	-	-	93,580
	9,061,019	(2,187,352)	6,873,667	-	6,873,667	

Note 53
Segment Information

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

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

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

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

Note 54
Number of Employees

	2019	**2018**
	Number	Number
Employees as at December 31,	631	986
Average number of employees during the year	720	932

Note 55
Authorization of Financial Statements

These financial statements were approved and authorized for issue on 09 July 2020 by the Board of Directors of the Company.

Note 56
Corresponding Figures

Corresponding figures have been re-arranged / reclassified wherever necessary for better presentation and comparison. Following re-arrangements / reclassifications have been made in these financial statements:

Nature	**From**	**To**	**Amount** (Rupees in '000)
Leased assets	Leased assets (Note 23.1)	Right of use assets (Note 24)	1,001,746
Advance from customers	Advance from customers (Note 18)	Contract liabilities (Note 18)	10,639
Changes in fair value of investments	Item that may be subsequently reclassified to profit or loss - Face of statement of comprehensive income	Items that will not be reclassified to profit or loss - Face of statement of comprehensive income	(20,846)
Deferred tax on leasehold improvements	Leasehold improvements (Note 29)	Accelerated tax depreciation (Note 29)	(9,225)
Commission on sales	Revenue (Note 40)	Direct costs excluding depreciation and amortization (Note 41)	28,580
Depreciation on leased assets	Depreciation (Note 45)	Depreciation on ROU assets (Note 45)	52,107

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

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLDCALL TELECOM LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed consolidated financial statements of **WorldCall Telecom Limited and its subsidiary (the Group),** which comprise the consolidated statement of financial position as at December 31, 2019 and the consolidated statement of profit or loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Material Uncertainty relating to Going Concern

We draw attention to Note 2.2 in the accompanying consolidated financial statements, which indicates that the Group has earned profit after taxation of Rs. 65.488 million during the year ended December 31, 2019 which includes the impact of write back of liabilities for Rs. 742.972 million. As of that date, the Group has accumulated losses of Rs. 13,201.56 million and its current liabilities exceeded its current assets by Rs. 5,976.682 million. These conditions, along with other factors like declining revenue and contingencies and commitments as mentioned in note 22 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section we have determined the matters described below to be the key audit matters to be communicated in our report:

Key Audit Matters	How the matter was addressed in our report
1. Contingencies	
Refer to note 22 to the consolidated financial statements. There are a number of threatened and actual legal, regulatory and tax cases against the Group. The contingencies require management to make judgments and estimates in relation to the interpretation of laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Involvement of subjectivity, inherent uncertainty and the time period such matters may take to resolve, the management judgments and estimates in relation to such contingencies may be complex and can significantly impact the financial statements. For such reasons we have considered contingencies as a key audit matter.	Our key audit procedures included: • Discussing the process of identifying and recording contingencies in the consolidated financial statements with the management • Review of the correspondence of the Group with the relevant tax authorities including judgments and orders passed by the competent authorities • Obtaining and reviewing external confirmations from Group 's legal counsels and tax advisors for their views on case status • Discussing with the Group's in-house tax experts to assess and validate management's conclusion • Held discussion with Group's legal counsels to assess adequacy of disclosures in the financial statements • Assessed the adequacy of relevant disclosures in the financial statements.
2. Revenue Recognition	
Refer note 4.18 and note 5.1 to the consolidated financial statements. There is an inherent risk around the accuracy and completeness of revenue recorded because of the complex billing system that involves processing a large volume of data making it inherent industry risk. We have considered revenue recognition as a key audit matter because of the timing of revenue recognition, application of slab and exchange rates, controls over underlying accuracy of billing systems and presumed risk of fraud.	Our audit procedures included: • Testing of controls assisted by our IT specialists • Authorization of slab rates and reports • Inputs of records into billing system and recalculation of amounts billed to customers. • Performed tests on the accuracy of customer bill generation process on a sample basis. • Performed substantive analytical procedures over the significant revenue streams by developing an expectation based on rates, disconnections and installations. • Tested a sample of bills and checked these to supporting documents.

3. Recoverability of Trade Debts	
Refer notes 33 and note 4.13 to the consolidated financial statements. As at December 31, 2019, the Group's gross trade debts were Rs. 3,430.765 million against which allowances for expected credit losses of Rs. 2,533.817 million were recognized. The Group has adopted IFRS 9 with effect from January 1, 2019 as referred to in note 5.3 to the consolidated financial statements. The new standard requires the Group to make provision for financial assets using expected credit losses (ECL) model. We identified the recoverability of trade debts as a key audit matter because it involves significant management judgment in assessing the amount likely to be received and corresponding estimates in determining the allowance of expected credit loss.	Our audit procedures included: • Discussing the policies and procedures related to revenue recognition and corresponding trade debts and allowing maximum credit ceiling to trade debts. • Obtaining an understanding of and testing the design and implementation of management's key internal controls relating to credit control, debt collection and making allowances for doubtful debts. • Agreeing, on a sample basis, the balances used in management's estimate of expected credit loss with the books of account of the Group. • Assessed the historical patterns of recovery of selected parties. • Testing the assumptions and estimates made by management for the allowances of doubtful debts. • Circularizing trade debts; assessment of their response and corroborating with the subsequent sales / receivable patterns. • Evaluating that the allowance for doubtful debt is in accordance with the applicable financial reporting framework.
4. Adoption of IFRS 16 "Leases"	
Refer notes 4.3 and note 17 to the consolidated financial statements. The Group has adopted IFRS 16 with effect from January 1, 2019 as referred to in note 5.2 to the consolidated financial statements. The new standard requires management to make significant estimates and judgements for measurement of lease liability and right of use assets. We considered the adoption of the standard as a key audit matter due to the significance of the accounting change and the involvement of significant management judgements.	Our audit procedures included: • We evaluated the appropriateness of the new accounting policies for recognition of lease contracts and their measurement in the consolidated financial statements. • We obtained an understanding of the process and controls in place for identification of in scope and material lease contracts and capturing relevant data regarding the terms and conditions of the lease contracts in lease database. • We corroborated the completeness of lease database by comparing the previously identified operating lease contracts and the

	lease / rent expenses with the contracts appearing in the lease database. • We performed independent checks of lease accounting computations for a sample of lease contracts through reperformance of such computations. • We evaluated the appropriateness of the assumptions used by the management in measuring lease liabilities. • We evaluated the adequacy of disclosures made regarding the application of the standard and its impact on the consolidated financial statements.

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2019, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

Crowe Hussain Ch. & Co

Lahore
Dated: 09 July, 2020

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	Note	2019	2018	2017
		-----------(Rupees in '000)-----------		
			(Restated)	(Restated)
SHARE CAPITAL AND RESERVES				
Authorized share capital		29,000,000	21,000,000	21,000,000
Ordinary share capital	6	11,615,252	10,835,944	9,950,546
Preference share capital	7	2,114,651	2,585,646	3,150,236
Dividend on preference shares	8	772,136	949,662	900,687
Capital reserves	9	476,453	606,776	285,911
Accumulated loss		(13,201,560)	(13,170,319)	(13,027,326)
Surplus on revaluation of fixed assets	10	1,247,166	1,466,342	605,249
		3,024,098	3,274,051	1,865,303
NON-CURRENT LIABILITIES				
Term finance certificates	11	1,567,104	1,583,763	-
Long term financing	12	87,330	13,893	43,996
Sponsor's loan	13	1,416,639	1,255,931	675,893
License fee payable	14	1,021,500	1,021,500	1,021,500
Post employment benefits	15	210,796	241,020	253,213
Long term deposit	16	-	93,580	105,000
Lease liabilities	17	175,585	-	-
		4,478,954	4,209,687	2,099,602
CURRENT LIABILITIES				
Trade and other payables	18	6,094,672	6,985,295	7,419,518
Unearned revenue		55,810	73,903	134,893
Accrued mark up	19	136,847	122,184	540,671
Current and overdue portion of non-current liabilities	20	415,282	164,740	1,605,672
Short term borrowings	21	934,046	701,558	563,936
Unclaimed dividend		1,807	1,807	1,807
Provision for taxation - net		311,825	276,281	177,015
		7,950,289	8,325,768	10,443,512
Contingencies and Commitments	22	-	-	-
TOTAL EQUITY AND LIABILITIES		15,453,341	15,809,506	14,408,417
NON-CURRENT ASSETS				
Property, plant and equipment	23	6,587,998	7,278,116	6,590,870
Right of use assets	24	2,138,001	1,001,746	333,853
Intangible assets	25	1,962,998	2,353,114	2,697,636
Investment properties	26	48,800	50,210	45,800
Long term trade receivable	27	-	54,578	65,240
Deferred taxation	28	2,725,027	2,281,289	2,661,372
Long term loans	29	-	-	2,890
Long term deposits	30	16,910	46,677	45,511
		13,479,734	13,065,730	12,443,172
CURRENT ASSETS				
Stores and spares	31	40,592	60,661	76,291
Stock-in-trade	32	204,777	204,777	67,258
Trade debts	33	896,948	1,674,755	1,075,745
Loans and advances	34	189,603	203,497	171,711
Deposits and prepayments	35	502,996	473,500	443,801
Short term investments	36	38,579	38,115	58,961
Other receivables	37	60,012	81,111	49,258
Cash and bank balances	38	40,100	7,360	22,220
		1,973,607	2,743,776	1,965,245
TOTAL ASSETS		15,453,341	15,809,506	14,408,417

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

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
		(Rupees in '000)	
Revenue	39	3,881,847	4,387,187
Direct costs excluding depreciation and amortization	40	(2,385,857)	(3,060,902)
Operating costs	41	(596,099)	(732,083)
Other income	42	1,142,835	1,573,111
Other expenses	43	(495,560)	(244,799)
Profit before Interest, Taxation, Depreciation and Amortization		1,547,166	1,922,514
Depreciation and amortization	44	(1,254,895)	(1,126,708)
Finance cost	45	(493,854)	(233,523)
(Loss) / Profit before Taxation		(201,583)	562,283
Taxation	46	267,071	(123,325)
Net Profit for the Year		65,488	438,958
Earnings / (Loss) per Share - basic (Rupees) attributable to Parent Company	47	0.03	(0.18)
Earnings / (Loss) per Share - diluted (Rupees) attributable to Parent Company	47	0.02	(0.18)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
	--------------(Rupees in '000)-------------	
		(Restated)
Net Profit for the Year	65,488	438,958
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
- Remeasurement of post employment benefit obligations - net of tax	22,744	3,885
- Surplus on revaluation of fixed assets - net of tax	-	965,383
- Changes in fair value of financial assets through other comprehensive income - net of tax	464	(20,846)
Item that may be subsequently reclassified to profit or loss:	-	-
Other Comprehensive Income - net of tax	23,208	948,422
Total Comprehensive Income for the Year - net of tax	88,696	1,387,380

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

Particulars	Ordinary Share Capital	Preference Share Capital	Dividend on Preference Shares	Capital Reserves			Revenue Reserve (Accumulated Loss)	Surplus on Revaluation of Fixed Assets	Total
				Fair Value Reserve	Exchange Translation Reserve	Total Capital Reserves			
	(Rupees in '000)								
Balance as at December 31, 2017	9,950,546	3,150,236	900,687	(5,928)	291,839	285,911	(13,027,326)	605,249	1,865,303
Net profit for the year	-	-	-	-	-	-	438,958	-	438,958
Other comprehensive loss for the year - net of tax	-	-	-	(20,846)	-	(20,846)	3,885	965,383	948,422
Total comprehensive income for the year - net of tax	-	-	-	(20,846)	-	(20,846)	442,843	965,383	1,387,380
Incremental depreciation / amortization for the year on surplus on revaluation of fixed assets	-	-	-	-	-	-	125,658	(125,658)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	21,368	21,368
Exchange translation reserve	-	-	-	-	463,790	463,790	(463,790)	-	-
Conversion of preference shares and dividend thereon	6,848,062	(564,590)	(198,729)	-	(122,079)	(122,079)	-	-	5,962,664
Discount on issuance of ordinary shares	(5,962,664)	-	-	-	-	-	-	-	(5,962,664)
Dividend on preference shares for the year	-	-	247,704	-	-	-	(247,704)	-	-
Total transactions with owners, recognized directly in equity	885,398	(564,590)	48,975	-	341,711	341,711	(711,494)	-	-
Balance as at December 31, 2018	10,835,944	2,585,646	949,662	(26,774)	633,550	606,776	(13,170,319)	1,466,342	3,274,051
Effect of adoption of IFRS 9 - net of tax	-	-	-	-	-	-	(331,538)	-	(331,538)
Adjusted balance as at December 31, 2018	10,835,944	2,585,646	949,662	(26,774)	633,550	606,776	(13,501,857)	1,466,342	2,942,513
Net profit for the year	-	-	-	-	-	-	65,488	-	65,488
Other comprehensive income for the year - net of tax	-	-	-	464	-	464	22,744	-	23,208
Total comprehensive income for the year - net of tax	-	-	-	464	-	464	88,232	-	88,696
Incremental depreciation / amortization for the year on surplus on revaluation of fixed assets	-	-	-	-	-	-	212,065	(212,065)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(7,111)	(7,111)
Conversion of preference shares and dividend thereon	6,528,320	(470,995)	(177,526)	-	(130,787)	(130,787)	-	-	5,749,012
Discount on issuance of ordinary shares	(5,749,012)	-	-	-	-	-	-	-	(5,749,012)
Total transactions with owners, recognized directly in equity	779,308	(470,995)	(177,526)	-	(130,787)	(130,787)	-	-	-
Balance as at December 31, 2019	11,615,252	2,114,651	772,136	(26,310)	502,763	476,453	(13,201,560)	1,247,166	3,024,098

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
		--------------(Rupees in '000)--------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	48	24,244	(335,879)
Decrease / (Increase) in non-current assets:			
- Long term loans		-	2,890
- Long term trade receivables		-	(1,166)
- Long term deposits		10,937	30,659
		10,937	32,383
		35,181	(303,496)
Post employment benefits paid		(1,276)	(48,205)
Finance cost paid		(50,394)	(51,793)
Income tax paid		(26,796)	(58,814)
Net Cash Used in Operating Activities		(43,285)	(462,308)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(62,995)	(100,779)
Intangible assets purchased			(46,523)
Dividend income		784	33
Income on deposit and savings accounts		31,453	17,913
Proceeds from disposal of property, plant and equipment		6,909	34,895
Net Cash Used in Investing Activities		(23,849)	(94,461)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term finance certificates		(30,000)	(200,000)
Repayment of long term financing		(44,987)	(83,931)
Sponsor's loan		-	688,218
Short term borrowings - net		223,728	137,622
Repayment of lease liability		(48,867)	-
Net Cash Generated from Financing Activities		99,874	541,909
Net Increase / (Decrease) in Cash and Cash Equivalents		32,740	(14,860)
Cash and cash equivalents at the beginning of the year		7,360	22,220
Cash and Cash Equivalents at the End of the Year		40,100	7,360

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

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1
The Company and its Operations

The Group is structured as follows:

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

1.1 Worldcall Telecom Limited ("the Parent Company") is a public limited Company incorporated in Pakistan on March 15, 2001 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange. The Company commenced its operations on December 01, 2004 and is engaged in providing Wireless Local Loop ("WLL") and Long Distance & International ("LDI") services in Pakistan; re-broadcasting international/national satellite/terrestrial wireless and cable television and radio signals; interactive communication and to establish, maintain and operate the licensed telephony services. The Company has been licensed by Pakistan Telecommunication Authority ("PTA") and Pakistan Electronic Media Regulatory Authority ("PEMRA") for these purposes. The Company is domiciled in Pakistan and its registered office cum principal place of business is situated at Plot # 1566/124, Main Walton Road, Lahore Cantt.

Worldcall Services (Pvt.) Limited (the "Holding Company"), incorporated in Pakistan, owns 39.98% (2018: 27.79%) ordinary shares of the Group. Aggregate holding of Worldcall Services (Private) Limited through other associates is 47.75% (2018: 53.27%) (refer to note 4.22.1)

1.2 Route 1 Digital (Private) Limited (the subsidiary) is a private limited Company incorporated in Pakistan on December 21, 2016 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The primary business is to carry out the business of all transport services, sharing motor vehicle transportation with another or others, and consultancy in the field of information technology, software development and all activities ancillary thereto. The subsidiary is domiciled in Pakistan and its registered office is situated at 2nd Floor, 300 Y Block, Phase-III, Defence Housing Authority, Lahore Cantt. Its principal place of business is situated at 20, Tariq Block, New Garden Town, Lahore. The Group acquired this subsidiary during the year for which control was obtained on April 20, 2018.

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

Sr.	Business unit	Address
1	Main Offices	Plot # 1566/124, Main Walton Road, Lahore Cantt.
2		Office # 317, The Plaza Shopping Center, G-7, Block-9, Clifton, Karachi.
3		2nd Floor, 300 Y Block, Phase-III, Defence Housing Authority, Lahore Cantt.
4		20, Tariq Block, New Garden Town, Lahore.
5	Regional offices	Office # 302, 303, 304, 318, 319 & 316 The Plaza Shopping Center, G-7, Block-9, Clifton, Karachi.
6		Office No 508, Uni Plaza, I.I.Chundrigar Road, Karachi.
7		41 N, Gulberg II, Lahore.
8		Y-194/1, Commercial Phase-III, DHA, Lahore.
9		Ali Tower, 105-BII, MM Alam Road, Lahore.
10		Shop # 35,34, J-I Market, WAPDA Town, Lahore.
11		CSC Cantt. Shop # 02 Ground floor Cantt Board Plaza, Tufail Road, Lahore Cantt.
12		House # 81, FG Colony, Hassan Garhi Shami Road, Peshawar.
13	Warehouse	Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore.
14		Plot # F15/F16, Ground Portion situated at P&T Colony, Gizri Road, Clifton, Karachi.
15		Shop # 42, Near Arbab Ziauddin Plaza, Sabzal Road, Quetta.
16	Headends	Office # 315, Plot # G-7, Block-9, K.D.A Scheme # 5, Kehkashan Clifton, Karachi.
17		Plot # 33, Maqboolabad Cooperative Housing Society, Karachi.
18		Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakh Pat, Lahore.
19		P-1410-11-B, People's Colony-1, Faisalabad.
20		Plot # 321, St # 04, Sector I-9/3, Islamabad.
21		Khawar Centre, 92-Nusrat Road, Near SP Chowk, Multan.
22		Mukarram Plaza, Plot # 591-592-B, Main Market Model Town, Gujranwala.

Note 2
Basis of Preparation

2.1 Statement of compliance

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

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

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

The consolidated financial statements provide comparative information in respect of the previous year. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

2.2 Going concern assumption

2.2.1 The Group has earned a profit after taxation of Rs. 65.488 million during the year ended December 31, 2019 (2018: profit after taxation of Rs. 438.96 million) which includes the impact of write back of liabilities for Rs. 742.972 million (2018: Rs. 718.393 million). As at December 31, 2019, the accumulated loss of the Group stands at Rs. 13,201.56 million (December 31, 2018: Rs. 13,170.32 million) and its current liabilities exceed its current assets by Rs. 5,976.682 million (December 31, 2018: Rs. 5,581.99 million). These conditions, along with the other factors like declining revenue and contingencies and commitments as mentioned in note 22, indicate the existence of material uncertainties that cast significant doubt about the Group's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

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

2.2.2 Net Liabilities Position - Risk Mitigation

As mentioned above, there is a net current liability position of approximately Rs. 5.977 billion as on the reporting date, which has the following major components:

Description	Note	Rs in million
Short term Borrowings	2.2.2.1	934
Pakistan Telecommunication Authority (PTA)	2.2.2.2	2,335
Claims of Parties Challenged	2.2.2.3	824
Regularly revolving creditors	2.2.2.4	767
Provision for taxation	2.2.2.5	312
		5,172

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

2.2.2.1 The Group has been successful in obtaining renewals of its short term financing facilities from all major banks except two facilities of Rs. 150 million (note 21). Moreover, short term borrowings include funds obtained from sponsor / related parties to the tune of rupees 491.834 million.

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

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

2.2.2.4 The amount payable to creditors amounting Rs. 767 million represents routine trade credits extended by regular parties and these balances are of revolving nature. Thus, no immediate net cash outlay would be required.

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

2.2.3 Continued Support from a Majority Shareholder

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

2.3 Principles of consolidation

2.3.1 Subsidiaries

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

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

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

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

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

2.3.2 Changes in ownership interests

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

2.4 Presentation currency

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

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

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

The following amendments to existing standards and interpretations have been published and are mandatory for the year ended December 31, 2019 and are considered to be relevant to the Group's financial statements:

IFRS 9 Financial Instruments	July 1, 2018
IFRS 9 Financial Instruments [Amendments]	January 1, 2019
IFRS 15 Revenue from Contracts with Customers	July 1, 2018
IAS 19 Employee Benefits [Amendments]	January 1, 2019
IFRS 3 Business Combinations [Amendments]	January 1, 2019
IAS 23 Borrowing costs [Amendments]	January 1, 2019
IFRS 16 Leases	January 1, 2019
Annual improvements to IFRSs (2015-2017 Cycle)	January 1, 2019

The Group had to change its accounting policies and make certain adjustments following the adoption of above. These are disclosed in relevant notes to the financial statements.

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

IFRIC 23 Uncertainty over Income Tax Treatments	January 1, 2019
IAS 28 Investments in Associates and Joint Ventures [Amendments]	January 1, 2019
IFRS 11 Joint Arrangement [Amendments]	January 1, 2019

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

2.5.2.1 The following standards, amendments and interpretations with respect to the approved accounting and reporting standards as applicable in Pakistan and relevant to the Group, would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	**Effective Date** (Period beginning on or after)
Conceptual Framework in IFRS Standards [Amendments]	January 1, 2020
IFRS 3 Business Combinations [Amendments]	January 1, 2020
IFRS 7 Financial Instruments: Disclosures [Amendments]	January 1, 2020
IFRS 9 Financial Instruments [Amendments]	January 1, 2020
IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
IFRS 16 Leases [Amendments]	June 1, 2020
IFRS 17 Insurance Contracts	January 1, 2021
IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2020
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

The Group expects that such improvements to the standards will not have any material impact on its financial statements in the period of initial application.

Note 3
Basis of Measurement

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

3.1 Use of estimates and judgments

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

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

Note 4
Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, except for those as disclosed in Note 5.

4.1 Share capital

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

4.2 Post employment and other benefits

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

4.2.1 Defined benefits plan

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

4.2.2 Accumulating compensated absences

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

4.3 Leases

The Group has applied "IFRS 16 - Leases" effective from January 01, 2019 using the cumulative catch-up approach. The comparative information has not been restated as permitted by IFRS 16.

For contracts entered into, or modified, on or after January 1, 2019; the Group assesses whether a contract contains a lease or not at the inception of a contract. Inception date is the earlier of lease agreement and the date of commitment by both lessor and the lessee to the terms and conditions of the lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group reassesses whether a contract is, or contains, a lease further when the terms and conditions of the contract are modified.

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

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

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

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

4.3.1 Group as a lessee

4.3.1.1 Recognition

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

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

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

4.3.1.2 *Initial measurement*

Lease liability

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

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

Right-of-use asset

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

4.3.1.3 *Subsequent measurement*

Lease liability

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

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

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

Right-of-use asset

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

The Group applies fair value model to right-of-use assets that meet the definition of investment property and does not apply revaluation model to right-of-use assets that relate to a class of property, plant and equipment to which the Group applies the revaluation model.

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

Depreciation is charged to the statement of profit or loss account at rates given in note 24.

4.3.2 *Group as a lessor*

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

4.3.2.1 *Finance leases*

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

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

b) any unguaranteed residual value accruing to the Group.

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

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

Group as a Manufacturer of Dealer Lessor

At the commencement date, the Group recognises the following for each of its finance leases:

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

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

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

Subsequent measurement of finance leases:

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

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

Lease modifications:

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

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

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

4.3.2.2 Operating leases

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

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

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

4.4 Provisions

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

4.5 Taxation

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

4.5.1 *Current*

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

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

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

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

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

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

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

4.5.2 *Deferred*

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

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

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

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

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

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

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

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

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

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

4.6 Contingent liabilities

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

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

4.7 Property, plant and equipment

4.7.1 Operating fixed assets

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

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

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

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

Depreciation on additions is charged from the month in which the assets are available for use while no depreciation is charged in the month in which the assets are disposed off. Rates of depreciation are disclosed in Note 23.1.

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

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

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

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

4.7.2 *Capital work-in-progress*

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

4.7.3 *Major spare parts and stand-by equipment*

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

4.8 Intangible assets

4.8.1 *Goodwill*

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

4.8.2 *Other intangible assets*

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

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

Indefeasible Right to Use ("IRU") contracts are recognized at cost as an intangible asset when the Group has the specific IRU on identified portion of the underlying asset, generally optical fibers or dedicated bandwidth, and the duration of the right is for the major part of the underlying asset's economic life. They are amortized on a straight-line basis over the period of the contract.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is charged to the statement of profit or loss account as and when incurred. Amortization on other intangible assets is charged to the statement of profit or loss account on straight-line method at the rates given in note 25. Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

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

4.9 Investment properties

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

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

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

4.10 Impairment of non-financial assets

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

4.11 Stores and spares

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

4.12 Stock-in-trade

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

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

4.13 Financial instruments

4.13.1 Financial assets

Classification

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

a) *Financial assets at amortized cost*

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

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

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

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

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

Reclassification

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

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

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

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

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

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

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

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

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

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

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

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

Derecognition

Financial assets are derecognized when:

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

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

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

Impairment of financial assets

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

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

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

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

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

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

4.13.2 Financial liabilities

Initial recognition and measurement

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

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

The Group does not reclassify any of its financial liabilities.

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

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

All other liabilities

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

Derecognition

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

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

4.13.3 Offsetting of financial assets and liabilities

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

4.14 Cash and cash equivalents

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

4.15 Foreign currency transactions and translation

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

4.16 Borrowing costs

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

4.17 Balances from Contract with Customers

Contract costs

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

Contract assets

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

Trade receivables

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

Contract liabilities

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

4.18 Revenue recognition

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

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

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

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

- Revenue from terminating minutes is recognized at the time the call is made over the network of the Group.
- Capacity/media sold under IRU arrangement is recognized upfront if it is determined that the arrangement is a finance lease.

- Revenue from granting of Indefeasible Right of Use (IRU) of dark fiber upto 20 years or more is recognized at the time of delivery and acceptance by the customer.

- Subscription revenue from Cable TV, EVDO, internet over cable, cable connectivity and channels subscription fee is recognized on provision of services.

- Connection and membership fee is recognized at the time of sale of connection.

- Sale of goods is recognized on dispatch of goods to customer.

- Advertisement income is recognized on the basis of spots run when commercials are aired on the network.

- Interest income is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return i.e. using the effective interest method.

- Revenue from metro fiber solutions/sale is recognized on delivery of goods / services.

- Dividend income is recognized when the right to receive payment is established.

- All other revenues are recorded on accrual basis.

4.19 Dividend and other appropriations

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

4.20 Fair value measurement

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

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

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

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

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

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 — Unobservable inputs for the asset or liability.

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

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

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

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

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

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

- Property, plant and equipment under revaluation model	Note 23.1.3
- Intangible assets under revaluation model	Note 25.1
- Investment properties	Note 26
- Financial instruments (including those carried at amortized cost)	Note 52.4

4.21 Earnings per Share

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

4.22 Related parties

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

Name of Related party	Basis of Relationship	% of Holding in the Group
Ferret Consulting - F.Z.C	Common directorship	7.53%
Worldcall Services (Private) Limited	Holding company (note 4.22.1)	39.98%
AMB Management Consultants (Private) Limited	Common directorship	0.24%
Worldcall Business Solutions (Private) Limited	Common key management personnel	0%
Worldcall Cable (Private) Limited	Common directorship	0%
Route 1 Digital (Private) Limited	Wholly owned subsidiary	0%
Worldcall Ride Hail (Private) Limited	Common directorship	0%
Acme Telecom (Private) Limited	Common directorship	0%
Mr. Babar Ali Syed	Director / CEO	0.00003%
Mr. Muhammad Azhar Saeed	Director / CFO	0.00002%
Mr. Muhammad Murtaza Raza	Director	0.00002%
Dr. Syed Salman Ali Shah	Director	0.00037%
Mr. Faisal Ahmed	Director	0.00002%
Mr. Mansoor Ali	Ex - Director	0.00000%
Mrs. Hina Babar	Ex - Director	0.00000%
Mr. Mubasher Lucman	Director	0.00002%
Mr. Mohammad Nadeem	Director	0.00002%

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

4.22.1 Worldcall Services (Private) Limited, through other associates namely Ferret Consulting F.Z.C and AMB Management Consultants (Private) Limited, in aggregate holds 47.75% (2018: 53.27%) ordinary shares in the Group.

Note 5
Effect of Changes in Accounting Policies

Except for the changes mentioned below, the Group has consistently applied the accounting policies to all periods presented in these financial statements.

The following standards, amendments and interpretations to approved accounting and reporting standards have been adopted by the Group which are relevant for the Group. Any change in presentation or classification of items has been accounted for in accordance with IAS 8 '*Accounting Policies, Changes in Accounting Estimates and Errors*' . However, no restatement has been deemed necessary in this regard.

5.1 IFRS 15 'Revenue from Contracts with Customers'

The Group has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition policy of the Group and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is nil.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 July 2018) replaces IAS 18 Revenue, IAS 11 Construction Contracts, and other related interpretations on revenue recognition. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Set out below, are the amounts by which each financial statement line item is affected as at and for the year ended December 31, 2019 as a result of the adoption of IFRS 15. The adoption of IFRS 15 did not have a material impact on the financial statements of the Group. The only change is the change in terminologies with no change in amounts to be recognized. The first column shows amounts prepared under IFRS 15 and the second column shows what the amounts would have been had IFRS 15 not been adopted:

	IFRS 15	Previous IFRS	Increase / (Decrease)
	------------------Rupees in thousands----------------------		
LIABILITIES			
Contract liabilities - trade and other payables	10,639	-	10,639
Advance from customers - trade and other payables	-	10,639	(10,639)

The Group has not presented a third statement of financial position as at the beginning of the the preceding period as the Group believes that the there is no effect of restatement and reclassifications.

5.2 IFRS 16 'Leases'

The Group has adopted IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019) during the period that has replaced IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC-15 - Operating Leases - Incentives and SIC-27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 aims to set out the principles for recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for virtually all of the leases. IFRS 16 includes an optional exemptions for certain short-term leases and leases of low-value assets for lessees. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make the lease payments. Under the previous standard, IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17 'Leases'. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, as the IASB has updated the guidance on the definition of a lease as well as the guidance on the combination and separation of contracts, lessors will also be affected by the new standard. The adoption of IFRS 16 has necessitated change in accounting policy for the Group.

The Group has applied IFRS 16 using the cumulative catch-up approach and therefore the comparative information presented has not been restated and continues to be reported under IAS 17 and related interpretations.

On transition to IFRS 16, the Group has elected to use the following practical expedients under IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease;

- A single discount rate has been applied to portfolio of leases with reasonably similar characteristics;

- Leases with a remaining term of twelve months or less from the date of application have been accounted for as short-term leases (i.e. not recognized in the statement of financial position) even though the initial term of the leases from lease commencement date may have been more than twelve months;

- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Group, as a lessee, previously used to classify leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. The Group used to recognize minimum lease payments in full as an expense. Now, under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for all leases, after taking into account the elections made for available practical expedients described above.

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 'Determining Whether an Arrangement contains a Lease'. The Group now assesses whether a contract is, or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group depreciates right-of-use assets in depreciation and amortization and unwounds the discount on lease liability into finance cost.

On transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019, the date of initial application. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. There has been no impact on the opening equity.

The Group has applied IAS 36 Impairment of Assets to ROU assets at the date of initial application and assessed that ROU assets are not impaired as at that date.

On transition to IFRS 16, the Group has recognized an additional Rs. 254.34 million of right-of-use assets (adjusted by prepaid lease payments of Rs. 3.49 million) and Rs. 250.85 million of lease liabilities in the statement of financial position. The Group used its incremental borrowing rate at January 1, 2019 to discount the lease payments. The weighted average incremental borrowing rate applied to lease liabilities on January 1, 2019 was 13.35%.

The reconciliation of aggregate lease liability recognized in the statement of financial position at January 1, 2019 with the Group’s operating lease commitment as at December 31, 2018 is as follows:

	Rs. in '000
- Operating lease commitment as at December 31, 2018	450,841
- Recognition exemption for short-term leases	(10,829)
- Effect of discounting those lease commitments at an annual rate of 13.35%	(189,165)
Lease liabilities recognized at January 1, 2019 as a result of initial application of IFRS 16	**250,847**

There is no effect on prior period figures in statement of profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity. The effect on prior period financial statements in statement of financial position on account of re-classification of leased assets to a new category line item is as follows:

	Note	Amount previously stated as at December 31, 2018	Re-classification	Amount re-stated as at December 31, 2018
		---------------------Rupees in '000	---------------------	
Property, plant and equipment	23	8,279,862	(1,001,746)	7,278,116
Right of use assets	24	-	1,001,746	1,001,746

	Note	Amount previously stated as at December 31, 2017	Re-classification	Amount re-stated as at December 31, 2017
		---------------------Rupees in '000	---------------------	
Property, plant and equipment	23	6,924,723	(333,853)	6,590,870
Right of use assets	24	-	333,853	333,853

5.3 IFRS 9 'Financial Instruments'

The Group has adopted IFRS 9 ‘Financial Instruments’ during the period that has replaced IFRIC 9 - Reassessment of Embedded Derivatives, IAS 39 - Financial Instruments: Recognition and Measurement, IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). IFRS 9 shall now govern the classification, recognition, measurement, presentation and disclosure of financial instruments.

IFRS 9 has introduced new requirements governing the recognition and measurement of financial instruments and impairment losses on financial assets. IFRS 9 also includes new guidelines on hedge accounting. The financial assets are now classified on the basis of the business model in which they are held and their cash flow characteristics. Equity instruments currently classified as held for trading financial assets may now be recognized at fair value through other comprehensive income. The change in recognition of impairment of financial assets from the incurred loss model to the expected loss model will result in earlier recognition of expected losses in the profit and loss account. The loss allowances to be recognized on receivables will now be determined using the full lifetime expected loss model. The default rates will be based on historical and forward-looking data. The requirements regarding financial liabilities remain mostly unchanged.

The Group has applied IFRS 9 prospectively, with an initial application date of January 1, 2019. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising, if any, from the adoption of IFRS 9 have been recognized directly in retained earnings and other components of the equity.

Effects of IFRS 9, Financial Instruments

The reclassification of financial instruments from IAS 39 to IFRS 9 categories depending on the applicable business model and the associated contractual cash flows did not materially affect the condensed interim financial statements.

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortized cost, or fair value through other comprehensive income (OCI). The classification is based on two criteria: the Group’s business model for managing the assets; and whether the instruments’ contractual cash flows represent ‘solely payments of principal and interest’ on the principal amount outstanding.

The assessment of the Group’s business model was made as of the date of initial application, January 1, 2019. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact to the Group. The Group continued measuring at fair value all financial assets previously held at fair value under IAS 39. The following are the changes in the classification of the Group’s financial assets:

- Financial assets classified as Loans and receivables as at December 31, 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortized cost beginning January 1, 2019.

- Quoted debt investments classified as Available-for-sale (AFS) financial assets as at December 31, 2018 are classified and measured as debt instruments at fair value through OCI beginning January 1, 2019. The

Group expects not only to hold the assets to collect contractual cash flows, but also to sell a significant amount on a relatively frequent basis.

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

In summary, upon the adoption of IFRS 9, the Group had the following required or elected reclassifications as at January 1, 2019:

IAS 39 Category		IFRS 9 Category		
	Amount under IAS 39	Fair value through profit or loss	Amortized cost	Fair value through OCI
	--------------------------Rupees in thousands------------------------------			
Loans and receivables				
Long term loans	2,758	-	2,758	-
Long term deposits	46,677	-	46,677	-
Long term trade receivables*	54,578	-	-	-
Trade debts*	1,674,755	-	1,267,066	-
Short term deposits	458,565	-	458,565	-
Other receivables	81,111	-	81,111	-
Cash and bank balances	7,360	-	7,360	-
Available for sale				
Listed equity investments	38,115	-	-	38,115

*The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below:

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of IFRS 9 the Group recognized additional impairment on the Group's Trade debts of Rs. 462.267 million which resulted in a decrease in retained earnings of Rs. 462.267 as at January 1, 2019. Impairment losses do not reduce the carrying amount of debt instruments at fair value through OCI in the statement of financial position, which remains at fair value.

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Allowance for impairment under IAS 39 as at December 31, 2018	Re-measurement	ECL under IFRS 9 as at January 1, 2019
	---------------------Rupees in '000---------------------		
Loans and receivables under IAS 39 / Financial assets at amortized cost under IFRS 9	2,064,433	462,267	2,526,700

Note 6

Ordinary Share Capital

2019	2018		Note	2019	2018
No. of Shares				--------------(Rupees in '000)--------------	
344,000,000	344,000,000	Ordinary shares of Rs. 10 each fully paid in cash		3,440,000	3,440,000
309,965,789	309,965,789	Ordinary shares of Rs. 10 each issued in accordance with the scheme of merger		3,099,658	3,099,658
98,094,868	98,094,868	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		980,949	980,949
108,510,856	108,510,856	Ordinary shares of Rs. 10 each issued against convertible loan		1,085,109	1,085,109
1,598,182,378	945,350,404	Ordinary shares of Rs. 10 each issued against convertible preference shares	6.1	15,981,824	9,453,504
				24,587,540	18,059,220
		Less: Discount on issue of shares	6.6	(12,972,288)	(7,223,276)
2,458,753,891	1,805,921,917			11,615,252	10,835,944

6.1 During the year, 46,800 (2018: 56,100) convertible preference shares and accumulated preference dividend thereon amounting to Rs. 177.526 million (2018: Rs. 198.729 million) have been converted into ordinary shares in accordance with the agreed terms and conditions detailed in Note 7.2.

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

6.3 Worldcall Services (Private) Limited, the Holding Company, holds 983,117,312 shares (2018: 501,862,290 shares) representing 39.98% (2018: 27.79%) shareholding in the Group. Out of these shares, 175 million shares are pledged to secure TFC liability which will be released with quarterly scheduled principal repayments proportionately starting from June 2019 (refer to note 11).

6.4 Ferret Consulting F.Z.C., an associate of the Group, holds 185,221,085 shares (2018: 324,444,643 shares) representing 7.53% (2018: 17.97%) shareholding in the Group.

6.5 AMB Management Consultants (Private) Limited, an associate of the Group, holds 5,914,053 shares (2018: 135,576,543 shares) representing 0.24% (2018: 7.51%) shareholding in the Group.

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

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Opening balance		7,223,276	1,260,612
Add: Discount on issuance of ordinary shares during the year		5,749,012	5,962,664
Closing balance		12,972,288	7,223,276

6.7 Reconciliation of ordinary share capital is as follows:

	Note	2019	2018
Opening balance		18,059,220	11,211,158
Add: Shares issued during the year		6,528,320	6,848,062
Closing balance		24,587,540	18,059,220

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

6.9 During the year, shareholders of the Group resolved in annual general meeting held on April 30, 2019 that the authorized capital of the Group be increased from Rs. 21 billion to Rs. 29 billion divided into 2.9 billion ordinary shares of Rs. 10 which may be utilized to issue ordinary shares of Rs. 10 each and / or preference shares of Rs. 10 each of the Group as the Board of Directors of the Group may decide from time to time in accordance with the Companies Act, 2017. Regulatory requirements as to the alteration of Memorandum and Articles of Association are in process.

Note 7

Preference Share Capital

	Note	2019	2018	2019	2018
		--------No. of Shares--------		------------(Rupees in '000)------------	
Opening balance		255,400	311,500	2,585,646	3,150,236
Less: Preference shares converted into ordinary shares during the year	7.3	(46,800)	(56,100)	(470,995)	(564,590)
		208,600	255,400	2,114,651	2,585,646

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

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

7.3 In accordance with the terms detailed in Note 7.2 above, certain preference shareholders have exercised conversion option. Thus, their CPS and accrued preference dividend thereon have been converted into ordinary shares as reflected in Note 6.1 and Note 8.2.

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

7.5 Worldcall Services (Private) Limited, the Holding Company, holds NIL preference shares (2018: 34,500 preference shares) in the Group.

7.6 Ferret Consulting F.Z.C., an associate of the Group, holds 156,100 preference shares (2018: 164,100 preference shares) in the Group.

7.7 AMB Management Consultants (Private) Limited, an associate of the Group, holds NIL preference shares (2018: 4,300 preference shares) in the Group.

7.8 Mandatory date of conversion of CPS has expired during the last year and the Group has failed to redeem the un-converted preference shares in a timely fashion as required by its Articles of Association. Thus, the Group is in default of Regulation 12 of the Companies (Further Issue of Shares) Regulations, 2018. According to these Regulations, a listed Company that fails to, completely or partially, fulfill or comply with any of the relevant terms and conditions of preference shares is considered to be in an event of default.

7.9 During the year, the preference shareholders in an ExtraOrdinary General Meeting held on January 4, 2019 and ordinary shareholders in annual general meeting held on April 30, 2019 have given their assent for the conversion of preference shares at nominal value of Rs. 10 each and for amendments in the Memorandum and Articles of Association of the Group. Resultantly, preference shares along with dividend accrued thereon shall be converted on any date from the mandatory conversion date, at par value of Rs. 10 each. However, the shares for which notices have been received before mandatory conversion date would be converted on the terms prevalent on the date of notice.

Note 8

Dividend on Preference Shares

	Note	2019	2018
		(Rupees in '000)	
Dividends on preference shares	8.1	772,136	949,662

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

8.2 During the year, cumulative preference dividend amounting to Rs. 177.526 million (December 31, 2018: Rs. 198.72 million) was converted into ordinary shares as a result of conversion option exercised by certain preference shareholders in accordance with the terms and conditions given in Note 7.2 above.

Note 9

Capital Reserves

	2019	2018
	(Rupees in '000)	
Fair value reserve	(26,310)	(26,774)
Exchange translation reserve	502,763	633,550
	476,453	606,776

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

Note 10

Surplus on Revaluation of Fixed Assets

	2019	2018
	(Rupees in '000)	
Opening balance - net of tax	1,466,342	605,249
Surplus on revaluation arisen during the year	-	1,340,623
Related deferred taxation	-	(375,240)
	-	965,383
Adjustment of related deferred tax due to change in tax rate and proportion of normal sales	(7,111)	21,368
Transfer to retained earnings in respect of net incremental depreciation / amortization net of deferred tax	(212,065)	(125,658)
Closing balance - net of tax	1,247,166	1,466,342

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

Latest revaluation was carried out by an approved independent valuer, M/s Arch-E'-Decon, on October 01, 2018 using current market price / replacement cost methods, wherever applicable. This has resulted in revaluation surplus of Rs. 1.34 billion. Incremental depreciation charged on revalued fixed assets is taken to the statement of changes in equity to record realization of surplus to the extent of incremental depreciation. Incremental depreciation represents the difference between the actual depreciation / amortization on revalued assets based on revalued amounts and the equivalent depreciation / amortization based on the historical cost of these assets.

Note 11

Term Finance Certificates

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Opening balance		1,317,110	1,517,110
Less: Payments made during the year		(30,000)	(200,000)
		1,287,110	1,317,110
Less: Current and overdue portion	20	(200,076)	(130,006)
		1,087,034	1,187,104
Add: Deferred markup	11.1	480,070	396,659
		1,567,104	1,583,763

Term finance certificates (TFCs) have a face value of Rs. 5,000 per certificate. These TFCs carry mark up at the rate of six months average KIBOR plus 1.0% per annum (2018: six month average KIBOR plus 1.0% per annum), payable quarterly. The mark up rate charged during the year on the outstanding balance ranged from 9.20% to 14.91% (2018: 7.49% to 9.2%) per annum.

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

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

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

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

The Group is in default of certain covenants including non-payment of due quarterly installments of June, September and December 2019. In case of failure to make due payments by the Group, Trustee can instruct the security agent to enforce the letter of pledge and sell the quantum of the pledged shares to generate the amount required for the settlement of the outstanding redemption amount.

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

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

		Note	2019	2018
			--------------(Rupees in '000)--------------	
11.1	**Deferred markup**			
	Deferred markup	11.1.1	667,277	588,776
	Adjustment due to impact of IFRS 9	11.1.2	(187,207)	(192,117)
			480,070	396,659
11.1.1	Reconciliation of deferred markup is as follows:			
	Opening balance		588,776	-
	Add: Markup deferred during the year		78,501	588,776
			667,277	588,776

		Note	2019	2018
			--------------(Rupees in '000)--------------	
11.1.2	Reconciliation is as follows:			
	Opening balance		192,117	-
	Add: Discounting impact of deferred markup	42.1	28,667	192,117
			220,784	192,117
	Less: Unwinding impact of discounted deferred markup	45.1	(33,577)	-
			187,207	192,117

Note 12

Long Term Financing

From Banking Companies (secured)

	Note	2019	2018
Allied Bank Limited	12.1	87,330	-
Askari Bank Limited	12.2	-	13,893
		87,330	13,893
		87,330	13,893

12.1 Allied Bank Limited

	Note	2019	2018
Opening balance		-	51,820
Transfer from running finance		120,697	-
Repayments		(14,147)	(51,820)
		106,550	-
Less: Current and overdue portion	20	(28,550)	-
		78,000	-
Add: Deferred markup		15,098	-
Less: Discounting of deferred markup	42.1	(5,768)	-
		9,330	-
		87,330	-

This represents balance transferred as a result of restructuring of short term running finance (RF) facility to Term Loan Facility. Principal will be repaid in 48 stepped up monthly installments starting from January 2019 till December 2022. Markup will be accrued and will be serviced in 12 equal monthly installments, starting from January 01, 2023. Effective markup rate applicable will be 3 Month KIBOR + 85 bps. The mark up charged during the year on the outstanding balance ranged from 11.4% to 14.7% per annum. The facility is secured against 1st joint pari passu charge on present and future current and fixed assets excluding building of the Parent Company for Rs. 534 million and right to set off on collection account.

		Note	2019	2018
			--------------(Rupees in '000)--------------	
12.2	**Askari Bank Limited**			
	Opening balance		48,627	76,414
	Repayments		(30,840)	(27,787)
			17,787	48,627
	Less: Current and overdue portion	20	(17,787)	(34,734)
			-	13,893

This represents liability created by the bank due to encashment of performance guarantee issued in favor of Universal Service Fund (USF). The tenure of the loan is 3 years and is repayable by April 01, 2020. It carries mark up at 6 months KIBOR plus 2% per annum. The mark up charged during the year on the outstanding balance ranged from 12.80% to 15.13% (2018: 8.21% to 9.04%) per annum. The loan is secured through joint collateral comprising first joint pari passu hypothecation charge of Rs. 1.26 billion over all present and future fixed and current assets of the Parent Company with 25% margin, first exclusive assignment of all present and future receivables of LDI business arm of the Parent Company in favor of lender with 25% margin and collection accounts with the Bank for routing of LDI receivables.

This represents liability created by the bank due to encashment of performance guarantee issued in favor of Universal Service Fund (USF). The tenor of the loan is 3 years and is repayable by April 01, 2020. It carries mark up at 6 months KIBOR plus 2% per annum. The mark up charged during the year on the outstanding balance ranged from 12.80% to 15.13% (2018: 8.21% to 9.04%) per annum. The loan is secured through joint collateral comprising first joint pari passu hypothecation charge of Rs. 1.26 billion over all present and future fixed and current assets of the Parent Company with 25% margin, first exclusive assignment of all present and future receivables of LDI business arm of the Parent Company in favor of lender with 25% margin and collection accounts with the Bank for routing of LDI receivables.

Note 13

Sponsor's Loan

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Sponsor's Loan - unsecured			
- Interest bearing	13.1	466,050	417,300
- Non-interest bearing	13.2	950,589	838,631
		1,416,639	1,255,931

		2019	2018
13.1	Opening balance	417,300	331,500
	Exchange loss	48,750	85,800
		466,050	417,300

This represents USD denominated loan obtained from Worldcall Services (Private) Limited, the Holding Company. It carries mark up at 12 months KIBOR plus 1%. This loan is subordinate to long term financing from Allied Bank Limited (note 12.1) up to the extent of exposure of Allied Bank Limited. The mark up rate charged during the year on the outstanding balance is 12.34% (2018: 7.50%) per annum. The amount is not payable over the period of next 2 years.

13.2 This represents interest free loan obtained from Worldcall Services (Private) Limited, the Holding Company. The amount is not payable over the period of next 2 years. This loan is subordinate to long term financing from Allied Bank Limited (note 12.1) up to the extent of exposure of Allied Bank Limited.

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

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Opening balance		1,221,337	368,500
Transferred from current account		-	852,837
Amount of loan		1,221,337	1,221,337
Adjustment due to impact of IFRS 9:			
Discounting		(406,813)	(406,813)
Unwinding of discount	45	136,065	24,107
		(270,748)	(382,706)
		950,589	838,631

Note 14

License Fee Payable

This represents balance amount of license fee payable to Pakistan Telecommunication Authority (PTA) for WLL licenses. The Group had filed an application with PTA for grant of moratorium over payment of this balance amount. However, PTA rejected the Group's application and demanded its payment. Being aggrieved by this, the Group filed an appeal before Islamabad High Court ("IHC") against PTA's order. Meanwhile, the Ministry of Information Technology ("Ministry") through its letter dated August 30, 2011, allowed to the operators, the staggering for settlement of Access Promotion Contribution ("APC") and Initial Spectrum Fee ("ISF") dues and required PTA to submit an installment plan for this purpose after consultations with the operators. In respect of an appeal filed by the Group, IHC took notice of the Ministry's letter and directed PTA through its order dated January 20, 2015, to expeditiously proceed with the preparation and submission of the said installment plan. As of the reporting date, no such installment plan has been submitted by PTA. Owing to these circumstances, the management does not expect the liability to materialize fully in the near future. PTA has initiated recovery proceedings against this amount as referred to in note 22.2.7.

Note 15
Post Employment Benefits

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Obligations for defined benefit scheme - gratuity	15.1.1	196,776	222,507
Accumulating compensated absences	15.2.1	14,020	18,513
		210,796	241,020

15.1 Obligations for defined benefit scheme - gratuity

Latest actuarial valuation of the gratuity scheme was conducted as on December 31, 2019 using the following assumptions: Results of actuarial valuation are as under:

	2019	2018
Discount rate for interest cost - per annum	13.25%	9.50%
Discount rate for year end obligations - per annum	11.25%	13.25%
Expected rate of increase in salary level - per annum	10.25%	12.25%
Weighted average duration of defined benefit obligation	9 Years	9 Years
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Rates Table	
Actuarial cost method	Projected Unit Credit Method	

Results of actuarial valuation are as under:

15.1.1 Movement in net liability for defined benefit scheme obligation

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Opening balance		222,507	236,014
Charge for the year - Statement of Profit or Loss Account	15.1.2	60,258	53,288
Net remeasurements for the year - Other comprehensive income		(32,034)	(5,395)
Transferred to trade and other payables		(52,725)	(13,957)
Payments made during the year		(1,230)	(47,443)
Closing balance		196,776	222,507

15.1.2 Charge for the year

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

	2019	2018
	--------------(Rupees in '000)--------------	
Current service cost	34,350	33,783
Interest cost	25,908	19,505
	60,258	53,288

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

	2019	2018	2017	2016	2015
			- (Rupees in '000)-		
Present value of defined benefit obligation	196,776	222,507	236,014	257,296	337,723
Fair value of plan asset	-	-	-	-	-
Net deficit	196,776	222,507	236,014	257,296	337,723

15.1.4 Estimated charge for the year 2020

	Rupees in '000'
Current service cost	26,084
Interest cost	20,768
	46,852

15.1.5 Year end sensitivity analysis on defined benefits obligations

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

	2019
	Rupees in '000
Discount rate + 100 bps	(180,866)
Discount rate - 100 bps	215,090
Salary increase + 100 bps	215,448
Salary increase - 100 bps	(180,270)

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

15.1.6 Allocation of charge for the year

	Note	2019	2018
		(Rupees in '000)	
Direct costs excluding depreciation and amortization	40	27,560	23,092
Operating costs	41	32,698	30,196
		60,258	53,288

15.2 Accumulating compensated absences

Latest actuarial valuation of the leave encashment scheme was conducted as on December 31, 2019 using the following assumptions:

	2019	2018
Discount rate for interest cost - per annum	13.25%	9.50%
Discount rate for year end obligations - per annum	11.25%	13.25%
Expected rate of increase in salary level - per annum	10.25%	12.25%
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table	
Actuarial cost method	Projected Unit Credit Method	

Results of actuarial valuation are as under:

15.2.1 Movement in net liability for accumulating compensated absences

	Note	2019	2018
		(Rupees in '000)	
Opening balance		18,513	17,199
Charge for the year - Statement of Profit or Loss Account	15.2.2	2,511	2,677
Net remeasurements for the year - Statement of Profit or Loss Account		(1,483)	473
Transferred to trade and other payables		(5,475)	(1,074)
Payments made during the year		(46)	(762)
Closing balance		14,020	18,513

15.2.2 Charge for the year

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

	2019	2018
Current service cost	424	1,130
Interest cost for the year	2,087	1,547
	2,511	2,677

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

	2019	2018	2017	2016	2015
	(Rupees in '000)				
Present value of defined benefit obligation	14,020	18,513	17,199	17,634	36,275
Fair value of plan asset	-	-	-	-	-
Net deficit	14,020	18,513	17,199	17,634	36,275

15.2.4 Estimated charge for the year 2020

	Rupees in '000'
Current service cost	418
Interest cost	1,577
	1,995

15.2.5 Year end sensitivity analysis on defined benefit obligation

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

	2019
	Rupees in '000'
Discount rate + 100 bps	(12,729)
Discount rate - 100 bps	15,526
Salary increase + 100 bps	15,501
Salary increase - 100 bps	(12,729)

15.2.6 Allocation of charge for the year

	Note	2019	2018
		(Rupees in '000)	
Direct costs excluding depreciation and amortization	40	475	1,179
Operating costs	41	553	1,971
		1,028	3,150

Note 16

Long Term Deposits

This represents the security deposit pursuant to the agreement for selling and distributing the Group's products and services for three years commencing from June 09, 2017. Security deposit is refundable / adjustable within one month of expiry of term of the agreement.

	Note	2019	2018
		(Rupees in '000)	
Opening balance		93,580	-
Amount of security deposit		-	105,000
Less: Discounting / unwinding impact under IFRS 9	45.1	11,420	(11,420)
Less: Current maturity	20	(105,000)	
		-	93,580

Note 17

Lease Liabilities

	Note	2019	2018
Opening balance		-	-
Add: Initial application of IFRS 16 on January 1, 2019		250,847	-
Add: Accrued lease rentals as at December 31, 2018		7,848	-
Add: Additions during the year		-	-
Add: Interest expense	45	29,626	-
Less: Lease payments		(48,867)	-
Gross liability		239,454	-
Less: Current and overdue portion	20	(63,869)	-
Closing balance		175,585	-

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

	Included in	Note	2019	2018
			--------------(Rupees in '000)--------------	
Carrying amount of ROU assets	SOFP	24	2,138,001	-
Expense relating to short-term leases	Direct costs	40.3	24,634	-
Expense relating to short-term leases	Operating costs	41.2	17,691	-
Depreciation charge for ROU assets	Depreciation and amortization	44	130,810	-
Interest expense on lease liabilities	Finance cost	45	29,626	-
Repayment of lease liability	Financing Activities	Statement of Cash Flows	48,867	-

17.2 **Maturity analysis of contractually undiscounted cash flows**

At December 31, 2019	**Within One Year**	**Between Two to Five Years**	**Later than Five Years**
	--------------(Rupees in '000)--------------		
	74,800	205,211	118,981

17.3 **Nature of leasing activities**

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

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

Note 18

Trade and Other Payables

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Trade creditors	18.1	3,156,578	4,322,629
Accrued and other liabilities	18.2	893,413	740,700
Payable to PTA against APC charges		1,766,190	1,766,190
Payable against long term investment		44,000	45,000
Contract liabilities		701	10,639
Retention money		-	18,804
Withholding tax		43,398	21,396
Sales tax		155,256	24,801
Security deposits	18.3	35,136	35,136
		6,094,672	6,985,295

18.1 This includes payable to PTA amounting to Rs. 569.05 million (2018: Rs. 526.66 million). Out of this Rs. 444.01 million (2018: Rs. 409.45 million) represents payable regarding Annual Radio Spectrum Fee in respect of licenses. PTA has issued multiple determinations that have been challenged and contested by the Group on grounds as well as on account of preoccupation of frequency / spectrums and losses suffered by the Group due to such preoccupancy for which the Group has demanded due compensation from PTA. In all these matters, the Group has filed appeals against PTA's determinations before the Honorable Lahore High Court and the Honorable Islamabad High Court and stay orders were obtained against the recovery. This matter has been decided in favour

18.2 This includes payable to key management personnel amounting to Rs. 88.117 million (2018: Rs. 89.805 million).

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

Note 19

Accrued Mark up

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Short term borrowings		80,742	43,133
Term finance certificates		50,143	1,992
Sponsor's loan	19.1	5,285	75,913
Long term financing		677	1,146
		136,847	122,184

19.1 The reconciliation is as follows:

	2019	2018
Opening balance	75,913	32,969
Add: Markup accrued during the year	60,039	30,278
	135,952	63,247
Less: Paid during the year	(136,571)	-
Add: Exchange loss	5,904	12,666
	5,285	75,913

Note 20

Current and Overdue Portion of Non-Current Liabilities

	Note	2019	2018
Term finance certificates	11	200,076	130,006
Long term financing	12	46,337	34,734
Long term deposit payable	16	105,000	-
Lease liabilities	17	63,869	-
		415,282	164,740

Note 21

Short Term Borrowings

	Note	2019	2018
Banking companies (secured - interest bearing):			
- Running finances	21.1	442,212	562,458
Related parties (unsecured - interest free):			
- Ferret Consulting F.Z.C.	21.2	363,726	139,100
- Worldcall Services (Private) Limited	21.3	128,108	-
		934,046	701,558

21.1 Short term running finance facilities available from commercial banks under mark up arrangements amount to Rs. 464.075 million (2018: Rs. 587.075 million). Running finance facilities are available at mark up rate of KIBOR plus 1.5% to 2.5% per annum (2018: KIBOR plus 1.5% to 2.5% per annum), payable quarterly, on the balance outstanding. The mark up charged during the year on outstanding balances ranged from 12.04% to 16.36% (2018: 7.67% to 11.38%) per annum, effectively. These facilities have been successfully rolled over subsequent to the reporting date with the exception of two facilities of Rs. 150 million.

As at the reporting date, the Group had available Rs. 21.86 million (2018: Rs. 24.55 million) of yet-to-be-drawn available / committed borrowing facilities.

21.2 This represents interest free USD denominated loan received from M/s Ferret Consulting - F.Z.C to meet working capital requirements. The accumulated balance as at reporting date is USD 2,341,336 (2018: USD 1,000,000). In the absence of written agreement, the amount is repayable on demand.

21.3 This represents interest free amount received from M/s Worldcall Services (Private) Limited to meet the working capital requirements. The amount is repayable on demand. Reconciliation is as follows:

	2019	2018
	--------------(Rupees in '000)--------------	
Amount paid by WSL on behalf of the Group	98,793	-
Funds received during the year	367,332	-
Repayments during the year	(344,459)	-
Expenses charged to the Group	6,442	-
	128,108	-

21.4 ***Letters of credit and guarantees***

Of the aggregate facilities of Rs. Nil (2018: Rs. 45 million) for opening letters of credit and Rs. 568.126 million (2018: Rs. 485.126 million) for guarantees, the amount utilized as at December 31, 2019 was Nil (2018: Nil) and Rs. 339.138 million (2018: Rs. 349.1 million) respectively.

21.5 The facilities in note 21.1 and 21.4 are secured against first pari passu hypothecation charge on all present and future current and fixed assets excluding building, WLL/LDI receivables, first joint pari passu hypothecation charge over all present and future current and fixed assets of the Parent Company with security margin over the facility amount, pledge of shares of listed companies in CDC account of the Parent Company, lien over cash deposit of Rs. 3.9 million, first exclusive assignment of all present and future receivables of LDI business arm of the Parent Company, collection accounts with Bank for routing of LDI receivables, counter guarantee of the Parent Company, equitable mortgage over the property of office # 302, 303, 304, 3rd Floor, the Plaza on Plot # G-7, Block-9, KDA Scheme # 5, Kehkashan Clifton, Karachi and equitable mortgage over the property of office # 07, 08, 09 situated on 1st Floor, Ali Tower, MM Alam Road, Gulberg III.

Note 22

Contingencies and Commitments

Contingencies

22.1 Billing disputes with PTCL

22.1.1 There is a dispute of Rs. 72.64 million (2018: Rs. 72.64 million) with Pakistan Telecommunication Limited (PTCL) in respect of non-revenue time of prepaid calling cards and Rs. 46.92 million (2018: Rs. 46.92 million) in respect of excess minutes billed on account of interconnect and settlement charges. Similarly, PTCL has charged the Group excess Domestic Private Lease Circuits ("DPLC") and other media charges amounting to Rs. 334.08 million (2018: Rs. 334.08 million) on account of difference in rates, distances and date of activations. The management has taken up these issues with PTCL and considers that these would most likely be decided in Group's favor as there are reasonable grounds to defend the Group’s stance. Hence, no provision has been made in these financial statements for the above amounts.

22.2 Disputes with PTA

22.2.1 The Group has filed a suit before Civil Court, Lahore on December 15, 2016 in which it has sought restraining order against PTA demands of regulatory and other dues and claimed set off from damages / compensation claim of the Group on account of auction of preoccupied frequency spectrum. The Group has raised a claim of approximately Rs. 5.3 billion against PTA. The Court issued notice to PTA and directed to maintain status quo in the meantime.

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

22.2.3 PTA has raised demand amounting to Rs. 29.77 million (2018: Rs. 29.77 million) on account of using extra Radio Spectrum not assigned to the Group. The Group challenged this amount on July 3, 2012 before Islamabad High Court which has allowed appeal of the Group. PTA went into appeal before the Honorable Supreme Court of Pakistan in March 2017 which got dismissed. Now, PTA has filed review application which is still pending. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these consolidated financial statements against this demand.

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

Moreover, the Group is confident that incidental liability, if any, will be set off by way of a claim filed against PTA as stated in Note 22.2.1.

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

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

22.2.6 PTA has raised demand amounting to Rs. 18.07 million (2018: Rs. 18.07 million) on account of BTS registration and microwave charges for the year 2007 till 2014. The Group challenged this amount in November 2019 before Lahore High Court which is pending adjudication. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these consolidated financial statements against this demand.

22.2.7 PTA has filed recovery proceedings against the Group before the District Collector / District Officer Revenue, Lahore for an amount of Rs. 2.648 billion on November 4, 2016 due to non-payment of initial spectrum fee (ISF). This includes principal portion of Rs. 1.022 billion already recognized in note 14 to the financial statements and late payment charges amounting to Rs. 1.626 billion. The Group has not received any notice from the Revenue department. The Group's management and legal advisor feels that there are strong grounds to defend the Group's stance and that the late payment charges determined unilaterally by PTA will not materialize, hence, no provision has been made in these consolidated financial statements.

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

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

22.2.10 Other than the amounts recognized in the financial statements and amounts disclosed in the above contingencies, PTA has also demanded amounts of PKR 1.352 billion on account of various charges, default surcharges / penalties / fines. Since the principal amount is disputed, the Group's management feels that there are strong grounds to defend the Group's stance and that the liability determined unilaterally by PTA will not materialize, hence, no provision has been made in these consolidated financial statements.

22.3 Taxation issues

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

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

22.3.3 In computer balloting for total audit u/s 177 of the Ordinance, the Group was selected for total audit proceedings for the tax year 2009 and the same has been completed with the issuance of order under section 122(1)/122(5) of the

Ordinance creating a demand of Rs. 208.348 million. Against the said impugned order, appeal has been filed before CIR(A) on August 5, 2019 by legal counsel of the Group. Based on the advice of the legal counsel, the Group's management feels that there are strong grounds to defend the Group's stance and the liability will not materialize, hence, no provision has been made in these consolidated financial statements.

22.3.4 A demand of Rs. 1.059 billion (including default surcharge of Rs. 325.849 million) was raised against the Group under section 161/205 of the Ordinance for the period relevant to Tax Year 2012 alleging non-compliance with various applicable withholding provisions contained in the Ordinance. The management assailed the subject order on March 28, 2004 in usual appellate course and while first appellate authority decided certain issues in the Group's favor, major issues were remanded back to department for adjudication afresh. Such appellate order was further assailed by the Group before ATIR on May 20, 2014, at which forum, adjudication is pending. Meanwhile, the Department concluded the reassessment proceedings, primarily repeating the treatment earlier accorded, however, based on relief allowed by first appellate authority, demand now stands reduced to Rs. 953.355 million (including default surcharge of Rs. 308.163 million). Such reassessment order was assailed by the Group in second round of litigation and the first appellate authority, through its order dated June 29, 2015, has upheld the Departmental action. The management has contested this order before ATIR on August 20, 2015 for favorable outcome. The Group's management feels that there are strong grounds to defend the Group's stance and the liability will not materialize, hence, no provision has been made in these consolidated financial statements.

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

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

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

22.3.8 On September 30, 2016, Punjab Revenue Authority (PRA) issued show cause notice allegedly demanding Rs. 419.821 million for the periods from May 2013 to December 2013. The Group challenged imposition of sales tax on LDI services on the first appellate authority in 2016 and relief granted by CIR(A) through set aside the demand created by PRA with direction of reassessment proceedings. The Group challenged these proceedings through filing a writ petition in LHC heard on February 9, 2017 on the grounds that it was unconstitutional and in violation of fundamental principles of sales tax and international commitments of Government of Pakistan. The writ petition has been allowed with instructions passed by honorable Judge of Lahore High Court Lahore to PRA restraining from passing final order in pursuance of proceedings. The matter has been taken up by other LDI operators against PRA in June 2015 before

LHC on the grounds that imposition of sales tax is unconstitutional and in violation of fundamental principles of sales tax and international commitments of Government of Pakistan. The period pertains to ICH time when amount of sales tax was withheld by PTCL. Based on the advice of the Group's tax advisor, the management is of the view that the Group's case is based on meritorious grounds and hence, relief would be secured from the Court. In view of the above, provision for sales tax on LDI services aggregating Rs. 1,206.734 million (2018: Rs. 884.689 million) has not been made in these consolidated financial statements.

22.4 Others

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

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

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

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

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

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

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

22.4.5 A suit is filed by Box Office (Private) Limited against the Group/All Pakistan Cable Operators Association/Karachi Cable Operators Association/PEMRA. The case was filed for the grant of permanent injunction/damages against Defendants for Rs. 100 million for infringement of cinematographic work by illegally displaying, relaying, transmitting certain programs and also for cancellation of license by PMERA. Issues were framed on 02.03.2009. The Group is not directly involved in the dispute. Based on the legal advice, the management is of the view that it is unlikely that any claim will materialize against the Group.

22.4.6 As stated in note 7.8, the Company is in default of Regulation 12 of the Companies (Further Issue of Shares) Regulations 2018. The Group may be liable to pay penalty amounting to Rs. 5 million. The management is of the view that it is unlikely that any claim will materialize against the Group.

22.4.7 A total of 30 cases (2018: 29) are filed against the Group involving Regulatory, Telecom Operators, Employees, Landlords and Subscribers having aggregate claim of all cases amounting to Rs. 113.1 million (2018: Rs. 91.92 million). Because of number of cases and their uncertain nature, it is not possible to quantify their financial impact. Management and legal advisors of the Group are of the view that the outcome of these cases is expected to be favorable and liability, if any, arising out on the settlement is not likely to be material.

		2019	2018
		--------------(Rupees in '000)--------------	
22.5	Outstanding guarantees and letters of credit	339,138	349,100
Commitments			
22.6	Commitments in respect of capital expenditure	273,031	138,330

Note 23

Property, Plant and Equipment

	Note	2019	2018
		(Rupees in '000)	
Operating fixed assets	23.1	6,519,429	7,221,715
Capital work-in-progress	23.2	68,569	56,401
		6,587,998	7,278,116

23.1 Operating fixed assets

	Note	Owned assets									
		Freehold Land	Building on Freehold Land	Leasehold Improvements	Plant and Equipment	Office Equipment	Computers	Furniture and Fixtures	Vehicles	Laboratory and Other Equipment	Total
		(Rupees in '000)									
Cost / Revalued Amount											
Balance as at December 31, 2017		19,800	97,500	158,113	12,204,716	106,389	181,173	32,567	43,341	21,940	12,865,539
Acquisition of subsidiary during the year		-	-	2,968	-	894	208	832	-	-	4,902
Additions during the year		-	-	5,500	133,306	5,578	5,229	909	-	106	150,628
Disposals / settlement during the year	23.1.7	(19,800)	-	(272)	(3,923,874)	(7,660)	(8,154)	(620)	(8,910)	-	(3,969,290)
Elimination of accumulated depreciation against cost on revaluation		-	-	-	(1,453,862)	-	-	-	-	-	(1,453,862)
Revaluation surplus during the year		-	-	-	1,340,623	-	-	-	-	-	1,340,623
Assets written off due to fire		-	-	-	(664)	(273)	-	-	-	-	(937)
Balance as at December 31, 2018		**-**	**97,500**	**166,309**	**8,300,245**	**104,928**	**178,456**	**33,688**	**34,431**	**22,046**	**8,937,603**
Additions during the year		-	-	3,347	71,055	465	791	1,046	-	-	76,704
Disposals / settlement during the year	23.1.7	-	-	(4,463)	(45,457)	(2,643)	(2,102)	(862)	(2,567)	(266)	(58,360)
Balance as at December 31, 2019		**-**	**97,500**	**165,193**	**8,325,843**	**102,750**	**177,145**	**33,872**	**31,864**	**21,780**	**8,955,947**
Depreciation and Impairment											
Balance as at December 31, 2017		-	15,031	122,403	5,893,781	87,849	180,863	24,096	42,505	18,844	6,385,372
Acquisition of subsidiary during the year		-	-	371	-	168	78	156	-	-	773
Depreciation for the year		-	4,875	8,474	659,528	5,940	2,324	1,942	308	165	683,556
Depreciation on disposals		-	-	(272)	(3,874,661)	(7,648)	(8,096)	(620)	(8,382)	-	(3,899,679)
Elimination of accumulated depreciation against cost on revaluation		-	-	-	(1,453,862)	-	-	-	-	-	(1,453,862)
Assets written off due to fire	23.1.7	-	-	-	(152)	(120)	-	-	-	-	(272)
Balance as at December 31, 2018		**-**	**19,906**	**130,976**	**1,224,634**	**86,189**	**175,169**	**25,574**	**34,431**	**19,009**	**1,715,888**
Depreciation for the year		-	4,875	7,535	713,454	3,540	2,717	1,710	-	138	733,969
Depreciation on disposals	23.1.7	-	-	(562)	(6,448)	(1,460)	(2,047)	(175)	(2,567)	(80)	(13,339)
Balance as at December 31, 2019		**-**	**24,781**	**137,949**	**1,931,640**	**88,269**	**175,839**	**27,109**	**31,864**	**19,067**	**2,436,518**
Net book value as at December 31, 2019		**-**	**72,719**	**27,244**	**6,394,203**	**14,481**	**1,306**	**6,763**	**-**	**2,713**	**6,519,429**
Net book value as at December 31, 2018		-	77,594	35,333	7,075,611	18,739	3,287	8,114	-	3,037	7,221,715
Annual rate of depreciation (%)		-	5	10 to 20	5 to 33	10 - 15	30 - 33.33	10 - 15	20	20	

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

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

Sr. No.	Description	Net Book Value (Rs. in '000')	Persons in whose possession
1	USB Sticks	-	Customers
2	Customer Premises Equipment (CPE)	232,370	Customers

23.1.3 Latest revaluation has been carried out on October 01, 2018 by an independent professional valuer M/s Arch-E'-Decon that resulted in revaluation surplus of Rs. 1.341 billion. Forced sale value of revalued plant and equipment is estimated at Rs. 6.774 billion.

	Fair value measurement of Plant and Equipment using significant unobservable inputs (Level 3)	
	2019	2018
	--------------(Rupees in '000)--------------	
Recurring fair value measurements		
Plant and equipment (owned)	6,394,203	7,075,611

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

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 items for the year ended December 31, 2019 for recurring fair value measurements:

	LDI and Broadband Operations	WLL Operations	Total
	-------------------- (Rupees in '000)	-------------------	
Balance as at December 31, 2018	6,924,644	150,967	7,075,611
Additions	71,055	-	71,055
Disposals	(39,009)	-	(39,009)
Depreciation	(686,155)	(27,299)	(713,454)
Balance as at December 31, 2019	6,270,535	123,668	6,394,203

Valuation techniques used to derive level 3 fair values

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

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

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

Valuation inputs and relationship to fair value

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

Description	Significant Unobservable Inputs	Quantitative Data / Range and Relationship to the Fair Value
Plant and Equipment (Owned) - LDI and Broadband Operations	The valuation done on the basis of its respective rating and nameplate data with adjustments for age and remaining lives of assets. Condition based analysis of operating equipment is a key parameter of valuation process. Cost of acquisition of similar plant and equipment with similar level of technology. Suitable depreciation rate to arrive at depreciated replacement value.	The market value has been determined by using cost of acquisition of similar plant and machinery with similar level of technology and applying a suitable depreciation factor based on normal wear and tear and remaining useful lives of plant and machinery. Both Physical and functional depreciation of facility is taken into consideration while determining remaining life. Remaining useful lives have been estimated from 1 to 20 years. The higher the cost of acquisition of similar plant and machinery, higher the fair value of plant and machinery. Further, higher the depreciation rate, the lower the fair value of plant and machinery.
Plant and Equipment (Owned) - WLL Operations	Rating, nameplate data and fundamental technical characteristics of plant and equipment. Prevalent market prices for these assets.	The market value has been determined by applying prevalent market prices to the rating, nameplate data and fundamental technical characteristics of plant and equipment. Higher the market price, higher the fair value.

23.1.4 The carrying amount of temporarily idle property, plant and equipment amounts to Rs. 116.272 million (2018: Rs. 145.971 million).

The cost / revalued amount of fully depreciated property, plant and equipment that is still in use of the Company amounts to Rs. 166.494 million (2018: Rs. 121.728 million).

23.1.5 Carrying values of property, plant and equipment and current assets having charge against borrowings amount to Rs. 12,801.043 million (2018: Rs. 12,801.043 million).

23.1.6 Had there been no revaluation, the net book value of plant and equipment (owned) would have amounted to Rs. 5,249.256 million (2018: 5,765.358 million).

23.1.7 Disposal of operating fixed assets

Particulars	Name of Buyer along with Relationship with the Company or any Director of the Company (if any)	Cost / Revalued Amount	Accumulated Depreciation and Impairment	Written Down Value	Sale Proceeds / Settlement Value	Gain / (Loss)	Mode of Disposal
		---- (Rupees in '000) ----					
Leasehold Improvements	Shaukat Khanum Memorial Trust	4,284	543	3,741	2,489	(1,252)	Negotiation
Plant and Equipment							
Fiber Cable	Regal Star Network (Private) Limited	26,667	2,124	24,543	-	-	Lease of Fiber
Fiber Cable	Smile Max Cable (Private) Limited	14,667	1,558	13,109	-	-	Lease of Fiber
Assets with book value less than Rs. 500,000		12,742	9,114	3,628	4,420	792	
	2019	**58,360**	**13,339**	**45,021**	**6,909**	**(460)**	
	2018	3,970,227	3,899,951	70,276	34,895	12,535	

		Note	2019	2018
			--------------(Rupees in '000)--------------	
23.2	**Capital work-in-progress ("CWIP")**			
	Advances to suppliers		61,768	52,805
	Plant and equipment		6,801	3,596
		23.2.1	68,569	56,401
23.2.1	**The reconciliation of the carrying amount is as follows:**			
	Opening balance		56,401	110,703
	Additions during the year		78,776	69,288
	Transfers during the year		(23,432)	(123,266)
	Written off during the year		-	(324)
	Provision against advance to suppliers	23.2.1.1	(43,176)	-
	Closing balance		68,569	56,401
23.2.1.1	**Provision against advance to suppliers**			
	Opening balance		-	-
	Charged during the year	43	43,176	-
			43,176	-

Note 24

Right of use (ROU) assets

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Opening balance		1,001,746	333,853
Add: Initial application of IFRS 16 on January 1, 2019	17	250,847	-
Add: Prepaid lease rentals as at December 31, 2018		3,493	-
Add: Additions during the year		1,012,725	720,000
Less: Depreciation charge for the year	44	(130,810)	(52,107)
Closing balance		2,138,001	1,001,746
Lease Term (Years)		18-20 Years	18-20 Years

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

Note 25

Intangible Assets

	Note	Licenses	Patents and copyrights	IRU - media cost	Softwares	Goodwill	Total
		- (Rupees in '000) -					
Cost / Revalued Amount							
Balance as at December 31, 2017		3,082,755	5,333	784,800	11,280	2,690,403	6,574,571
Acquisition of subsidiary during the year		-	-	-	320	46,303	46,623
Additions / (deletions) during the year		-	-	-	-	-	-
Balance as at December 31, 2018		3,082,755	5,333	784,800	11,600	2,736,706	6,621,194
Additions / (deletions) during the year		-	-	-	-	-	-
Balance as at December 31, 2019		3,082,755	5,333	784,800	11,600	2,736,706	6,621,194
Amortization and Impairment							
Balance as at December 31, 2017		809,296	5,333	361,572	10,331	2,690,403	3,876,935
Acquisition of subsidiary during the year		-	-	-	100	-	100
Amortization for the year	44	337,768	-	52,268	1,009	-	391,045
Balance as at December 31, 2018		1,147,064	5,333	413,840	11,440	2,690,403	4,268,080
Amortization for the year	44	337,768	-	52,268	80	-	390,116
Balance as at December 31, 2019		1,484,832	5,333	466,108	11,520	2,690,403	4,658,196
Net book value as at December 31, 2018		1,935,691	-	370,960	160	46,303	2,353,114
Net book value as at December 31, 2019		**1,597,923**	**-**	**318,692**	**80**	**46,303**	**1,962,998**
Annual amortization rate (%)		5 to 20	10	6.67	20 to 25	-	

25.1 On October 1, 2018, licenses and softwares were revalued by an independent professional valuer, M/s Arch-E'-Decon, which resulted in no revaluation gain / loss. The table below analyses the non-financial assets carried at fair value, by valuation method.

	2019	2018
	--------------(Rupees in '000)--------------	
Recurring fair value measurements of following items of intangible assets		
Licenses	1,597,923	1,935,691
Softwares	80	160
	1,598,003	1,935,851

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

Fair value measurements using significant unobservable inputs (level 3)

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

	Licenses and Softwares	
	2019	2018
	--------------(Rupees in '000)--------------	
Opening balance	1,935,851	2,274,408
Acquisiton of subsidiary during the year	-	220
Amortization charged during the year	(337,848)	(338,777)
Closing balance	1,598,003	1,935,851

Valuation techniques used to derive level 3 fair values:

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

Valuation inputs and relationship to fair value

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

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

25.2 Had there been no revaluation, the net book value of licenses and softwares would have amounted to Rs. 918.81 million (2018: Rs. 1,106.97 million).

25.3 Licenses of the Company are encumbered with IGI Holding Limited, Trustee of TFC holders, as disclosed in Note 11.

25.4 The licenses include license granted by PTA to the Company for providing the LDI telecommunication services in the country. The license has carrying amount of Rs. 609.97 million (2018: Rs. 744.44 million) which is due to expire in July 2024.

Note 26

Investment Properties

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Opening balance		50,210	45,800
Fair value adjustment recognized in profit or loss account	26.1	(1,410)	4,410
Closing balance		48,800	50,210

26.1 As of the reporting date, investment properties comprise land. Latest valuation of these properties was carried out on June 30, 2018 by an approved independent valuer, M/s Gandhara Consultants. The valuation was carried out using sales comparison approach which resulted in fair value loss of Rs. 1.4 million.

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

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

26.2 Particulars of investment properties of the Company are as follows:

Sr. No.	Particulars	Location	Area	Forced Sale Value (Rupees in '000)
1	13 Plots	Super Dream, K.T. Bundar Road, Gharo, Sindh	9600 Sq. Yd.	24,576
2	2 Plots	Windmill Villas, K.T. Bundar Road, Gharo, Sindh	1800 Sq. Yd.	4,608
3	6 Plots	Super Highway, Noriabad, Sindh	1200 Sq. Yd.	3,072
4	2 Plots	Peace City Farm Houses, District Rawalpindi	8000 Sq. Yd.	6,784
				39,040

Recurring fair value measurements

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during the year 2019.

Valuation techniques used to derive level 2 fair values

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

Note 27

Long Term Trade Receivable

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

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Opening balance		54,578	65,240
Unwinding of discount	42.1	330,064	19,997
		384,642	85,237
Less: current and overdue portion (transferred to trade debts)		-	(30,659)
Less: Impairment allowance	27.1	(384,642)	-
		-	54,578

	Note	2019	2018
		--------------(Rupees in '000)--------------	
27.1 Impairment allowance			
Opening balance		-	-
Effect of adoption of IFRS 9	5.3	54,578	-
Provision for expected credit losses on long term receivable	43	330,064	-
Closing balance		384,642	-

Note 28

Deferred Taxation

	2019	2018
Asset for deferred taxation comprising temporary differences related to:		
-Unused tax losses	3,685,582	3,906,595
-Provision for doubtful debts	716,657	577,835
-Post employment benefits	59,621	67,461
-Provision for stores and spares & stock-in-trade	15,536	15,375
-Provision for doubtful advances and other receivables	87,661	69,494
-Lease liabilities	49,662	-
Liability for deferred taxation comprising temporary differences related to:		
-Accelerated tax depreciation	(1,099,389)	(1,407,581)
-Surplus on revaluation of fixed assets	(576,979)	(672,792)
-Accelerated tax amortization	(228,761)	(259,822)
-Long term trade receivables	15,437	(15,276)
	2,725,027	2,281,289

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

Being prudent, the Company has not recognized deferred tax assets of Rs. Rs. 2,560.083 million (2018: 2,414.745 million) in respect of unused tax losses and Rs. 81.14 million (2018: Rs. 104.29 million) in respect of minimum tax available for carry forward under the Income Tax Ordinance, 2001 ("ITO"), as sufficient taxable profits would not be available to utilize these in the foreseeable future. Minimum tax available for carry forward and unused tax losses on which deferred tax asset has not been recognised, would expire as follows:

Accounting year to which minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	Rupees in '000	
2017	27,649	2022
2018	53,493	2023
	81,142	

Accounting year to which unused tax relates	Amount of unused tax loss	Accounting year in which unused tax loss will expire
	Rupees in '000	
2015	2,054,362	2021
2016	1,221,494	2022
	3,275,856	

	Note	2019	2018
		--------------(Rupees in '000)--------------	
The gross movement in net deferred tax asset during the year is as follows:			
Opening balance		2,281,289	2,661,372
Deferred tax on surplus on revaluation of fixed assets		(7,111)	(353,872)
Charged to other comprehensive income		(9,290)	(1,510)
Charged to statement of changes in equity on adoption of IFRS 9		130,729	-
Charged to the statement of profit or loss account	46	329,410	(24,701)
Closing balance		2,725,027	2,281,289

Note 29

Long Term Loans

	Note	2019	2018
Loans to employees [secured - considered good]:			
- Executives	29.1	-	585
- Others		1,843	2,173
		1,843	2,758
Current portion:			
- Executives		-	(585)
- Others		(1,843)	(2,173)
		(1,843)	(2,758)
		-	-

29.1 Executives

	2019	2018
Opening balance	585	6,731
Disbursements during the year	-	1,166
	585	7,897
Repayments / adjustments during the year	(585)	(7,312)
	-	585

These represented interest free loans given for various purposes, such as construction of houses and other personal needs as per the Company's policy. These are secured against gratuity and are recoverable within a period of three years from the date of disbursement through monthly deductions from salary. Maximum aggregate balance due at the end of any month during the year was Rs. 2.7 million (2018: Rs. 6.93 million).

Note 30

Long Term Deposits

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Security deposits with:			
- Rented premises		7,142	35,106
- Utilities		960	960
- Others		8,808	10,611
		16,910	46,677

Note 31

Stores and Spares

	Note	2019	2018
Cost		90,898	110,967
Less: Provision for obsolete/slow-moving items	31.1	(50,306)	(50,306)
		40,592	60,661

31.1 Provision for obsolete/slow-moving items

	Note	2019	2018
Opening balance		50,306	50,306
Add: Provision for the year	40	-	-
Closing balance		50,306	50,306

Note 32

Stock-in-Trade

	Note	2019	2018
		(Rupees in '000)	
Cost		209,401	209,401
Less: Provision for obsolete/slow-moving stock-in-trade	32.1	(4,624)	(4,624)
		204,777	204,777

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

Opening balance		4,624	206,232
Add: Reversal during the year		-	(201,608)
Closing balance		4,624	4,624

Note 33

Trade Debts

Considered good - unsecured		896,948	1,674,755
Considered doubtful - unsecured		2,533,817	2,064,433
		3,430,765	3,739,188
Less: Impairment allowance	33.1	(2,533,817)	(2,064,433)
		896,948	1,674,755

33.1 Impairment allowance

Opening balance		2,064,433	2,033,988
Effect of adoption of IFRS 9	5.3	407,689	-
Provision for expected credit losses on trade debts	43	62,847	30,445
		2,534,969	2,064,433
Less: reversal of provision	42	(1,152)	-
Closing balance		2,533,817	2,064,433

Note 34

Loans and Advances

Advances to employees - considered good	34.1	48,033	52,555
Current portion of long term loans to employees	29	1,843	2,758
Advances to PTA - considered good	34.2	40,000	40,000
		89,876	95,313
Advances to suppliers:			
- Considered good		99,727	108,184
- Considered doubtful		194,698	176,226
		294,425	284,410
Less: Provision for doubtful advances	34.3	(194,698)	(176,226)
		99,727	108,184
		189,603	203,497

34.1 This includes advances given to executives amounting to Rs. 22.327 million (2018: Rs. 26.076 million) out of which Rs. 13.63 million (2018: Rs. 12.46 million) represents advances given to key management personnel of the Group. Maximum aggregate amount outstanding, in respect of related parties, at any time during the year calculated by reference to month-end balances was Rs. 14.116 million (2018: Rs. 12.609 million).

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

Upto 1 year	1 to 2 years	2 to 3 years	Over 3 years
Rupees in '000			
4,879	1,425	2,010	5,312

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

34.2 This represents amount paid against demand on account of annual spectrum fee and other regulatory charges. PTA determined the demand amounting to Rs. 223.34 million vide its determination dated February 22, 2010. Being aggrieved, the Group’s management preferred an appeal before the Honorable Lahore High Court ("LHC") against the PTA's determination. LHC granted stay against the recovery subject to payment of Rs. 40 million which was complied by the Group. Based on the advice of the Group's legal counsel, the Group’s management feels that there are strong grounds to defend the Group's position and the ultimate decision would be in the Group's favor, therefore, this advance is considered unimpaired as at the reporting date.

34.3 Provision for doubtful advances

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Opening balance		176,226	111,229
Charged during the year		20,447	66,800
Less: Reversal during the year	42	(1,975)	(1,803)
Closing balance		194,698	176,226

Note 35

Deposits and Prepayments

	Note	2019	2018
Deposit in Escrow Account	35.1	435,609	412,394
Margin and other deposits	35.2	57,608	46,171
Prepayments		9,779	14,935
		502,996	473,500

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

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

35.2 These include deposits placed with banks against various guarantees and letters of credit. This amount also includes Rs. 20 million deposited in a Court of Law as disclosed in note 22.4.2.

Note 36

Short Term Investments

	2019	2018	2019	2018
	------No. of Shares ------		-----------(Rupees in '000)-----------	
The Bank of Punjab	10,528	10,528	119	126
Orix Leasing Pakistan Limited	13,083	13,083	343	343
Shaheen Insurance Company Limited	3,136,963	3,136,963	12,391	12,705
First Capital Securities Corporation Limited	3,991,754	3,991,754	4,990	6,307
Pace (Pakistan) Limited	6,959,290	6,959,290	16,285	14,267
Media Times Limited	4,199,500	4,199,500	4,451	4,367
			38,579	38,115

36.1 All shares have a face value of Rs. 10 each.

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

Note 37

Other Receivables

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Due from related parties - considered good	37.1	55,117	28,451
Other receivables - considered good		4,895	52,660
Other receivables - considered doubtful		72,055	72,055
		132,067	153,166
Less: Provision for doubtful receivables		(72,055)	(72,055)
		60,012	81,111

37.1 Due from related parties

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

	2019	2018
Worldcall Business Solutions (Private) Limited	52,961	27,211
Worldcall Ride Hail (Private) Limited	16	-
ACME Telecom (Private) Limited	30	-
Worldcall Cable (Private) Limited	2,110	1,240
	55,117	28,451

Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances was Rs. 55.117 million (2018: Rs. 28.451 million). Interest at the rate of 14.7% has been calculated on the outstanding balances.

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

Upto 1 year	1 to 2 years	2 to 3 years	Over 3 years
--------------- Rupees in '000 ---------------			
26,666	28,346	105	-

Note 38

Cash and Bank Balances

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Cash at bank:			
- Current accounts		35,613	897
- Savings accounts	38.1	1,062	2,623
		36,675	3,520
Cash in hand		2,425	2,840
Pay orders in hand		1,000	1,000
		40,100	7,360

38.1 The balances in savings accounts bear mark up at the rates ranging from 7.13% to 8.9% (2018: 3.35% to 6%) per annum.

Note 39

Revenue

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Telecom		2,012,775	2,439,328
Broadband		2,017,578	2,026,963
Other		30,986	13,200
Gross revenue	39.1	4,061,339	4,479,491
Less: Sales tax		(179,492)	(92,304)
		3,881,847	4,387,187

39.1 This includes revenue amounting to Rs. 814.354 million (2018: 720 million) in respect of agreement for Indefeasible Right of Use of metro fiber. The agreement grants both parties to the agreement an IRU for 20 years.

Note 40

Direct Cost excluding Depreciation and Amortization

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Salaries, wages and benefits	40.1	221,295	242,017
Interconnect, settlement and other charges		1,588,627	1,967,937
PTCL share cost	40.2	813	6,018
Bandwidth and other PTCL charges		98,585	235,235
Power consumption and rent	40.3	103,812	131,232
Security services		3,630	4,034
PTA charges	40.4	12,973	15,945
Cable license fee		22,802	26,199
Stores and spares consumed		12,607	25,585
Stock in trade consumed		-	64,089
Annual spectrum fee		34,558	34,558
Content cost		6,558	8,209
Network maintenance and insurance		55,393	54,712
Network partner share		15,397	29,237
Fees and subscriptions		39,333	39,188
Revenue share cost		97,223	95,640
Metro fiber cost		37,652	47,916
SMS bundle cost		1,555	1,652
Commission on sales		24,774	28,580
IT application development		5,400	-
Others		2,870	2,919
		2,385,857	3,060,902

40.1 This includes contribution to gratuity amounting to Rs. 27.56 million (2018: Rs. 23.092 million) and accumulated leave absences amounting to Rs. 0.475 million (2018: Rs. 1.179 million).

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

40.3 This includes expense relating to short term leases / operating lease rentals amounting to Rs. 24.634 million (2018: Rs. 65.079 million).

40.4 This represents PTA charges in respect of the following:

	Note	2019	2018
		--------------(Rupees in '000)--------------	
LDI license	40.4.1	9,976	11,471
WLL license - royalty fee		2	19
Broadband license		2,762	4,199
Telephony license	40.4.2	-	6
Annual numbering charges		233	228
Testing fee paid to PTA		-	22
		12,973	15,945

		2019	2018
		(Rupees in '000)	
40.4.1	This represents LDI license charges in respect of the following:		
	Universal Service Fund	5,986	6,883
	Research and Development Fund	1,995	2,294
	Annual Regulatory Fee	1,995	2,294
		9,976	11,471
40.4.2	This represents Telephony license charges in respect of the following:		
	Universal Service Fund	-	4
	Research and Development Fund	-	1
	Annual Regulatory Fee	-	1
		-	6

Note 41

Operating Cost

	Note	2019	2018
		(Rupees in '000)	
Salaries, wages and benefits	41.1	300,741	384,909
Rent, rates and taxes	41.2	18,601	50,615
Travelling and conveyance		67,665	77,421
Legal and professional		42,219	37,814
Utilities		15,812	19,958
Transportation		36,822	24,560
Communications		7,006	11,340
Repairs and maintenance		10,975	13,824
Fees and subscriptions		15,480	21,469
Marketing, advertisement and selling expenses		2,033	9,822
Insurance		6,504	6,788
Printing and stationery		4,816	5,278
Business promotion and entertainment		49,560	41,208
Directors' meeting expenses		4,363	4,411
Postage and courier		644	795
Newspapers and periodicals		254	225
Security services		8,382	15,277
Miscellaneous		4,222	6,369
		596,099	732,083

41.1 This includes contribution to gratuity amounting to Rs. 32.698 million (2018: Rs. 30.196 million) and accumulated leave absences amounting to Rs. 0.553 million (2018: Rs. 1.971 million).

41.2 This includes expense relating to short term leases / operating lease rentals amounting to Rs. 15.32 million (2018: Rs. 47.4 million).

Note 42

Other Income

	Note	2019	2018
		(Rupees in '000)	
Income on deposits, advances and savings accounts		31,453	17,913
Adjustment due to impact of IFRS 9	42.1	364,499	606,240
Scrap sales		-	1,350
Gain on disposal of property, plant and equipment		-	12,535
Change in fair value of investment properties	26.1	-	4,410
Liabilities written back:			
- Excess provisions written back during the year		78,071	394,998
- TFC penalty written back during the year		-	118,756
- Unclaimed liabilities written back during the year	42.2	325,490	-
- Liabilities written back on settlement with parties		339,411	204,639
		742,972	718,393

	Note	2019	2018
		(Rupees in '000)	
Reversals of provision for:			
- Stock in trade	32.1	-	201,608
- Trade debts	33.1	1,152	-
- Advances to suppliers	34.3	1,975	1,803
		3,127	203,411
Dividend income related to investments held at the reporting period		784	33
Insurance claim		-	8,744
Miscellaneous		-	82
		1,142,835	1,573,111

42.1 Breakup is as follows:

	Note	2019	2018
Discounting impact of liability for term finance certificates	11.1.2	28,667	192,117
Discounting impact of liability for long term finance	12.1	5,768	-
Discounting impact of sponsor's loan	13.2	-	382,706
Discounting impact of long term deposit	16	-	11,420
Unwinding impact of long term trade receivable	27	330,064	19,997
		364,499	606,240

42.2 This represents long outstanding unclaimed liabilities which have been written back under the local laws and on the basis of legal opinion.

Note 43

Other Expenses

	Note	2019	2018
		(Rupees in '000)	
Exchange loss - net		13,480	127,247
Capital work in progress written off during the year	23.2.1	-	324
Auditors' remuneration	43.1	4,530	4,615
Provision for expected credit losses on trade debts	33.1	62,847	30,445
Provision for expected credit losses on long term receivable	27.1	330,064	-
Provision for doubtful advances	34.3	20,447	66,800
Provision for advances to suppliers - CWIP	23.2.1.1	43,176	-
Deposits written off		19,146	-
Change in fair value of investment properties	26.1	1,410	-
Loss on disposal of property, plant and equipment		460	-
Restructuring fee for TFC		-	15,250
Fine and penalties		-	118
		495,560	244,799

43.1 Auditors' remuneration

	2019	2018
Statutory audit	2,615	2,025
Half year review	950	900
Other assurance services	150	165
Out of pocket expenses	440	400
Certifications	375	1,125
	4,530	4,615

Note 44

Depreciation and Amortization

	Note	2019	2018
		--------------(Rupees in '000)--------------	
Depreciation	23.1	733,969	683,556
Depreciation on ROU assets	24	130,810	52,107
Amortization	25	390,116	391,045
		1,254,895	1,126,708

Note 45

Finance Cost

	Note	2019	2018
Mark up on term finance certificates		157,003	117,235
Mark up on long term financing		19,658	5,970
Markup on sponsor's loan		60,039	30,278
Mark up on short term borrowings		61,103	50,414
Finance charge on lease liabilities	17	29,626	-
Unwinding of discount on liabilities	45.1	158,954	24,107
Bank charges and commission		7,471	5,519
		493,854	233,523

45.1 Breakup is as follows:

	Note	2019	2018
Unwinding impact of sponsor's loan	13.2	111,958	24,107
Unwinding impact of long term deposit	16	11,420	-
Unwinding impact of liability for Term Finance Certificates	11.1.2	33,577	-
Unwinding of trade payables		1,999	-
		158,954	24,107

Note 46

Taxation

	Note	2019	2018
Current			
- For the year	46.1	58,306	98,624
- Prior years		4,033	-
		62,339	98,624
Deferred		(329,410)	24,701
		(267,071)	123,325

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

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

Note 47

Earnings / (Loss) per Share - Basic and Diluted

		2019	2018
		--------------(Rupees in '000)--------------	
47.1 Basic earnings / (loss) per share:			
Profit after taxation		65,488	438,958
Adjustments for:			
- Dividend on CPS		-	(247,704)
- Exchange loss on CPS		-	(463,790)
		-	(711,494)
Profit / (loss) attributable to ordinary shareholders		65,488	(272,536)
Weighted average number of ordinary shares	Number in '000	1,991,934	1,479,155
Basic earnings / (loss) per share	Rupees	0.03	(0.18)
47.2 Diluted earnings / (loss) per share:			
Profit / (loss) attributable to ordinary shareholders		65,488	(272,536)
Adjustments for:			
- Dividend on CPS		-	247,704
- Exchange loss on CPS		-	463,790
		-	711,494
Profit used to determine diluted loss per share		65,488	438,958
Weighted average number of ordinary shares	Number in '000	1,991,934	1,479,155
Assumed conversion of CPS and dividend thereon into ordinary shares	Number in '000	805,792	3,471,065
Weighted average number of ordinary shares for diluted loss per share	Number in '000	2,797,726	4,950,220
Diluted earnings per share	Rupees	0.02	0.09

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

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

Note 48

Cash Used in Operations

	2019	2018
	--------------(Rupees in '000)--------------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(201,583)	562,283
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	733,969	683,556
- Amortization on intangible assets	390,116	391,045
- Amortization of right of use assets	130,810	52,107
- Provision for expected credit losses on trade debts	62,847	30,445
- Provision for expected credit losses on long term receivable	330,064	-
- Provision for doubtful advances CWIP	43,176	-
- Loss / (Gain) on disposal of property, plant and equipment	460	(12,535)
- Revenue from IRU agreement	(814,354)	(720,000)
- Disposal of fiber under IRU arrangement	37,652	47,916
- Excess provisions written back during the year	(78,071)	(394,998)
- TFC penalty written back during the year	-	(118,756)
- Unclaimed liabilities written back during the year	(325,490)	-
- Liabilities written back on settlement with parties	(339,411)	(204,639)
- Reversal of provision for stock in trade	-	(201,608)
- Reversal of provision for advance to suppliers	(1,975)	(1,803)
Reversal of provision for trade receivables	(1,152)	-
- Gain on re-measurement of investment properties at fair value	1,410	(4,410)
- Post employment benefits	61,286	56,438
- Dividend income on short term investments	(784)	(33)
- Capital work in progress written off during the year	-	324
- Adjustment due to impact of IFRS 9	(364,499)	(606,240)
- Income on deposits, advances and savings accounts	(31,453)	(17,913)
- Exchange loss on foreign currency loan	48,750	85,800
- Exchange loss on foreign currency accrued markup	5,904	12,666
- Exchange (gain)/loss on foreign currency balances - net	(41,174)	28,781
- Provision for doubtful advances	20,447	66,800
- Deposits written off	19,146	-
- Unwinding impact of liabilities under IFRS 9	158,954	24,107
- Finance cost	334,900	209,416
	381,528	(593,534)
Operating loss before working capital changes	179,945	(31,251)
(Increase) / decrease in current assets		
- Stores and spares	5,721	15,630
- Stock-in-trade	-	64,089
- Trade debts	(131,175)	(629,455)
- Loans and advances	(4,578)	(96,783)
- Deposits and prepayments	(33,305)	(29,699)
- Other receivables	(25,201)	(31,853)
Increase / (decrease) in current liabilities		
- Unearned revenue	(18,093)	(60,990)
- Trade and other payables	50,930	464,433
	(155,701)	(304,628)
Cash used in operations	24,244	(335,879)

Note 49

Remuneration of Chief Executive Officer, Directors and Executives

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

	Chief Executive		Non-Executive Directors		Executive Directors		Executives	
	2019	2018	2019	2018	2019	2018	2019	2018
	--------(Rupees in '000)--------		--------(Rupees in '000)--------		------(Rupees in '000)------		-----------(Rupees in '000)-----------	
Managerial remuneration	9,600	9,600	13,434	13,189	4,000	4,000	91,729	99,662
Retirement benefits	1,600	1,600	949	1,035	667	667	10,405	12,199
House rent allowance	3,840	3,840	5,374	5,276	1,600	1,600	36,691	39,865
Utilities	960	960	1,343	1,319	400	400	9,173	9,966
Bonus	-	-	-	-	-	-	-	2,647
Meeting fee allowance	779	527	2,805	3,356	779	527	-	-
Advisory fee	-	-	-	6,000	-	-	-	-
	16,779	16,527	23,905	30,175	7,446	7,194	147,998	164,339
Number of persons	1	1	5	5	1	1	36	40

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

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

Note 50

Transaction with Related Parties

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

Transactions during the year with local companies

Related party	Relationship	Nature of transaction	2019	2018
			------------(Rupees in '000)------------	
Worldcall Services (Private) Limited	Holding Company (note 4.22)	Funds received by the Group during the year	367,332	784,561
		Funds repaid by the Group during the year	344,459	96,343
		Expense paid on behalf of the Group	-	88,685
		Expense charged to the Group	6,442	12,297
		Settlement with multimedia	98,793	-
		Dividend on CPS	-	145
		Markup on long term borrowings	60,039	30,278
		Exchange loss on markup	5,904	12,666
		Markup paid during the year	136,571	-
AMB Management Consultants (Pvt.) Limited	Associate (note 4.22)	Dividend on CPS	-	18
Worldcall Business Solutions (Private) Limited	Associate (note 4.22)	Expenses borne on behalf of associate	25,855	27,106

			2019	2018
			------------(Rupees in '000)-----------	
Worldcall Cable (Private) Limited	Associate (note 4.22)	Expenses borne on behalf of associate	870	1,240
ACME Telecom (Private) Limited	Associate (note 4.22)	Expenses borne on behalf of associate	30	-
		Funds received by the Group during the year	10,000	-
		Funds repaid by the Group during the year	10,000	-
Worldcall Ride Hail (Private) Limited	Associate (note 4.22)	Expenses borne on behalf of associate	16	-
Director	Associated person	Payment to IBA against open enrollment program	-	276
		Sale of vehicle	-	528
Key management personnel	Associated persons	Advances against expenses disbursed / (adjusted) - net	2,857	1,151
		Long term loans received back - net	269	8,018

The amounts above do not include salaries and other related benefits of the Chief Executive Officer, directors and executives of the Company which have been disclosed in note 49.

Transactions during the year with foreign companies

Related party	Relationship	Nature of transaction	2019	2018
Ferret Consulting - F.Z.C	Associate (note 4.22)	Dividend on CPS	575,956	224,877
		Direct Cost-IT Service	5,400	-
		Exchange loss	24,222	1,100
		Net funds received by the Group during the year	195,004	138,000

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

Outstanding Balance as at the year end

		2019	2018
Worldcall Services (Private) Limited	Sponsor's loan	1,416,639	1,255,931
	Dividend on CPS	-	130,868
	Accrued markup	5,285	75,913
	Short term borrowings	128,108	-
Ferret Consulting - F.Z.C	Dividend on CPS	575,957	606,303
	Short term borrowings	363,726	139,100
AMB Management Consultants (Pvt.) Limited	Dividend on CPS	-	16,311
Worldcall Business Solutions (Private) Limited	Other receivables	52,961	27,211
ACME Telecom (Private) Limited	Other receivables	30	-
Worldcall Ride Hail (Private) Limited	Other receivables	16	-
Worldcall Cable (Private) Limited	Other receivables	2,110	1,240
Key management personnel	Payable against expenses, salaries and other employee benefits	88,117	89,805
	Long term loans	-	269
	Advance against expenses	15,312	12,455

Note 51

Financial Risk Management

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

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

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

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

51.1 Market risk

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

51.1.1 Currency risk

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

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

	2019	2018
	-----------------USD ('000)-----------------	
Trade debts	5,398	6,870
Trade and other payables	(2,223)	(11,908)
Borrowings	(5,375)	(4,546)
Net exposure	(2,200)	(9,584)
The following significant exchange rates were applied during the year		
Average rate - Rupees per US Dollar (USD)	146.98	121.58
Reporting date rate - Rupees per US Dollar (USD)		
Assets	154.85	138.60
Liabilities	155.35	139.10

At December 31, 2019, if the Rupee had weakened / strengthened by 1% against the US dollar with all other variables held constant, pre-tax loss for the year would have been Rs. 3.42 million (2018: Rs. 13.33 million) higher / lower, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

51.1.2 Interest rate risk

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

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

	2019	2018
	------------(Rupees in '000)------------	
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	1,062	2,623
Deposit in Escrow Account	435,609	412,394
Financial liabilities		
Term finance certificates	(1,287,110)	(1,317,110)
Long term financing	(124,337)	(48,627)
Sponsor's loan	(466,050)	(417,300)
Short term borrowings	(442,212)	(562,458)
	(1,883,038)	(1,930,478)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date had fluctuated by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 18.83 million (2018: Rs. 19.31 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at the reporting date are outstanding for the entire year.

51.1.3 Other market price risk

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

Equity price risk arises from investments held by the Group which are classified in the statement of financial position as fair value through other comprehensive income (Note 36). The primary goal of the Group's investment strategy is to maximize investment returns on the surplus cash balance. In accordance with this strategy, investments are designated as available-for-sale and their performance is actively monitored.

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

51.2 Credit risk

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

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

51.2.1 Exposure to credit risk

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

	2019	2018
	------------(Rupees in '000)-----------	
Long term trade receivables	-	54,578
Long term loans	1,843	2,758
Long term deposits	16,910	46,677
Trade debts	896,948	1,674,755
Short term deposits	493,217	458,565
Other receivables	60,012	81,111
Short term investments	38,579	38,115
Bank balances	36,675	3,520
	1,544,184	2,360,079

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

The aging of trade debts and long term trade receivables

Not past due	4,912	119,829
Past due 1 - 180 days	982,210	1,127,475
Past due 181 - 365 days	66,218	139,292
1 - 2 years	133,057	292,113
More than 2 years	2,244,368	2,115,057
	3,430,765	3,793,766

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

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

51.2.3 Credit quality of bank balances

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

	Rating		Rating Agency	2019	2018
	Long term	Short term		------------(Rupees in '000)------------	
Allied Bank Limited	AAA	A1+	PACRA	87	1
Askari Bank Limited	AA+	A1+	PACRA	330	114
Bank AL Habib Limited	AA+	A1+	PACRA	1	96
Habib Bank Limited	AAA	A1+	JCR-VIS	2	22
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	21	28
JS Bank Limited	AA-	A1+	PACRA	17	17
Bank Islami Pakistan Limited (Formerly KASB Bank Limited)	A+	A1	PACRA	552	446
MCB Bank Limited	AAA	A1+	PACRA	144	129
National Bank of Pakistan	AAA	A1+	PACRA	6	6
Silk Bank Limited	A-	A2	JCR-VIS	296	45
Standard Chartered Bank (Pakistan) Limited	AAA	A1+	PACRA	521	504
Soneri Bank Limited	AA-	A1+	PACRA	8	38
Summit Bank Limited	SUSPENDED	SUSPENDED	JCR-VIS	814	1,795
Telenor Microfinance Bank Limited (Formerly Tameer Microfinance Bank Limited)	A+	A1	PACRA	1	29
United Bank Limited	AAA	A1+	JCR-VIS	19	19
Mobilink Microfinance Bank Limited (Formerly Waseela Microfinance Bank Limited)	A	A1	PACRA	1	231
Meezan Bank	AA+	A1+	JCR-VIS	33,855	-
				36,675	3,520

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

51.3 Liquidity risk

Liquidity risk represents the risk that the Group shall encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The management monitors the forecasts of the Group's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the Group operates. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities and maintaining debt financing plans. The Group has been facing difficulty in meeting various obligations towards its lenders and creditors. However, the management has devised a strategy for settlement and servicing of its liabilities as detailed in note 2.2. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
	---Rupees in '000---					
Contractual maturities of financial liabilities as at December 31, 2019:						
Term finance certificates	1,767,180	2,943,691	200,076	489,380	1,485,395	768,840
Long term financing	124,337	165,899	47,582	38,400	79,917	-
Sponsor's loan	1,416,639	1,687,387	-	1,687,387	-	
Long term deposit	105,000	105,000	105,000	-	-	-
Lease liabilities	239,454	398,992	74,800	36,010	169,201	118,981
License fee payable	1,021,500	1,021,500	-	-	1,021,500	-
Short term borrowings	934,046	934,046	934,046	-	-	-
Trade and other payables	5,860,181	5,860,181	5,860,181	-	-	-
Unclaimed dividend	1,807	1,807	1,807	-	-	-
Accrued mark up	136,847	136,847	136,847	-	-	-
	11,606,991	13,255,350	7,360,339	2,251,177	2,756,013	887,821

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
	----------	----------	----------	Rupees in '000	----------	----------
Contractual maturities of financial liabilities as at December 31, 2018:						
Term finance certificates	1,713,769	3,215,977	257,087	215,264	1,484,587	1,259,039
Long term financing	48,627	50,598	36,497	14,101	-	-
Sponsor's loan	1,255,931	1,669,726	-	448,389	1,221,337	-
Long term deposit	93,580	105,000	-	105,000	-	-
License fee payable	1,021,500	1,021,500	-	-	1,021,500	-
Short term borrowings	701,558	701,558	701,558	-	-	-
Trade and other payables	6,874,519	6,874,519	6,874,519	-	-	-
Unclaimed dividend	1,807	1,807	1,807	-	-	-
Accrued mark up	122,184	122,184	122,184	-	-	-
	11,833,475	13,762,869	7,993,652	782,754	3,727,424	1,259,039

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

51.4 Fair value of financial instruments

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

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

Fair value estimation

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

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

The following table presents the Group's financial assets that are measured at fair value at December 31, 2019:

	Level 1	Level 2	Level 3	Total
	----------	Rupees in '000	----------	
Assets				
Recurring fair value measurements				
Investments at fair value through other comprehensive income	38,579	-	-	38,579

The following table presents the Group's financial assets that are measured at fair value at December 31, 2018:

	Level 1	Level 2	Level 3	Total
	----------	Rupees in '000	----------	
Assets				
Recurring fair value measurements				
Investments at fair value through other comprehensive income	38,115	-	-	38,115

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

51.5 Changes in liabilities arising from financing activities

	January 1, 2019	Cash Flows	Foreign Exchange Movement	Impact of (Discounting) / Unwinding	Other Adjustments	December 31, 2019
	(Rupees in '000)					
Term finance certificates	1,713,769	(30,000)	-	4,910	78,501	1,767,180
Long term financing	48,627	(44,987)	-	(5,768)	135,795	133,667
Sponsor's loan	1,255,931	-	48,750	111,958	-	1,416,639
Lease liabilities	-	(48,867)	-	-	288,321	239,454
Short term borrowings	701,558	223,728	24,222	-	(15,462)	934,046
Total liabilities from financing activities	3,719,885	99,874	72,972	111,100	487,155	4,490,986

	January 1, 2018	Cash Flows	Foreign Exchange Movement	Impact of (Discounting) / Unwinding	Other Adjustments	December 31, 2018
	(Rupees in '000)					
Term finance certificates	1,517,110	(200,000)	-	(192,117)	588,776	1,713,769
Long term financing	132,558	(83,931)	-	-	-	48,627
Sponsor's loan	739,530	688,218	85,800	(358,599)	100,982	1,255,931
Short term borrowings	563,936	137,622	-	-	-	701,558
Total liabilities from financing activities	2,953,134	541,909	85,800	(550,716)	689,758	3,719,885

Other adjustments include, markup deferred / accrued during the year, addition in lease liabilities due to adoption of IFRS 16, transfer of short term loan to long term loan due to restructuring, expenses borne by lender on behalf of the Group.

51.6 Capital Risk Management

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

The Group's objectives when managing capital are:

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

b) to provide an adequate return to shareholders.

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

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

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

	2019	2018
	Rupees in '000	
Borrowings	4,481,656	3,719,885
Cash and bank balances	(40,100)	(7,360)
Net debt	4,441,556	3,712,525
Equity	3,024,098	3,274,051
Total capital employed	7,465,654	6,986,576
Gearing ratio (%)	59.49%	53.14%

51.7 Financial instruments by categories

Financial assets as at December 31, 2019

	Amortized Cost	At fair value through OCI - equity instruments	At fair value through profit or loss	Total
	-----------------------------------Rupees in '000------------------------------------			
Long term loans	1,843	-	-	1,843
Long term deposits	16,910	-	-	16,910
Long term trade receivables	-	-	-	-
Trade debts	896,948	-	-	896,948
Short term deposits	493,217	-	-	493,217
Other receivables	60,012	-	-	60,012
Short term investments	-	38,579	-	38,579
Cash and bank balances	40,100	-	-	40,100
	1,509,030	38,579	-	1,547,609

Financial assets as at December 31, 2018

	Amortized Cost	At fair value through OCI - equity instruments	At fair value through profit or loss	Total
	-----------------------------------Rupees in '000------------------------------------			
Long term loans	2,758	-	-	2,758
Long term deposits	46,677	-	-	46,677
Long term trade receivables	54,578	-	-	54,578
Trade debts	1,674,755	-	-	1,674,755
Short term deposits	458,565	-	-	458,565
Other receivables	81,111	-	-	81,111
Short term investments	-	38,115	-	38,115
Cash and bank balances	7,360	-	-	7,360
	2,325,804	38,115	-	2,363,919

Financial liabilities at amortized cost

	2019	2018
	------------(Rupees in '000)------------	
Term finance certificates	1,767,180	1,713,769
Long term financing	124,337	48,627
Sponsor's loan	1,416,639	1,255,931
Long term deposit	105,000	93,580
Lease liabilities	239,454	-
License fee payable	1,021,500	1,021,500
Short term borrowings	934,046	701,558
Trade and other payables	5,860,181	6,874,519
Unclaimed dividend	1,807	1,807
Accrued mark up	136,847	122,184
	11,606,991	11,833,475

51.8 Offsetting financial assets and financial liabilities

(a) Financial assets

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

	Gross amounts of recognized financial assets	Gross amount of recognized financial liabilities off set in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
			(Rupees in '000)			
As at December 31, 2019	**A**	**B**	**C = A + B**	**D**	**E = C + D**	
Long term trade receivables	-	-	-	-	-	-
Long term loans	-	-	-	-	-	1,843
Long term deposits	-	-	-	-	-	16,910
Trade debts	4,083,239	(3,186,291)	896,948	-	896,948	-
Short term deposits	-	-	-	-	-	493,217
Other receivables	106,312	(46,300)	60,012	-	60,012	-
Short term investments	-	-	-	-	-	38,579
Cash and bank balances	-	-	-	-	-	40,100
	4,189,551	**(3,232,591)**	**956,960**	**-**	**956,960**	

	Gross amounts of recognized financial assets	Gross amount of recognized financial liabilities off set in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
			(Rupees in '000)			
As at December 31, 2018	A	B	C = A + B	D	E = C + D	
Long term trade receivables	-	-	-	-	-	54,578
Long term loans	-	-	-	-	-	2,758
Long term deposits	-	-	-	-	-	46,677
Trade debts	3,862,107	(2,187,352)	1,674,755	-	1,674,755	-
Short term deposits	-	-	-	-	-	458,565
Other receivables	-	-	-	-	-	81,111
Short term investments	-	-	-	-	-	38,115
Cash and bank balances	-	-	-	-	-	7,360
	3,862,107	(2,187,352)	1,674,755	-	1,075,745	

(b) Financial liabilities

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

	Gross amounts of recognized financial liabilities	Gross amount of recognized financial assets off set in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
			(Rupees in '000)			
As at December 31, 2019	**A**	**B**	**C = A + B**	**D**	**E = C + D**	
Short term borrowings	-	-	-	-	-	934,046
License fee payable	-	-	-	-	-	1,021,500
Trade and other payables	7,558,417	(1,698,236)	5,860,181	-	5,860,181	-
Unclaimed dividend						1,807
Accrued mark up	-	-	-	-	-	136,847
Term finance certificates	-	-	-	-	-	1,767,180
Long term financing	-	-	-	-	-	124,337
Sponsor's loan	-	-	-	-	-	1,416,639
Lease liabilities	1,534,355	(1,534,355)	-	-	-	-
Long term deposit	-	-	-	-	-	105,000
	9,092,772	**(3,232,591)**	**5,860,181**	**-**	**5,860,181**	

	Gross amounts of recognized financial liabilities	Gross amount of recognized financial assets off set in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
			(Rupees in '000)			
As at December 31, 2018	A	B	C = A + B	D	E = C + D	
Short term borrowings	-	-	-	-	-	701,558
License fee payable	-	-	-	-	-	1,021,500
Trade and other payables	8,341,871	(1,467,352)	6,874,519	-	6,874,519	-
Unclaimed dividend					-	1,807
Accrued mark up	-	-	-	-	-	122,184
Term finance certificates	-	-	-	-	-	1,713,769
Long term financing	-	-	-	-	-	48,627
Sponsor's loan	-	-	-	-	-	1,255,931
Lease liabilities	720,000	(720,000)	-	-	-	-
Long term deposit	-	-	-	-	-	93,580
	9,061,871	(2,187,352)	6,874,519	-	6,874,519	

Note 52

Segment Information

As per IFRS 8, "Operating Segments", operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The Group does not have any reportable segments. Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to assess segment's performance, and for which discrete financial information is available. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

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

Note 53

Number of Employees

	2019	**2018**
	Number	Number
Employees as at December 31,	631	996
Average number of employees during the year	723	937

Note 54

Authorization of Financial Statements

These consolidated financial statements were approved and authorized for issue on 09 July 2020 by the Board of Directors of the Parent Company.

Note 55

Corresponding Figures

Corresponding figures have been re-arranged / reclassified wherever necessary for better presentation and comparison. Following re-arrangements / reclassifications have been made in these consolidated financial statements:

Nature	**From**	**To**	**Amount** (Rupees in '000)
Leased assets	Leased assets (Note 23.1)	Right of use assets (Note 24)	1,001,746
Advance from customers	Advance from customers (Note 18)	Contract liabilities (Note 18)	10,639
Changes in fair value of investments	Item that may be subsequently reclassified to profit or loss - Face of statement of comprehensive income	Items that will not be reclassified to profit or loss - Face of statement of comprehensive income	(20,846)
Deferred tax on leasehold improvements	Leasehold improvements (Note 28)	Accelerated tax depreciation (Note 28)	(9,225)
Commission on sales	Revenue (Note 39)	Direct costs excluding depreciation and amortization (Note 40)	28,580
Depreciation on leased assets	Depreciation (Note 44)	Depreciation on ROU assets (Note 44)	52,107

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

PATTERN OF SHAREHOLDING
AS AT 31 DECEMBER 2019

Incorporation Number : 0042200 OF 15-03-2001

NO. OF SHAREHOLDERS	SHAREHOLDING			TOTAL SHARES HELD
	FROM		TO	
572	1	-	100	23,020
1183	101	-	500	436,516
3341	501	-	1,000	2,408,730
3018	1,001	-	5,000	8,807,545
1251	5,001	-	10,000	10,459,932
2245	10,001	-	50,000	59,101,572
746	50,001	-	100,000	60,873,535
819	100,001	-	500,000	179,057,100
135	500,001	-	1,000,000	99,266,404
132	1,000,001	-	5,000,000	277,660,726
9	5,000,001	-	15,000,000	70,191,000
9	15,000,001	-	50,000,000	244,932,414
2	50,000,001	-	100,000,000	168,400,000
3	491,860,001	-	above	1,277,135,397
13465	**Total**			**2,458,753,891**

Categories of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer and their spouses and minor children	12,150	0.00%
Associated Companies, Undertakings and Related parties	1,174,252,450	47.76%
NIT and ICP	-	0.00%
Banks, Development Financial Institutions, Non-Banking Financial Institutions	47,436,868	1.93%
Insurance Companies	32,022	0.00%
Modarabas and Mutual Funds	1,345,000	0.05%
* Shareholders holding 10% or more	491,862,290	20.00%
General Public		
a. Local	1,004,535,373	40.86%
b. Foreign	163,294,966	6.64%
Others		
- Joint Stock Companies	67,682,706	2.75%
- Foreign Companies	162,356	0.01%
Total *	**2,458,753,891**	**100.00%**

*** Note:-** Total is except for shareholders holding 10% or more as some of the shareholders are reflected in more than one category.

PATTERN OF SHAREHOLDING UNDER CODE OF CORPORATE GOVERNANCE AS ON 31 DECEMBER 2019

Form-34

CATEGORIES OF SHAREHOLDERS	SHAREHOLDERS	SHARES HELD	PERCENTAGE
Directors, Chief Executive Officer and their Spouse & Minor Children			
Dr. Syed Salman Ali Shah	1	9,000	0.00%
Mr. Babar Ali Syed	1	650	0.00%
Mr. Muhammad Murtaza Raza	1	500	0.00%
Mr. Muhammad Azhar Saeed	1	500	0.00%
Mr. Faisal Ahmad	1	500	0.00%
Mr. Mohammad Nadeem	1	500	0.00%
Mr. Mubasher Lucman	1	500	0.00%
Associated Companies, Undertaking and Related Parties			
Worldcall Services (Pvt.) Limited	1	983,117,312	39.98%
Ferret Consulting F.Z.C.	2	185,221,085	7.53%
AMB Management Consultants (Pvt.) Limited	3	5,914,053	0.24%
Mutual Funds			
CDC - Trustee AKD Opportunity Fund	1	1,000,000	0.04%
CDC - Trustee First Capital Mutual Fund	1	150,000	0.01%
Public Sector Companies and Corporations	-	-	0.00%
Banks, Development Financial Institutions, Non-Banking, Finance Companies, Insurance Companies and Modarabas	8	47,663,890	1.94%
Executives	2	275,000	0.01%
General Public			
- Local	12911	1,004,260,373	40.84%
- Foreign	417	163,294,966	6.64%
Others			
- Joint Stock Companies	110	67,682,706	2.75%
- Foreign Companies	2	162,356	0.01%
	13465	**2,458,753,891**	**100.00%**

Shareholders holding 10% or more voting rights in the Company			
WorldCall Services (Pvt.) Limited	1	983,117,312	39.98%
Ferret Consulting F.Z.C.	2	185,221,085	7.53%

*There was no trading in the shares of the company by Directors, their spouses and minor children.

INVESTORS' EDUCATION

in compliance with the Securities and Exchange Commission of Pakistan's SRO 924 (1) /2015 dated September 9, 2015, Investors' attention is invited to the following information message.

FORM OF PROXY

The Company Secretary
Worldcall Telecom Limited
Plot No. 1566/124, Main Walton Road,
Lahore, Pakistan

Folio # CDC A/c No. ____________________

Shares Held ____________________

I/We ______________________________ of ____________________
(Name) *(Address)*

Being the member(s) of Worldcall Telecom Limited hereby appoint Mr. / Mrs. /

Miss ______________________________ of ____________________
(Name) *(Address)*

or failing him / her / Mr. /Mrs. Miss./____________________ of ____________________
(Name) *(Address)*

{who is also member of the Company vide Registered Folio # ____________ (being the member of the Company)} as my / our proxy to attend at and vote for me / us and on my/our behalf at the Annual General Meeting of the Company to be held at Registered Office: Plot No. 1566/124, Main Walton Road, Lahore on 30th July 2020 at 11:00 a.m. and at any adjournment thereof.

Signature this____________________ Day of ____________________ 2020

(Signature should agree with the specimen signature registered with the Company)

Signature on
Rs.50/-
Revenue
Stamp

1. Witnesses:

Signature ____________________

Name ____________________

Address ____________________

____

CNIC #____________________

2. Witnesses:

Signature ____________________

Name ____________________

Address ____________________

____

CNIC #____________________

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, Plot No. 1566/124, Main Walton Road, Lahore, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

In addition to the above the following requirements have to be met:

i. The proxy form shall be witnessed by two persons whose names, addresses and CNIC / SNIC (Computer National Identity Card / Smart National Identity Card) numbers shall be mentioned on the form.
ii. Attested copies of CNIC / SNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
iii. The proxy shall produce his original CNIC / SNIC or original passport at the time of the meeting.
iv. In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

پراکسی فارم

فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر: ____________________
قابض حصص: ____________________

کمپنی سیکرٹری
ورلڈ کال ٹیلی کام لمیٹڈ
1566/124، مین والٹن روڈ
لاہور، پاکستان

میں/ہم ____________________ رہائش ______________________________ ورلڈ کال ٹیلی کام لمیٹڈ کے رکن/ارکان ہونے کی حیثیت سے محترم/محترمہ ____________________ رہائش ______________________________ کو اوران کی عدم موجودگی کی صورت میں محترم/محترمہ ____________________ رہائش ______________________________ کو {جو فولیو نمبر ____________________ (کمپنی کے رکن ہونے کی حیثیت سے) کے تحت کمپنی کا رکن بھی ہے} میرے/ہمارے لیے ووٹ دینے کے لئے یا میری/ہماری طرف سے 30 جولائی 2020ء کو رجسٹرڈ آفس: پلاٹ نمبر 1566/124، مین والٹن روڈ، لاہور میں دن 11:00 بجے منعقدہ کمپنی کے سالانہ اجلاسِ عام اور اس کے متعلق کسی بھی قسم کے التوا میں شرکت کرنے کے لئے اپنا/ہمارا نمائندہ مقرر کرتا/کرتے ہیں۔

دستخط: دن ____________ سال ____________ 2020

-/50 روپے کے ریونیو سٹیمپ پر دستخط

(دستخط کمپنی میں رجسٹرڈ نمونہ دستخط کے مطابق ہونا چاہئے)

1. گواہان

دستخط: ______________________________
نام: ______________________________
پتہ: ______________________________
____
قومی شناختی کارڈ نمبر ____________________

2. گواہان

دستخط: ______________________________
نام: ______________________________
پتہ: ______________________________
____
قومی شناختی کارڈ نمبر ____________________

مندرجات

1. یہ نمائندگی کا فارم، حسب ضابطہ تکمیل اور دستخط شدہ، اجلاس کے آغاز سے 48 گھنٹے پہلے کمپنی کے رجسٹرڈ دفتر واقع 1566/124، مین والٹن روڈ لاہور میں پہنچ جانا چاہئے۔
2. کوئی شخص نمائندہ نہیں بن سکتا جب تک وہ کمپنی کا رکن نہیں ہے، بجائے اس شخص کے جس کو کارپوریشن غیر رکن ہونے پر بھی مقرر کرے۔
3. اگر کوئی رکن ایک سے زیادہ نمائندے یا رکن کی جانب سے نمائندے کے ایک سے زیادہ دستاویز کمپنی میں جمع کرواتا ہے تو نمائندگی کے ایسے تمام دستاویز بے کار متصور ہوں گے۔

CDC اکاؤنٹ ہولڈرز/کارپوریٹ اداروں کے لئے

مندرجہ بالا بیانات کے علاوہ درج ذیل شرائط کو بھی ملحوظ خاطر رکھنا ضروری ہے:

(i) نمائندگی کے فارم کی تصدیق دو گواہان کریں گے جن کے نام، پتے اور CNIC/SNIC (کمپیوٹرائزڈ قومی شناختی کارڈ/سمارٹ قومی شناختی کارڈ) نمبر فارم میں درج کرنے ضروری ہیں۔

(ii) انتفامی مالک اور نمائندے کے CNIC/SNIC اور پاسپورٹ کی تصدیق شدہ نقل پراکسی فارم کے ساتھ منسلک کرنا ہوگی۔

(iii) اجلاس کے موقع پر نمائندے کو اپنے اصلی CNIC/SNIC اور اصلی پاسپورٹ کو ظاہر کرنا ہوگا۔

(iv) کارپوریٹ ادارے کی صورت میں پراکسی فارم کے ساتھ (اگر یہ پہلے جمع نہیں کرائے گئے ہیں) بورڈ آف ڈائریکٹرز کی قرارداد/مختارنامہ بمعہ نمونہ کے دستخط کمپنی کو جمع کرانا ہوں گے۔