Annual Report

December 31, 2020

WorldCall Telecom Limited

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 over-whelming 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.

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2020

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. Tariq Hasan
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	Nasir Javaid, Maqsood Imran Chartered Accountants
Legal Advisers	M/s Miankot Law Chamber 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 Waseela Microfinance Bank Limited
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Tel: (+92 21) 35310191-6
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 21st Annual General Meeting

Notice is hereby given that 21st Annual General Meeting ("AGM") of the shareholders of WorldCall Telecom Limited (the "Company" or "WTL") will be held on Saturday, 31st July 2021 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 20th Annual General Meeting held on 30 July 2020;
2. To receive, consider adopt and approve the Annual Audited financial statements (Standalone & Consolidated) of the Company for the year ended 31 December 2020 together with Director's and Auditor's and Chairman's Review report thereon and ancillary matters thereto;
3. To appoint Auditors of the Company for the year ending 31st December 2021 and to fix their remuneration;
4. To transact any other business with the permission of the Chair.

By Order of the Board

10 July 2021
Lahore:

Muhammad Zaki Munawar
Company Secretary

Notes:

i. Closure of Share Transfer Books
The Share Transfer Books of the Company will remain closed from 24 July, 2021 to 31 July, 2021 (both days inclusive). No transfer will be accepted for registration during this period. Transfers received at Share Registrar Office M/s THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, DHA Phase-VII, Karachi-75500 at the close of business on 23 July, 2021, will be treated in time to attend and vote at the meeting.

ii. Online Participation in the Annual General Meeting
Considering the ongoing COVID-19 situation, the Company has decided to facilitate its shareholders by also allowing the shareholders to attend the meeting through video link, for the safety and well-being of the shareholders. The shareholders who are interested in attending the AGM proceedings online may send the below mentioned information, along with a valid copy of both sides of their CNIC with the subject "Registration for WorldCall Telecom Limited AGM" at corp.info@worldcall.pk for their/their appointed proxy's verification. Such information should be sent from their duly registered valid email ID for the registration purposes latest by July 23, 2021.

Shareholder's Name	Folio/CDC#.	No. of Shares Held	CNIC #	Cell #	Registered Email ID

The detailed procedure shall be communicated through email, directly to the shareholders who have provided their valid email IDs, and the same shall be placed at the Company's website https://www.worldcall.com.pk in the investor relations section.

Shareholders can also provide their comments/suggestions for the agenda items of the AGM at the email company.secretary@worldcall.pk.

Members are therefore, encouraged to attend the AGM through video link or by consolidating their attendance through proxies.

iii. For Attending the Meeting

In case of individuals, the Account Holders or sub-account holders and/or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate their identity by showing original Computerized National Identity Cards (CNIC) or original passport at the time of attending the meeting.

In case of a corporate entity, the Board of Directors' Resolution/Power of Attorney with the specimen signature of the nominee shall be produced (if it has not been provided earlier) at the time of attending the meeting.

iv. Proxy

A member entitled to attend and vote at this General Meeting is entitled to appoint a Proxy to attend, speak and vote in his/her place at the meeting. Instrument appointing a proxy must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.

Therefore, shareholders are requested to provide their bank details by filling up the Electronic Credit Mandate Form available at https://worldcall.com.pk/ and send the duly filled form along with a copy of CNIC to Company's Share Registrar, M/s THK Associates (Pvt.) Limited.

vii. Change of Address

The shareholders are requested to intimate any changes in their addresses to the Share Registrar, M/s THK Associates (Pvt.) Limited.

viii. Conversion of Physical Shares into Book-Entry-Form

In accordance with the provisions of Section 72 of the Companies Act, 2017, and subsequent directive received from the SECP for all listed companies to pursue with their physical shareholders and requiring them to convert their shares in the Book-Entry-Form. In order to comply with the directives, the Physical Shareholders are once again reminded to convert their shares into Book-Entry-Form through Investor Accounts Services of Central Depository Company or any Participant/TRE Certificate-holder of the Pakistan Stock Exchange Limited.

ix. Video-link Facility to Members

If the Company receives consent from the members holding at least 10% shareholding residing in a city, to participate in the meeting through video-link at least 07 days prior to the date of the meeting, the Company will arrange facility of video-link in that city subject to availability of such facility in that city.

To avail this facility please provide the following information to our Share Registrar, M/s THK Associates (Pvt.) Limited.

I/We, ____________________________________ of ________________, being a member of WorldCall Telecom Limited, holder of ________________________ ordinary share(s), as per Registered Folio/CDC Account No. ____________________________ hereby opt for video conference facility at __________________________________.

____

Signature of Member(s)

x. Placement of Financial Statements on Website:

The Financial Statements of the Company for the year ended 31 December 2020 along with reports have been placed on the website of the Company: https://www.worldcall.com.pk/finance.html

7. ایڈریس کی تبدیلی

شیئر ہولڈرز سے گزارش ہے کہ وہ اپنے مکتوبات میں شیئر رجسٹرار، میسرز THK ایسوسی ایٹس (پرائیوٹ) لمیٹڈ کو کسی بھی تبدیلی سے آگاہ کریں۔

8. فزیکل حصص کو کتاب انٹری فارم میں تبدیل کرنا

کمپنیز ایکٹ، 2017 کی دفعہ 72 کی دفعات کے مطابق، اور اس کے بعد (SECP) کی جانب سے تمام درج کمپنیوں کو اپنے فزیکل حصص یافتگان کے ساتھ پیروی کرنے اور ان کے حصص کو کتاب انٹری فارم میں تبدیل کرنے کی ہدایت موصول ہوئی۔ ہدایات پر تعمیل کرنے کے لئے، فزیکل حصص یافتگان کو ایک بار پھر یاد دلایا جاتا ہے کہ وہ اپنے حصص کو سینٹرل ڈپازٹری کمپنی کے انویسٹرا کاؤنٹس سروسز یا پاکستان اسٹاک ایکسچینج لمیٹڈ کے کسی بھی شریک / ٹی آر ای سرٹیفکیٹ ہولڈر کے ذریعے بک انٹری فارم میں تبدیل کریں۔

9. ممبران کے لئے ویڈیو لنک کی سہولت

اگر کمپنی کو کسی ممبر/ممبران سے اجلاس میں بذریعہ ویڈیو لنک شرکت کرنے کی درخواست 7 دن قبل موصول ہو جن کی کمپنی میں 10 فیصد حصص داری ہے اور وہ کسی شہر میں رہائش پزیر ہوں تو کمپنی ان کیلئے وڈیو لنک کی سہولت کا اہتمام کرے گی بشرطیکہ اس شہر میں یہ سہولت دستیاب ہو۔

اس سہولت سے فائدہ اٹھانے کیلئے براہ کرم ہمارے شیئر رجسٹرار، میسرز THK ایسوسی ایٹس (پرائیوٹ) لمیٹڈ کو درج ذیل معلومات فراہم کریں۔

میں/ہم۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔منجانب۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔جو کہ ورلڈ کال ٹیلی کام لمٹیڈ کے رجسٹرڈ فولیو/سی ڈی سی اکاؤنٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔کے تحت۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔عمومی حصص کا / کے مالک ہوں / ہیں، میں / ہم ویڈیو کانفرنس کی سہولت سے استفادہ کرنا چاہتا ہوں / چاہتے ہیں۔

ممبر/ممبران کے دستخط

۱۰. آڈٹ شدہ سالانہ مالیاتی گوشواروں کی ویب سائٹ پر دستیابی:

کمپنی کے مالیاتی گوشوارے برائے سال 31 دسمبر 2020 بمعہ رپورٹس کمپنی کی ویب سائٹ پر اپ لوڈ کر دی گئی ہیں۔

https://www.worldcall.com.pk/finance.html

کمپنی کوفراہم کریں۔

حصص یافتہ کا نام	فولیو/ڈی سی نمبر	ملکیتی حصص کی تعداد	CNIC نمبر	موبائل نمبر	رجسٹرڈ ای میل آئی ڈی

ایک تفصیلی طریقہ کار بذریعہ ای میل بلاواسطہ ان حصص یافتگان کو فراہم کیا جائے گا جنہوں نے اپنی درست ای میل آئی ڈیز فراہم کر دی ہوں گی اور طریقہ کار کمپنی کی ویب سائٹ https://www.worldcall.com.pk پر انویسٹرز سے متعلق سیکشن میں بھی ڈال دیا جائے گا۔

حصص یافتگان ایجنڈے کے امور سے متعلق اپنی آراء/تجاویز ای میل ایڈریس corp.info@worldcall.pk پر فراہم کر سکتے ہے۔

لٰہذا ممبران کی AGM میں ویڈیو لنک کے ذریعے حاضری یا پراکسی کے ذریعے اپنی حاضری کو مجموعی بنانے کی حوصلہ افزائی کی جاتی ہے۔

3. اجلاس میں حاضری کیلئے

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

کارپوریٹ اینٹٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختارنامہ بمع نامزد فرد کے نمونہ دستخط اجلاس میں حاضری کے وقت پیش کئے جائیں گے (اگر پہلے فراہم نہ کئے گئے ہوں)

4. پراکسی

وہ ممبر جو کہ اجلاس عام میں حاضر ہونے اور ووٹ دینے کا حق رکھتا ہو تو وہ اجلاس میں حاضر ہونے، بولنے اور ووٹ دینے کیلئے اپنی طرف سے پراکسی مقرر کر سکتا ہے۔ پراکسی کی تقرری کا فارم لازمی طور پر اجلاس سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہو جانا چاہیئے۔

سالانہ اجلاس عام میں شرکت کے سلسلے میں شناخت کی سہولت کیلئے حصص یافتگان جن کے حصص سینٹرل ڈپازٹری سسٹم (CDS) میں ہیں۔ یا ان کا پراکسی اپنی شناخت کیلئے اصل CNIC یا اصل پاسپورٹ اجلاس میں حاضری کے وقت پیش کرے گا، جن کے ساتھ شریک کار کا شناختی نمبر اور حصص یافتہ کا اکاؤنٹ نمبر بھی پیش کیا جائے گا جو سینٹرل ڈپازٹری کمپنی نے مختص کیا ہو۔

کارپوریٹ اینٹٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختیارنامہ بمع نامزد فرد کے نمونہ دستخط اجلاس میں حاضری کے وقت پیش کئے جائیں گے۔

5. ان حصص یافتگان سے گزارش جنہوں نے اپنے CNIC فراہم نہیں کئے ہیں

وہ انفرادی ممبران جنہوں نے اب تک اپنے درست کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی نقول کمپنی/شیئر رجسٹرار کو فراہم نہیں کی ہیں انہیں ایک مرتبہ پھر یاد دہانی کرائی جاتی ہے کہ جلد از جلد اپنے CNIC براہ راست کمپنی کے شیئر رجسٹرار میسرز THK ایسوسی ایٹس (پرائیوٹ) لمیٹڈ کو ارسال کر دیں۔ درست CNIC کی نقل موصول نہ ہونے کی صورت میں کمپنی ایکٹ 2017 کی دفعہ (3)243 کے تحت کمپنی ایسے حصص یافتگان کے منافع منقسمہ کو روکنے پر مجبور ہوگی۔

6. ان حصص یافتگان سے گزارش جنہوں نے اپنا IBAN فراہم نہیں کیا ہے

کمپنیز ایکٹ، 2017 کی دفعہ 242 کی شقوں کے تحت لسٹڈ کمپنی کیلئے لازمی ہے کہ وہ نقد منافع منقسمہ اپنے حصص یافتگان کو صرف برقی طریقے سے بلاواسطہ حقدار حصص یافتگان کے مختص کردہ اکاؤنٹ میں منتقل کرے۔ لٰہذا حصص یافتگان سے گزارش ہے کہ وہ https://worldcall.com.pk پر دستیاب الیکٹرانک کریڈٹ مینڈیٹ فارم میں اپنے بینک کی تفصیلات فراہم کریں اور باضابطہ پُر شدہ فارم کو (CNIC) کی کاپی کے ہمراہ کمپنی کے شیئر رجسٹرار میسرز THK ایسوسی ایٹس (پرائیوٹ) لمیٹڈ کو ارسال کریں۔

ورلڈ کال ٹیلی کام لمیٹڈ

نوٹس برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذٰا مطلع کیا جاتا ہے کہ ورلڈ کال ٹیلی کام لمیٹڈ کے حصص یافتگان کا اکیسواں سالانہ اجلاس عام کمپنی کے رجسٹرڈ آفس، پلاٹ نمبر 1566/124، مین والٹن روڈ، لاہور پر بروز ہفتہ 31 جولائی 2021 صبح 11:00 بجے منعقد ہوگا۔

Covid-19 کی موجودہ وباء کو مدِنظر رکھتے ہوئے کمپنی نے حصص یافتگان کی شرکت کیلئے ویڈیو لنک کی سہولت کا اہتمام کیا ہے۔ تفصیلی طریقہ کار گزارشات میں بعدازاں بیان کیا گیا ہے۔ اجلاس کے دوران مندرجہ ذیل امور انجام دیئے جائیں گے۔

عمومی امور:

1. 30 جولائی 2020 کو منعقدہ گزشتہ سالانہ اجلاسِ عام کی کاروائی کی توثیق۔
2. 31 دسمبر 2020 کو ختم ہونے والے سال کے لئے کمپنی کے سالانہ آڈٹ شدہ اکاؤنٹس (اسٹینڈ الون اور مستحکم) کے ساتھ ڈائریکٹر اور آڈیٹر اور چیئرمین کی جائزہ رپورٹ اور اس کے ساتھ متعلقہ معاملات کی وصولی اور اس کا اطلاق۔
3. 31 دسمبر 2021ء 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

10 جولائی 2021

لاہور:

گزارشات:

1. **حصص منتقلی کی کتابوں کی بندش**

کمپنی کی شیئر ٹرانسفر کتابیں 24 جولائی 2021 سے 31 جولائی 2021 تک بند رہیں گی (بشمول دونوں دن)۔ اس مدت کے دوران رجسٹریشن کے لئے کسی بھی منتقلی کو قبول نہیں کیا جائے گا۔ 23 جولائی 2021 کو کاروبار کے اختتام پر شیئر رجسٹرار آفس میسرز THK ایسوسی ایٹس (پرائیوٹ) لمیٹڈ، پلاٹ نمبر C-32، جامع کمرشل اسٹریٹ 2، ڈی ایچ اے فیز VII، کراچی 75500 میں تبادلہ وصول ہوگا۔ 23 جولائی 2021 کو دفتری اوقات ختم ہونے تک موصول ہونے والی منتقلیوں کو اجلاس میں شرکت اور ووٹ ڈالنے کے لئے بروقت تصور کیا جائے گا۔

2. **سالانہ عام اجلاس میں آن لائن شرکت**

COVID-19 کی جاری صورتحال پر غور کرتے ہوئے، کمپنی نے حصص یافتگان کی حفاظت اور فلاح و بہبود کیلئے، شیئر ہولڈرز کو ویڈیو لنک کے ذریعے اجلاس میں شرکت کی اجازت دے کر اپنے حصص یافتگان کی سہولت فراہم کرنے کا فیصلہ کیا ہے۔ جو حصص یافتگان AGM کی کارروائی میں آن لائن شرکت کرنے میں دلچسپی رکھتے ہیں وہ اپنے CNIC کے دونوں اطراف کی نقل کے ساتھ مندرجہ ذیل معلومات عنوان "رجسٹریشن آف ورلڈ کال ٹیلی کام لمیٹڈ AGM" کے تحت اپنے/اپنے مقرر کردہ پراکسی کی تقرری کیلئے corp.info@worldcall.pk پر معلومات فراہم کریں۔ یہ معلومات اپنی درست ای میل آئی ڈی کے ذریعے رجسٹریشن مقاصد کیلئے 23 جولائی 2021 تک

CHAIRMAN'S REVIEW REPORT

Dear Shareholders,

The onus of efficacy and steering the Board in intended direction lies primarily on the Chairman. There is no question as to the significance of sound corporate governance and our practices are aligned with the highest level of governance and transparency. I remain hugely indebted to concentrated efforts of my fellow directors in ensuring that the organization lived up to its demonstrated history of resilience. I feel immense pride in sharing that despite testing times compounded by the horrendous impacts of COVID-19 pandemic, performance of the Board and Committees remained par excellence throughout the year. The Board continued to set strategic direction of the Company, gauged its performance through stringent monitoring of the management and extended continual support through insight and advice. We as a cohesive unit left no stone unturned in safeguarding interests of stakeholders and maximizing shareholders' wealth.

Recently, Worldcall successfully deployed the first consumer Fiber to the Home (FTTH) connectivity cluster which delivered 100 Mbps internet, Analogue CATV (75 Channels), Digital CATV (200+ channel) along with a CRM that gives ultimate control to the subscriber / franchisee for his own service management. All existing WTL assets including its Team, Headend, Fiber Access Plant and most importantly CRM platform delivered a seamless FTTH migration. With conversion cost of less than USD 90, Worldcall has a huge competitive advantage. Capitalizing fully on this competitive advantage in terms of costs and time to market which has been achieved due to millions of dollars' infrastructure already available for utilization, we have achieved 20,000 home passes so far and target is 100k in ongoing year.

The Telecommunication market in Pakistan comes with its own set of challenges in light of abrupt technological advancements, rigorous needs to inject capital regularly and stark realization that business collaborations/ mergers/ acquisitions is the way forward. Adhering to this understanding, WorldCall Telecom Limited ('WTL") has entered into a business collaboration agreement with TUFA Telecommunications (Pvt.) Limited ("TUFA") targeting Fiber to the Home (FTTH) service roll-out across Pakistan. This collaboration goes a long way in our vision envisaged for provision of affordable broadband services to all segments of the society.

WTL has been endeavoring to secure all subscriber operations through state-of-the-art Blockchain technology that would open additional avenues of enablement for its subscribers. Blockchain architecture would further augment transparency in service delivery and transparency in subscriber management for all stakeholders. In this context we have embarked on a close commercial arrangement with World Mobile Group "WMG" for deployment of Blockchain secured service management.

These innovative developments ensured that the coveted trophy of premium entertainment provider remains with WTL for its distinguished content and delivery. It further proved instrumental in transforming WTL into a significant technology driven business entity. The Company stood resolute in its commitment to grow and deliver as per expectations of its stakeholders. Detailed appraisal in the form of commentary on financial performance has been carried out in Directors' Report and myself conforms to its accuracy, reliability and fair/ transparent evaluation of the Company's position and prospects. During the year Board was reconstituted upon "Election of Directors" and so Board Committees in adherence to criterion laid down under Code of Corporate Governance Regulations, 2019. New Board composition boasts of diversified experience spanning decades and not limited to strategic business management, all aspects of financial management and compliance to applicable regulatory framework. Board Committees have been immaculate in performance of their core tasks i.e.

(i) Audit Committee in ensuring that financial statements present true and fair view

(ii) Human Resource Committee in devising & implementing HR policies, bridging gap between staff and management by disseminating info to and fro, succession planning and conforming to industry specific ideal human resource practices

I again would like to extend my heartfelt gratitude to our business partners, our dedicated staff and our subscribers for trusting WorldCall as the preferred choice for telecom services.

I remain confident that WorldCall Telecom Limited will continue to enhance competition in telecom sector and maintain its progression upwards.

Muhammad Shoaib
Chairman, Board of Directors
WorldCall Telecom Limited

Lahore, Pakistan
July 10, 2021

DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED DECEMBER 31, 2020

DEAR SHAREHOLDERS,

We are pleased to present the standalone and consolidated Financial Statements of WorldCall Telecom Limited for the year ended December 31, 2020.

ECONOMIC OVERVIEW

Pakistan's economy is showing signs of a feeble recovery despite ominous 3rd wave of novel corona virus. Hike in consumer demand can be attributed primarily to the record increase in overseas remittances, announcement of enthusiastic packages by the government for construction industry and partially to increase in exports. Outlook of future investment in industrial sector seems promising on account of persistent growth in large scale manufacturing.

Since the outbreak of COVID-19, from March 2020 onwards, the majority of the company's employees have been working from home till date. With remote working infrastructure and network in place, our team has had absolutely no disruption in delivering its services to its global clientele.

FINANCIAL PERFORMANCE REVIEW

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

Summary of financial results on standalone basis for the year ended December 31, 2020 is as follows:

Particulars	December 31, 2020	December 31, 2019
	Rs. in million	
Revenue - net	3,140	3,857
Direct Cost (Excluding Depreciation and Amortization)	(1,875)	(2,361)
Other Income	610	1,145
EBITDA	1,199	1,553
Depreciation and Amortization	(953)	(1,254)
Finance Cost	(536)	(494)
Profit / (Loss) after tax	(146)	72

The company has reported a net loss of Rs. 146 million for the year ended December 31, 2020 as compared to net profit of Rs. 72 million in the year 2019. This dip has mainly been caused by high cost of finance in year under review owing to remarkable number of successful restructurings negotiated with financial institutions and lesser liabilities written back causing other income to deflate wrt corresponding period. Keeping in view the challenges faced due to ongoing pandemic, targets were revised from aggressive to moderate which operations of the Company had no difficulty achieving.

Realizing the vast potential embedded in Broadband business and whole new world of opportunities awaiting to be grasped with Fiber to the Home (FTTH) deployment, technical & marketing resources have been converged to capture home passes rapidly. Further, to reap benefits from alternate revenue streams and diversification in conglomerate ventures, Doc on Call platform has been launched targeting residential customers to avail medical advice/ professional visit free of cost with incurrence of expense upon subscription of medicines only. So far the response has been encouraging enough to launch the services in other metropolitan areas of the city. Ride Hail is another such initiative on the lines of Uber/ Careem with initial market research carried out, feasibility study promising results and enhanced driver/ rider security remaining the primary focus. Android/ IOS based application is under process and we foresee to officially launch this service in early next year. To sum up, Company is well and truly on course to completely revamp business operations and grow exponentially. Worldcall stands resolute in its commitment to evolve into technology driven business enterprise and with the blessings of Almighty, deliver as per expectations of its stakeholders

The Company has been instrumental in cutting its Direct Costs substantially and emphasis on sweating the assets has been the motto lately. 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 20 Tariq Block, New Garden Town, Lahore.

DIVIDEND

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

Earnings per Share

The company recognized loss per share of Rupee 0.06 on a standalone basis. On a consolidated basis, the loss per share was Rs. 0.06.

FUTURE OUTLOOK

The Company has been inching closer to its long cherished ambition of providing affordable broadband connectivity across Pakistan with every project it undertakes. Manifestation of those dreams is comprehensive deployment of first consumer Fiber to the Home (FTTH) connectivity cluster. The cluster delivered high speed internet capped at 100 Mbps, blend of HD resolution 275 + (Digital/ Analogue) channels in addition to user friendly Customer Relationship Module which gives ultimate freedom to the subscriber for customized service management experience. WTL boasts of lowest conversion cost per subscriber for its FTTH roll-out.

WTL enjoys the rare luxury of having approx. 1900 kilometers of fiber optic infrastructure deployed across 20 major cities with an ability to access market of almost 3 million households for subscriber acquisition. We have achieved 20,000 home passes so far and target is 100k in ongoing year with successful deployment achieved in populous areas of urban Lahore such as Wapda Town, Gulberg and Cantonment. For optimum utilization of this infrastructure and synergizing of resources, WTL has partnered with TUFA Telecommunications (Pvt.) Limited ("TUFA") to aggressively pursue Fiber to the Home (FTTH) service roll-out across Pakistan.

WTL intends to secure all subscriber operations through state-of-the-art Blockchain technology that would open access to unexplored horizons for its subscribers. By subscription to this digital economy eco-system, services encompassing but not limited to education and health sector can be launched. Blockchain architecture would further enhance transparency in service delivery and subscriber management for all stakeholders. In execution of this digital economy landscape, we have joined hands commercially with World Mobile Group "WMG" for deployment of Blockchain secured service management. This arrangement would ensure provision of affordable seamless broadband connectivity to all segments of the society.

As international markets are getting ready for evolution of technology in 5G, WTL possesses 3.5G WLL Spectrum which would mainly be utilized once we kick start new era of 5G.

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, 2020 wherein they have given a 'Material Uncertainty relating to Going Concern' para on going concern indicating that the Company has accumulated losses of Rs. 12,802 million and current liabilities exceeds current assets by Rs. 5,931 million. These conditions, along with other factors like declining revenue and contingencies and commitments as mentioned in note 22 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

- The financial statements for the year ended December 31, 2020 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, 2020 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, 2020;
- The key operating and financial data for last six years is given in this report;
- Information regarding outstanding taxes & levies / default is given in notes to the financial statements for the year ended December 31, 2020.

BOARD OF DIRECTORS COMPOSITION

Currently the Board comprises of seven directors excluding our Chief Executive Officer (CEO), Mr. Babar Ali Syed. All of them possess 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 criterion laid down in Code of Corporate Governance.

During the year under review, four (04) meetings of the Board of Directors were held from January 1, 2020 to December 31, 2020. The attendance of the Board members at the meetings was as follows:0

Board Composition	Attendance at Meetings
CHIEF EXECUTIVE OFFICER	
Mr. Babar Ali Syed (Re-appointed on 12-Aug-20)	4/4
EXECUTIVE DIRECTOR	
Mr. Muhammad Azhar Saeed (Re-elected on 31 May 2020)	4/4
NON-EXECUTIVE DIRECTORS	
Mrs. Hina Babar (Elected on 31-May-2020)	2/3
Mr. Mohammad Nadeem (Resigned on 06-Aug-2020)	3/3
Mr. Tariq Hasan (Appointed on 09-Oct-2020)	1/1
Mr. Mansoor Ali (Elected on 31-May-2020)	3/3
Mr. Muhammad Murtaza Raza (Retired on 31-May-2020)	1/1
Mr. Faisal Ahmed (Re-elected on 31 May 2020)	4/4
INDEPENDENT DIRECTORS	
Dr. Syed Salman Ali Shah (Retired on 31-May-2020)	1/1
Mr. Muhammad Shoaib (Elected on 31 May 2020)	3/3
Mr. Mubasher Lucman (Re-elected on 31-May-2020)	4/4

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.

ELECTION OF DIRECTORS

Election of Directors were held in accordance with the provisions of section (s) 134 & 159 to the Companies Act 2017 in Extraordinary General Meeting of the Company on 31 May 2020. Pursuant to “Election of Directors”, Board comprising seven (07) members was elected unopposed as eventually, number of persons who filed with the Company notices of their intention to offer themselves for election did not exceed and was equivalent to number to be elected fixed by the Board. The Board placed on record its appreciation for the valuable services rendered by outgoing director & Chairman Dr. Syed Salman Ali Shah and acknowledged the turnaround witnessed during his tenor. Mr. Muhammad Shoaib, elected in predecessor's place as “Independent Director” was greeted with resounding welcome. The changes effected in composition of the Board are aligned with the criterion laid down under Listed Companies (Code of Corporate Governance) Regulations, 2019. Elected Board promises to bring exciting prospects and reinvigorate the passion to develop this enterprise in purpose driven entity. Elected members committed to strive cohesively as a team for prosperity of the organization. The Board consists of two independent directors aligned with best statutory practice and possesses requisite skill set and industry specific experience to safeguard the interests of stakeholders and maximize shareholders' wealth.

CHANGE OF DIRECTOR

Mr. Muhammad Nadeem, resigned from the post of Director on 06 August 2020 and Mr. Tariq Hasan (Nominated by majority TFC Holders) was appointed in his place. The Board of Directors acknowledged contributions made by Mr. Nadeem and extended their gratitude for services rendered. Mr. Tariq Hasan was warmly welcomed with wishes and greetings on the Board.

RE-APPOINTMENT OF CHIEF EXECUTIVE OFFICER

The Chief Executive's term in the office expired on August 11, 2020. The members unanimously passed a resolution through circulation for his re-appointment on existing terms and conditions dated August 12, 2020 which was later ratified in subsequent Board of Directors meeting. Members praised his outstanding contributions and steadfastness in trickiest of times. His entrusted leadership and invaluable strategic input to the Board was overwhelmingly appreciated and he was congratulated on his sustained achievement with wishes of prosperity for term ahead.

Consequently Mr. Babar Ali Syed was re-appointed as the Chief Executive Officer (CEO) of WorldCall Telecom Limited effective from August 12, 2020 for 3 years.

DIRECTORS 'TRAINING

Two of our Directors, Mr. Muhammad Azhar Saeed (CFO) and Mr. Mansoor Ali (Director) have obtained the prescribed certifications under the Directors Training Program. The majority of the Board members have the prescribed qualification and experience required for exemption from training program of Directors pursuant to Regulation 20 of the CCG. All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies.

BOARD COMMITTEES

The Board has the following committees:

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

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

Audit Committee

Audit Committee comprises four members out of which three are non-executive directors and Chairman is Independent director in accordance with compliance to Code of Corporate Governance (CCG) 2019. Audit Committee meetings preceded each Board of Directors' meeting held to review financial statements during which audit reports, compliance with Code of Corporate Governance (CCG) requirements were reviewed by the committee members. These meetings also included meetings held with external auditors before and after completion of audit for the year ended December 31, 2020 and other statutory meetings as required by the CCG. The composition of Audit Committee is as follows:

Committee Composition	Designation	Attendance at Meetings
Mr. Mubasher Lucman	Chairman	2
Mr. Faisal Ahmed	Member	2
Mr. Mansoor Ali	Member	2
Mrs. Hina Babar	Member	2
Mr. Ansar Iqbal Chauhan	Secretary	2

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 all the members as follows:

Committee Composition	Designation
Mr. Muhammad Shoaib	Chairman
Mr. Babar Ali Syed	CEO
Mr. Muhammad Azhar Saeed	Member
Mrs. Hina Babar	Member
Mr. Mansoor Ali	Member
Mr. 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, CBOO, Company Secretary and Head of Internal Audit is also undertaken, reviewed and recommended to the Board by HR & R Committee.

Executive Committee (EC)

Executive Committee consists of four members. The Committee holds meetings to discuss the matters falling under its Terms of Reference. One meeting was held during the period for recommendation on size of the Board to be reconstituted upon “Election of Directors” on May 31, 2020. Following are the details about existing members.

Committee Composition	Designation
Mr. Muhammad Shoaib	Chairman
Mr. Babar Ali Syed	CEO
Mr. Muhammad Azhar Saeed	Member
Mr. Faisal Ahmed	Member
Mr. 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 Nasir Javaid Maqsood Imran, Chartered Accountants have a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan. They also possess satisfactory rating from Audit Oversight Board (AOB). The present auditors, Nasir Javaid Maqsood Imran Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

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 objectives of the Company include carrying on and undertaking the business of providing payphone services and generating revenue from communication services in Pakistan.

CHAIRMAN'S REVIEW

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

PATTERN OF SHAREHOLDOING

The pattern of shareholding as on December 31, 2020 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, 2020 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, 2020 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, 2020.

STATUTORY COMPLIANCE

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

CODE OF CONDUCT

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

RELATED PARTY TRANSACTIONS

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

WEB PRESENCE

Updated information regarding the company can be accessed at Company's website: www.worldcall.com.pk. 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 including but not limited to immediate dissemination of ongoing business developments.

CORPORATE SOCIAL RESPONSIBILITY

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

HEALTH AND SAFETY ENVIRONMENT

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

EMPLOYEE OF THE MONTH AWARDS

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

ACKNOWLEDGEMENT

The Board of Directors hereby express their explicit encouragement for the persistent support and undying trust of our valuable customers, suppliers, contractors and stakeholders. Without them Company would not have achieved what they now prize and their preferred choice of WTL as go to entertainment provider keeps us on our toes, motivated and provide us with an uplift to strive for more and better.

We take this opportunity to acknowledge the skill application and innovative, out of the box ideas of our dedicated workforce which have propelled the Company to new era of digitalization fully equipped and ready to cash on. Their attention to detail and loyalty to their work remain top notch assets for the Company. Concentrated efforts of our core team blended with the futuristic insight of strategic team ensure we remain one step ahead of our competitors and ever abreast with technological advancements. The Company remains hugely indebted to all of its employees for making us achieve what we aspire. Members of the Board deeply acknowledge the critical role played by Audit, Human Resource and Executive Committees and remain in persistent awe of their statutory significance by spearheading the management on multiple platforms not limited to internal financial controls, compliance/ governance and fairness & transparency.

A huge shout-out to our Parent Company for financially steering the strategic vision envisaged and facilitating business collaborations. Stupendous faith shown by our Sponsors in potential of the Company has been instrumental in ensuring that we live up to our manifested legacy of robustness.

For and on behalf of the Board of Directors

Lahore, Pakistan
July 10, 2021

Babar Ali Syed
Chief Executive Officer

کمپنی نے جو کچھ حاصل کیا ہے وہ حاصل نہیں کیا جا سکتا تھا اور تفریحی فراہم کنندہ کے پاس جانے کے طور پر ڈبلیو ٹی ایل کا ان کا پسندیدہ انتخاب ہمیں اپنی انگلیوں پر قائم رکھتا ہے، حوصلہ افزائی کرتا ہے اور ہمیں زیادہ سے زیادہ بہتر جدوجہد کرنے کے لئے ایک ترقی فراہم کرتا ہے۔

ہم اس موقع کو ہنرمندانہ ایپلی کیشن اور جدیدیت کو تسلیم کرنے کیلئے، اپنی سرشار افرادی قوت کے خانے کے خیالات سے باہر ہیں جس نے کمپنی کو مکمل طور پر لیس اور ڈیجیٹلائزیشن کے نئے دور کی طرف راغب کیا ہے جو نقد رقم تیار کرنے کے لئے تیار ہے۔ ان کی توجہ اور ان کے کام پر وفاداری کی طرف توجہ کمپنی کے لئے سب سے اہم مقام ہے۔ ہماری بنیادی ٹیم کی متمرکز کوششیں اسٹریٹجک ٹیم کی مستقبل کی بصیرت سے ملی ہوئی ہیں اور اس بات کو یقینی بناتی ہیں کہ ہم اپنے حریفوں سے ایک قدم آگے رہیں اور تکنیکی ترقی کے ساتھ ہمیشہ قریب میں رہیں۔ کمپنی ہمیں اپنے حصول کے لئے جس کی ہماری خواہش ہے، اپنے تمام ملازمین کی بڑی حد تک مقروض ہے۔ بورڈ کے ممبر آڈٹ، ہیومن ریسورس اور ایگزیکٹو کمیٹیوں کے ذریعہ ادا کیے گئے تنقیدی کردار کو دل کی گہرائیوں سے تسلیم کرتے ہیں اور متعدد پلیٹ فارمز پر انتظامیہ کی رہنمائی کرتے ہوئے ان کی قانونی اہمیت سے مستقل طور پر ڈوبتے رہتے ہیں، یہ صرف داخلی مالی کنٹرول، تعمیل/گورننس اور انصاف اور شفافیت تک محدود نہیں ہے۔

تصوراتی حکمت عملی کے وژن کو مالی طور پر چلانے اور کاروباری تعاون کو سہولت فراہم کرنے کے لئے ہماری پیرنٹ کمپنی کو ایک بہت بڑا نعرہ۔ ہمارے اسپانسرز کے ذریعہ کمپنی کی صلاحیت کے ساتھ دکھایا گیا حیرت انگیز ایمان اس بات کو یقینی بنانے میں مددگار ثابت ہوا ہے کہ ہم مضبوطی کی اپنی واضح وراثت پر قائم رہیں۔

بورڈ آف ڈائریکٹرز کے لئے اور اس کی طرف سے

Babar Ali Syed

بابر علی سید

چیف ایگزیکٹو آفیسر

لاہور، پاکستان

10 جولائی، 2021

ضابطہ اخلاق

داخلی معاملات اور صارفین، سپلائرز، ریگولیٹرز اور دیگر اسٹیک ہولڈرز کے ساتھ معاملات اور معاملات میں صداقت اور اخلاقی سلوک کی نمائش کے لئے بورڈ نے ضابطہ اخلاق کو ایک فریم ورک کے طور پر اپنایا ہے۔ بورڈ نے معاون پالیسیوں اور طریقہ کار کے ساتھ ساتھ پوری کمپنی میں اس کوڈ کو پھیلانے کے لئے اقدامات اٹھائے ہیں جبکہ یہ ضابطہ ملازم کے ویب پورٹل پر بھی موجود ہے۔

متعلقہ پارٹی لین دین کی تفصیلات

متعلقہ فریقوں کے ساتھ تمام ٹرانزیکشنوں سمیت قیمتوں کی پالیسیوں کا اطلاق آڈٹ کمیٹی کی سفارش پر کیا جاتا ہے اور اس کے مطابق سالانہ آڈٹ شدہ مالی بیانات کے نوٹ میں انکشاف کیا جاتا ہے اور اس کی بورڈ نے منظوری دے رکھی ہے۔

ویب کی موجودگی

کمپنی سے متعلق تازہ ترین معلومات تک کمپنی کی ویب سائٹ:www.worldcall.com.pk پر حاصل کیا جاسکتا ہے۔ ویب سائٹ میں کمپنی کے پروفائل کے ساتھ ساتھ کمپنی کے تازہ ترین مالی نتائج بھی شامل ہیں۔ اپنے صارفین کو سہولت فراہم کرنے کے لئے کمپنی کے پاس اپنی تجارتی ویب سائٹ بھی موجود ہے: www.worldcall.net.pk

کارپوریٹ سماجی ذمہ داری

کمپنی اپنی معاشرتی ذمہ داری پر یقین رکھتی ہے اور ماحولیاتی تحفظ کے اقدامات، معاشرتی سرمایہ کاری اور اس سے وابستہ فلاحی منصوبوں، صارفین کے تحفظ کے اقدامات، صنعتی تعلقات، پیشہ ورانہ حفاظت اور صحت، کاروباری اخلاقیات اور قومی کاز کے عطیہ کے ذریعے بھی اسی کام کو انجام دیتی ہے۔

صحت اور تحفظ اور ماحول

یہ ادارہ صحت، حفاظت اور ماحولیات کے تمام پہلوؤں سے معاشرتی اور داخلی صحت، حفاظت اور ماحولیاتی ضروریات کی تکمیل کر کے ذمہ داری کے ساتھ اپنے کاروبار کا انعقاد کرتا ہے۔

مہینے کے بہترین ملازم کا ایوارڈ

کمپنی اس بات کا یقین کرنے کے لئے پرعزم ہے کہ اعلی کامیابی حاصل کرنے والے اپنے افسران کے مکمل اطمینان کے ساتھ کام انجام دینے والے اور کمپنی کی خوشحالی کو وقار اور احترام کے ساتھ پیش کیا جائے اور اچھی طرح سے حوصلہ افزائی کی جائے۔ ہم ملازمین کے ساتھ طویل مدتی وابستگی پر یقین رکھتے ہیں اور ان کے KPIs کو کامیابی سے ہمکنار کرنے پر غیر معمولی کاوشوں کو سراہتے ہیں۔ پچھلے کچھ سالوں سے یہ باقاعدہ ماہانہ فیچر رہا ہے جو ملازمین کو ایوارڈ/ مانیٹری فوائد دیتے ہیں۔

اعتراف

بورڈ آف ڈائریکٹرز اپنے قیمتی صارفین، سپلائرز، ٹھیکیداروں اور اسٹیک ہولڈرز کی مستقل حمایت اور نہ ختم ہونے والے اعتماد کیلئے ان کی واضح حوصلہ افزائی کرتے ہیں۔ ان کے بغیر

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 طویل 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

آڈیٹرز میسرز ناصر جاوید مقصود عمران، چارٹرڈ اکاؤنٹنٹس نے انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام کے تحت اطمینان بخش ضابطہ اخلاق سے متعلق بین الاقوامی فیڈریشن آف اکاؤنٹنٹس (IFAC) کے رہنما اصولوں کی تعمیل، جس کو انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان نے اپنایا۔ وہ آڈٹ اوورائٹ بورڈ (AOB) سے بھی اطمینان بخش درجہ بندی رکھتے ہیں۔ موجودہ آڈیٹر، ناصر جاوید مقصود عمران چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو کر اہل ہونے کے بعد، دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔

ہولڈنگ کمپنی

ورلڈ کال ٹیلی کام لمیٹڈ ورلڈ کال سروسز (پرائیوٹ) لمیٹڈ (ہولڈنگ کمپنی) کا ماتحت ادارہ ہے۔ ہولڈنگ کمپنی ورلڈ کال ٹیلی کام لمیٹڈ کے 117،312،983 عام حصص کی مالک ہے۔

ورلڈ کال سروسز پاکستان میں ایک نجی کمپنی ہے جو کمپنیز ایکٹ 2017 کے تحت شامل ہے۔ کمپنی کے مقاصد میں پے فون خدمات کی فراہمی اور پاکستان میں مواصلاتی خدمات سے محصول حاصل کرنے کے کاروبار کو جاری رکھنا اور انجام دینا شامل ہے۔

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 2020ء 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 فائننشل 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۔

کارپوریٹ گورننس کے ضابطہ کی تعمیل

پاکستان اسٹاک ایکسچینج نے 31 دسمبر 2020 کو ختم ہونے والے سال کیلئے متعلقہ لسٹنگ ریگولیشنز میں جو کوڈ آف کارپوریٹ گورننس مرتب کیا ہے اس کی ضروریات کو کمپنی نے اپنایا ہے اور ان کی تعمیل کی گئی ہے۔ اس حقیقت کا ایک بیان اس رپورٹ سے منسلک ہے۔

تبدیلیاں

31 دسمبر 2020ء کو اختتام پذیر سال سے لے کر رپورٹ کی تاریخ تک کوئی تبدیلی نہیں دیکھی گئی بجائے اس کے جو اس سالانہ رپورٹ میں منکشف ہیں اور کمپنی نے کسی قسم کا معاہدہ نہیں کیا ہے جو کمپنی کی مالی حالت کو متاثر کرے بجائے اس کے کہ جو 31 دسمبر 2020ء کو اختتام پذیر سال کے لئے کمپنی کی مالی اسٹیٹمنٹس میں بتائے گئے ہیں۔

قانونی تعمیل

سال کے دوران کمپنی نے تمام قوانین پر عمل کیا ہے، تمام ریٹرنز/ فارم جمع کروائے ہیں اور کمپنیز ایکٹ 2017 اور اس سے متعلق تمام ضوابط، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے قواعد اور لسٹنگ ضروریات کے مطابق تمام متعلقہ تفصیلات فراہم کی ہیں۔

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 بااعتباری کی یقین دہانی اور آپریشنز کی کارکردگی اور تاثر شامل ہیں۔ چیف انٹرنل آڈیٹر براہ راست آڈٹ کمیٹی کے چیئرمین کو رپورٹ کرتے 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۔ سال کے دوران ایک اجلاس ہوا جس میں تمام ممبران نے شرکت کی۔

کمیٹی کمپوزیشن	عہدہ
محمد شعیب	چیئرمین
بابر علی سید	ممبر
محمد اظہر سعید	ممبر
مسز حنا بابر	ممبر
منصور علی	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 ممبروں پر مشتمل ہے۔ کمیٹی اپنی شرائط کے تحت آنے والے معاملات پر تبادلہ خیال کرنے کے لئے اجلاس کرتی ہے۔ اس بورڈ کے سائز کی سفارش کے لئے ایک اجلاس 31 مئی 2020 کو "الیکشن آف ڈائریکٹرز" پر تشکیل نو کے لئے منعقد ہوا۔ موجودہ ممبروں کے بارے میں تفصیلات درج ذیل ہیں۔

کمیٹی کمپوزیشن	عہدہ
جناب محمد شعیب	چیئرمین
بابر علی سید	سی ای او
محمد اظہر سعید	ممبر
جناب فیصل احمد	ممبر
محمد ذکی منور	سیکرٹری

ڈائریکٹرز کی تبدیلی

مسٹر محمد ندیم نے 06 اگست 2020 کو ڈائریکٹر کے عہدے سے استعفیٰ دے دیا تھا اور ان کی جگہ مسٹر طارق حسن (اکثریت ٹی ایف سی ہولڈرز کے ذریعہ نامزد) تھے۔ بورڈ آف ڈائریکٹرز نے مسٹر ندیم کی عطا کردہ شراکت کا اعتراف کیا اور ان کی پیش کردہ خدمات کے لئے ان کا شکریہ ادا کیا۔ جناب طارق حسن کا بورڈ پر مبارکباد کے ساتھ پرتپاک استقبال کیا گیا۔

چیف ایگزیکٹو آفیسر کی دوبارہ تقرری

چیف ایگزیکٹو کی میعاد 11 اگست 2020 کو ختم ہوگئی۔ ممبران نے 12 اگست 2020 کو موجودہ شرائط وضوابط پر ان کی دوبارہ تقرری کے لئے متفقہ طور پر ایک قرارداد کے ذریعہ منظور کی جسے کے بعد بورڈ آف ڈائریکٹرز کے اجلاس میں اس کو منظور کر لیا گیا۔ اراکین نے مشکل وقت میں ان کی نمایاں خدمات اور ثابت قدمی کی تعریف کی۔ ان کی سپرد کردہ قیادت اور بورڈ کو انمول اسٹریٹجک ان پٹ کی زبردست ستائش کی گئی اور ان کی مستقل کامیابی پر انہیں مبارکباد دی گئی کہ وہ آگے کی مدت تک خوشحالی کی خواہشات کے ساتھ ہیں۔

چنانچہ مسٹر بابر علی سید کو ورلڈ کال ٹیلی کام لمیٹڈ کے چیف ایگزیکٹو آفیسر (سی ای او) کے طور پر 12 اگست 2020ء سے 3 سال کے لئے دوبارہ مقرر کیا گیا۔

ڈائریکٹرز کی ٹریننگ

ہمارے دو ڈائریکٹرز، جناب محمد اظہر سعید (CFO) اور مسٹر منصور علی (ڈائریکٹر) نے ڈائریکٹرز ٹریننگ پروگرام کے تحت طے شدہ سرٹیفیکیشن حاصل کر لیے ہیں۔ بورڈ ممبروں کی اکثریت کے پاس سی سی جی کی ریگولیشن 20 کے تحت ڈائریکٹرز کے تربیتی پروگرام سے مستثنیٰ کے لئے مطلوبہ تجویز کردہ قابلیت اور تجربہ ہے۔ تمام ڈائریکٹرز کارپوریٹ باڈیز کے ڈائریکٹرز کی حیثیت سے اپنے فرائض اور ذمہ داریوں کے ساتھ پوری طرح متفق 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 چار ممبروں پر مشتمل ہے جن میں سے تین نان ایگزیکٹو ڈائریکٹر ہیں اور کوڈ آف کارپوریٹ گورننس (سی سی جی) 2019 کی تعمیل کے مطابق چیئرمین آزاد ڈائریکٹر ہیں۔ آڈٹ کمیٹی کے اجلاسوں سے پہلے مالی بیانات کا جائزہ لینے کے لئے منعقدہ بورڈ آف ڈائریکٹرز کے اجلاس سے پہلے اجلاس ہوا۔ کمیٹی ممبروں نے آڈٹ رپورٹس، کارپوریٹ گورننس (CCG) کے تقاضوں کی تعمیل کی۔ ان ملاقاتوں میں 31 دسمبر 2020 کو ختم ہونے والے سال کے آڈٹ کی تکمیل سے پہلے اور بعد میں بیرونی آڈیٹرز کے ساتھ ہونے والی میٹنگیں اور سی سی جی کے ذریعہ مطلوبہ دیگر قانونی اجلاس بھی شامل تھے۔ آڈٹ کمیٹی کی تشکیل مندرجہ ذیل ہے۔

آڈٹ کمیٹی کی انتظامیہ		
کمیٹی کمپوزیشن	عہدہ	حاضریوں کی تعداد
مبشر لقمان	چیئرمین	2/2
فیصل احمد	ممبر	2/2
منصور علی	ممبر	2/2
مسز حنا بابر	ممبر	2/2
انصر اقبال چوہان	سیکرٹری	2/2

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کی چار (04) میٹنگیں یکم جنوری، 2020 سے 31 دسمبر 2020 تک منعقد کی گئیں۔ بورڈ کے ممبران کی شرکت

بورڈ کی انتظامیہ	
بورڈ کمپوزیشن	حاضریوں کی تعداد
چیف ایگزیکٹو ڈائریکٹرز	
جناب بابر علی سید (12 اگست 20 کو دوبارہ مقرر ہوئے)	4/4
ایگزیکٹو ڈائریکٹرز	
جناب محمد اظہر سعید (31 مئی 2020 کو دوبارہ منتخب ہوئے)	4/4
نان ایگزیکٹو ڈائریکٹرز	
مسز حنا بابر (31 مئی 2020 کو منتخب ہوئے)	2/3
جناب محمد ندیم (06 اگست 2020 کو استعفیٰ دیا)	3/3
جناب طارق حسن (09 اکتوبر 2020 کو مقرر ہوئے)	1/1
جناب منصور علی (31 مئی 2020 کو منتخب ہوئے)	3/3
جناب محمد مرتضیٰ رضا (31 مئی 2020 کو ریٹائرڈ ہوئے)	1/1
مسٹر فیصل احمد (31 مئی 2020 کو دوبارہ منتخب ہوئے)	4/4
آزاد ڈائریکٹر	
ڈاکٹر سید سلمان علی شاہ (31 مئی 2020 کو ریٹائرڈ ہوئے)	1/1
جناب محمد شعیب (31 مئی 2020 کو منتخب ہوئے)	3/3
مبشر لقمان (31 مئی 2020 کو دوبارہ منتخب ہوئے)	4/4

ان ممبروں کو غیر حاضری کی چھٹی دی گئی، جو بورڈ کے اجلاسوں میں شریک نہیں ہوئے تھے۔

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 کی تکمیل کیلئے مستقبل کی بصیرت کے لئے معاوضے ذہن میں رکھے جا رہے ہیں۔

ڈائریکٹرز کے الیکشن

ڈائریکٹرز کا انتخاب 31 مئی 2020 کو کمپنی کی غیر معمولی جنرل میٹنگ میں کمپنیز ایکٹ 2017 کی دفعہ (دفعات) 134 اور 159 کی دفعات کے مطابق کیا گیا تھا۔ "الیکشن آف ڈائریکٹرز" کے ماتحت، سات (07) ممبروں پر مشتمل بورڈ بالآخر بلا مقابلہ منتخب ہوئے، ان افراد کی تعداد جنہوں نے کمپنی کو اپنے آپ کو انتخاب کیلئے پیش کرنے کے ارادے سے کمپنی کو نوٹسز جمع کروائے تھے اور بورڈ کے ذریعہ منتخب ہونے والے نمبر کے برابر نہیں تھے۔ بورڈ نے سبکدوش ہونے والے ڈائریکٹر اور چیئر مین ڈاکٹر سید سلمان علی شاہ کی پیش کردہ گرانقدر خدمات کے لئے ان کی تعریف کو ریکارڈ کیا اور اپنے عہدے کے دوران موصول ہونے والے بدلنے والے گواہوں کا اعتراف کیا۔ مسٹر محمد شعیب، "پیشہ ورانہ ڈائریکٹر" کے طور پر پیشرو کی جگہ پر منتخب ہوئے تو ان کا شاندار استقبال کیا گیا۔ بورڈ کی تشکیل میں جو تبدیلیاں لائی گئی ہیں وہ فہرست شدہ کمپنیوں (کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت وضع کردہ معیار کے ساتھ منسلک ہیں۔ منتخبہ بورڈ دلچسپ امکانات لانے اور مقصد سے چلنے والے وجود میں اس انٹرپرائز کو ترقی دینے کے جذبے کو مزید تقویت دینے کا وعدہ کرتا ہے۔ منتخب ارکان تنظیم کی خوشحالی کے لئے بطور ٹیم مستقل جدوجہد کرنے کا عہد کریں۔ بورڈ دو آزاد ڈائریکٹرز پر مشتمل ہے جو بہترین قانونی پریکٹس کے ساتھ منسلک ہوتا ہے اور اسٹیک ہولڈرز کے مفادات کی حفاظت اور حصص یافتگان کی دولت کو زیادہ سے زیادہ بڑھانے کے لئے مہارت اور انڈسٹری سے متعلق مخصوص تجربہ رکھتا ہے۔

ورلڈ کال ٹیلی کام کا ارادہ ہے کہ وہ سبھی صارفین کو جدید ترین بلاک چین ٹیکنالوجی کے ذریعہ محفوظ بنایا جائے جو اس کے صارفین کے لئے غیر متوقع افق تک رسائی کو کھول دے گی۔ اس ڈیجیٹل اکانومی ایکوسسٹم کی رکنیت کے ذریعے، تعلیم اور صحت کے شعبے تک محدود خدمات شامل نہیں ہیں۔ بلاک چین فن تعمیر سے تمام اسٹیک ہولڈرز کے لئے خدمت کی فراہمی اور صارفین کے نظم ونسق میں شفافیت میں مزید اضافہ ہوگا۔ اس ڈیجیٹل اکانومی منظر نامے کو عملی جامہ پہنانے کے لئے، ہم نے بلاک چین سیکیورٹیڈ سروس مینجمنٹ کی تعیناتی کے لئے ورلڈ موبائل گروپ "ڈبلیو ایم جی" کے ساتھ تجارتی طور پر تعاون کا ہاتھ بڑھایا ہے۔ اس انتظام سے معاشرے کے تمام طبقات کو سستی ہموار براڈ بینڈ رابطے کی فراہمی یقینی بنائے گی۔

چونکہ بین الاقوامی مارکیٹیں 5 جی میں ٹیکنالوجی کے ارتقا کیلئے تیار ہو رہی ہیں، ڈبلیو ٹی ایل کے پاس 3.5 جی ڈبلیو ایل ایل اسپیکٹرم موجود ہے جس کا استعمال بنیادی طور پر اس وقت کیا جائے گا جب ہم 5 جی کے نئے دور کو شروع کریں گے۔

آڈیٹرز کی رپورٹ

31 دسمبر 2020 کو اختتام پزیر سال کیلئے بیرونی آڈیٹرز نے کمپنی کی علیحدہ مالی اسٹیٹمنٹس پر اپنی unqualified رائے کا اظہار کیا ہے۔ انہوں نے اس معاملے پر زور دیا ہے جس میں انہوں اختتام پذیر سال کے دوران 12,802 ملین روپے کا خسارہ برداشت کیا ہے۔ اور موجودہ قرضے اس کے موجودہ اثاثوں سے 5,931 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 نے کمپنی کی تشویش کا جائزہ لیا ہے اور ان کا ماننا ہے کہ ان مالی بیانات کی تیاری کے لئے استعمال شدہ تشویش مفروضہ مناسب ہے۔

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 دسمبر 2020ء 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 دسمبر 2020ء 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 کے بہترین طریقوں سے کوئی مادی روانگی نہیں ہوئی ہے، جیسا کہ 31 دسمبر 2020ء تک فہرست کے ضوابط میں تفصیل ہے۔

☆ کارپوریٹ گورننس کی بہترین عمل داری کوئی ابہام نہیں جیسا کہ لسٹنگ ریگولیشنز میں بتایا گیا ہے۔

☆ 31 دسمبر 2020ء 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

حالیہ بورڈ میں ہمارے چیف ایگزیکٹو آفیسر (سی ای او) جناب بابر علی سید کو چھوڑ کر سات ڈائریکٹرز شامل ہیں۔ ان سبھی کے پاس وسیع تجربہ اور ممتاز مہارت موجود ہے جو اسٹیک ہولڈرز اور کمپنی کے مفادات کے تحفظ کے لئے مخصوص صنعت کی مخصوص قابلیتوں کے ساتھ سیٹ ہے۔ کوڈ آف کارپوریٹ گورننس میں وضع کردہ معیار کے مطابق ان میں سے دو ڈائریکٹر آزاد ہیں۔

فائبر ٹو ہوم (ایف ٹی ٹی ایچ) کی تعیناتی کے منتظر براڈ بینڈ کے کاروبار اور پوری نئی دنیا میں سرایت کرنے والی وسیع صلاحیتوں کا ادراک کرتے ہوئے، تکنیکی اور مارکیٹنگ کے وسائل کو تیزی سے گھر کے راستوں پر قبضہ کرنے کے لئے جوڑ دیا گیا ہے۔ مزید یہ کہ اجتماعی منصوبوں میں متبادل آمدنی کے سلسلے اور تنوع سے فائدہ اٹھانے کے لئے، ڈاک آن کال پلیٹ فارم رہائشی صارفین کو نشانہ بنا رہا ہے جس میں وہ صرف دواؤں کی خریداری پر اخراجات میں اضافے کے ساتھ طبی مشورے/ پیشہ ورانہ دورے کا فائدہ اٹھائیں۔ اب تک اس ردعمل نے شہر کے دوسرے میٹروپولیٹن علاقوں میں خدمات کا آغاز کرنے کی کافی حوصلہ افزائی کی ہے۔ ابتدائی مارکیٹ ریسرچ کے ساتھ اوبر/ کریم کے خطوط پر، رائڈ ہیل ایک اور اقدام ہے جس میں فزیبلٹی اسٹڈی کے وابستہ نتائج اور ڈرائیور/ سوار کی حفاظت میں بنیادی توجہ باقی ہے۔ اینڈ رائیڈ/ آئی او ایس پر مبنی ایپلیکیشن زیر عمل ہے اور ہم اگلے سال کے اوائل میں اس سروس کو باضابطہ طور پر شروع کرنے کا پیش گو ہیں۔ خلاصہ یہ کہ، کمپنی مکمل طور پر کاروباری عمل کو بہتر بنانے اور تیزی سے بڑھنے کے لئے صحیح معنوں میں پیش قدم ہے۔ ورلڈ کال ٹکنالوجی سے چلنے والے بزنس انٹرپرائز میں ترقی کے عزم پر قائم ہے اور اللہ تعالٰی کے فضل و کرم سے، اس کے اسٹیک ہولڈرز کی توقعات کے مطابق فراہمی کو یقینی بنانا ہے۔

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

ورلڈ کال ٹیلی کام لمیٹڈ- مجموعی مالی اسٹیٹمنٹ

مجموعی مالی اسٹیٹمنٹ اعداد و شمار میں ورلڈ کال ٹیلی کام لمیٹڈ (پیرنٹ کمپنی) کے مالی نتائج پر مشتمل ہے روٹ 1 ڈیجیٹل (نجی) لمیٹڈ (ماتحت کمپنی) کے ساتھ ملحق۔ روٹ 1 ڈیجیٹل ایک پرائیویٹ لمیٹڈ کمپنی ہے جو 21 دسمبر، 2016 کمپنیز آرڈیننس، 1984ء (جو کہ اب کمپنیز ایکٹ، 2017) کے تحت پاکستان میں شامل کی گئی ہے۔ اسکا بنیادی کاروبار تمام ٹرانسپورٹ خدمات کا کاروبار انجام دینا، موٹر گاڑیوں کی نقل و حمل کو کسی اور یا دوسرے کے ساتھ شریک کرنا، اور انفارمیشن ٹکنالوجی، سافٹ ویئر ڈویلپمنٹ اور اس کے ساتھ وابستہ تمام سرگرمیوں کے شعبے میں مشاورت کرنا ہے۔ ذیلی ادارہ پاکستان میں رہائش پذیر ہے اور اس کا رجسٹرڈ دفتر دوسری منزل، 300 وائی بلاک، فیز III، ڈیفنس ہاؤسنگ اتھارٹی، لاہور کینٹ میں واقع ہے۔ بزنس کا اصل مقام 20 طارق بلاک، نیو گارڈن ٹاؤن، لاہور میں واقع ہے۔

ڈیوڈینڈ

کیش فلو حالات اور توسیع کے منصوبوں پر غور و خوص 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 0.06 روپے کا نقصان حاصل کیا اور مجموعی طور پر فی حصص نقصان کا تخمینہ 0.06 کی روپے رہا۔

مستقبل کا نقطۂ نظر

کمپنی اپنے ہر منصوبے کے ساتھ پورے پاکستان میں سستی براڈ بینڈ رابطے کی اپنی طویل خواہش مندانہ خواہش کے قریب پہنچ رہی ہے۔ ان خوابوں کا اظہار ہوم کنیکٹیویٹی کلسٹر میں پہلے صارف فائبر کی جامع تعیناتی ہے۔ اس کلسٹر نے 100 ایم بی پی ایس پر مشتمل ہائی اسپیڈ انٹرنیٹ کی فراہمی، ایچ ڈی ریزولوشن 275+ (ڈیجیٹل/ اینالاگ) چینلز کے مرکب کے ساتھ ماحول دوست کسٹمر ریلیشنشپ ماڈیول کے علاوہ جو اپنی مرضی کے مطابق سروس مینجمنٹ کے تجربے کے لئے صارفین کو حتمی آزادی فراہم کرتی ہے۔ ورلڈ کال ٹیلی کام لمٹیڈ، FTTH کے سبسکرائبرز کیلیئے سب سے کم لاگت کا حامل ہے۔

WTL تقریبا ہونے کی نادر عیش و آرام کا لطف اٹھاتا ہے۔ فائبر آپٹک انفراسٹرکچر کے 1900 کلومیٹر کے 20 بڑے شہروں میں تعینات کیا گیا ہے جس میں صارفین کے حصول کے لئے تقریبا 3 ملین گھرانوں کی مارکیٹ تک رسائی حاصل کی جاسکتی ہے۔ ہم نے اب تک 20,000 گھروں اور لاہور شہر کی آبادی والے علاقوں جیسے واپڈا ٹاؤن، گلبرگ اور کنٹونمنٹ میں کامیابی کے ساتھ موجودہ سال میں 100 کلومیٹر کا ہدف حاصل کیا ہے۔ اس بنیادی ڈھانچے کے زیادہ سے زیادہ استعمال اور وسائل کی ہم آہنگی کیلیئے، ڈبلیو ٹی ایل نے پاکستان بھر میں فائبر ٹو ہوم (ایف ٹی ٹی ایچ) سروس کو جارحانہ انداز میں آگے بڑھانے کے لئے ٹی یو ایف اے ٹیلی مواصلات (پرائیویٹ) لمیٹڈ ("TUFA") کے ساتھ شراکت کی ہے۔

حصص یافتگان کو ڈائریکٹرز کی رپورٹ

31 دسمبر 2020ء کو اختتام پذیر سال کیلئے

معزز شیئر ہولڈرز

ہم کمپنی کے 31 دسمبر 2020 کے سالانہ آڈٹ کردہ علیحدہ اور مجموعی مالیاتی کارکردگی کا جائزہ پیش کرنے میں فخر محسوس کرتے ہیں۔

اقتصادی جائزہ

پاکستان کی معیشت کورونا وائرس کی تیسری لہر کے باوجود کمزور بحالی کے آثار دکھائی دے رہی ہے۔ صارفین کی طلب میں اضافے کو بنیادی طور پر بیرون ملک ترسیلات زر میں ریکارڈ اضافے، حکومت کی طرف سے تعمیراتی صنعت کے لئے پُر جوش پیکیجوں کے اعلان اور برآمدات میں جزوی طور پر اضافے کا ذمہ دار قرار دیا جاسکتا ہے۔ صنعتی شعبے میں مستقبل میں ہونے والی سرمایہ کاری کا نظریہ بڑے پیمانے پر مینوفیکچرنگ میں مستقل نمو کی وجہ سے امید افزا لگتا ہے۔

کوویڈ-19 کے پھیلنے کے بعد، مارچ 2020 سے، اس کمپنی کے بیشتر ملازم آج تک گھر سے کام کررہے ہیں۔ دور دراز سے کام کرنے والے انفراسٹرکچر اور نیٹ ورک کی جگہ پر، ہماری ٹیم کو اپنی خدمات کو اپنے عالمی مؤکل تک پہنچانے میں قطعی رکاوٹ نہیں ہے۔

مالی کارکردگی کا جائزہ

ورلڈ کال ٹیلی کام لمیٹڈ (WTL) کے مالی بیانات میں معیاری بنیادوں پر پیرنٹ کمپنی کی مالی اعانت کے ساتھ ساتھ مستحکم مالی بیانات شامل ہوتے ہیں۔

ورلڈ کال ٹیلی کام لمیٹڈ- علیحدہ معاشی بیانئے

31 دسمبر 2020 کو ختم ہونے والے سال کے لئے اسٹینڈ لیون بنیادوں پر مالی نتائج کا خلاصہ مندرجہ ذیل ہے۔

Particulars	December 31, 2020	December 31, 2019
	Rs. in million	
Revenue - net	3,140	3,857
Direct Cost (Excluding Depreciation and Amortization)	(1,875)	(2,361)
Other Income	610	1,145
EBITDA	1,199	1,553
Depreciation and Amortization	(953)	(1,254)
Finance Cost	(536)	(494)
Profit / (Loss) after tax	(146)	72

کمپنی کو 31 دسمبر 2020 کو ختم ہونے والے سال کے لئے 146 ملین روپے کے خالص منافع کے مقابلے میں، سال 2019 میں 72 ملین روپے تھا۔ یہ گھاٹا بنیادی طور پر مالیاتی اداروں کے ساتھ بات چیت کی جانے والی کامیاب تنظیم نو کی کم تعداد اور کم عائد واجبات کی وجہ سے ہوا ہے جس کی وجہ سے دوسری آمدنی بھی اسی مدت میں خراب ہوجاتی ہے۔ وبائی امراض کی وجہ سے درپیش چیلنجوں کو مدنظر رکھتے ہوئے، اہداف کو جارحانہ اعتدال پسند تک تبدیل کیا گیا جس سے کمپنی کے کام کو حاصل کرنے میں کوئی دشواری نہیں تھی۔

SIX YEAR FINANCIAL PERFORMANCE
INCOME STATEMENTS

	Dec'20	Dec'19	Dec'18	Dec'17	Dec'16	Dec'15
		---Rupees in Thousands---				
Revenue - net	3,140,134	3,881,844	4,386,953	2,321,750	1,819,706	2,191,552
Direct cost excluding depreciation and amortization	(1,874,837)	(2,385,421)	(3,059,519)	(1,947,727)	(1,848,172)	(2,992,674)
Operating cost	(409,828)	(592,239)	(725,928)	(615,280)	(641,925)	(1,488,488)
Other income	609,538	1,144,581	1,573,111	8,145,200	192,335	259,319
Other expenses	(265,912)	(495,520)	(244,749)	(243,767)	(286,743)	(314,443)
Profit / (Loss) before Interest, Taxation, Depreciation and Amotization	1,199,095	1,553,245	1,929,868	7,660,176	(764,799)	(2,344,734)
Depreciation and amortization	(953,359)	(1,254,179)	(1,126,175)	(1,067,169)	(1,232,683)	(1,433,708)
Impairment loss on available for sale financial asset			-	-	-	(4,240,451)
Finance cost	(536,025)	(493,839)	(233,493)	(347,694)	(566,329)	(677,792)
Profit / (Loss) before Taxation	(290,289)	(194,773)	570,200	6,245,313	(2,563,811)	(8,696,685)
Taxation	143,952	267,071	(123,305)	(143,553)	1,299,074	(1,936,202)
Net Profit / (Loss) for the Year	(146,337)	72,298	446,895	6,101,760	(1,264,737)	(10,632,887)
Earnings / (Loss) per share - basic (Rupees)	(0.06)	0.04	(0.18)	6.18	(1.72)	(12.79)
Earnings / (Loss) per share - diluted (Rupees)	(0.06)	0.03	(0.18)	1.86	(1.72)	(12.79)

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)REGULATIONS, 2019 OF WORLDCALL TELECOM LIMITED FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to ***frequency**, recording and circulating minutes of meeting of the Board.
   ***Board** has met for the first quarter of the year on 25 April 2020. 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 previously arranged Directors' Training Program (DTP) for Mr. Muhammad Azhar Saeed and Mr. Mansoor Ali. DTP for other members was postponed till lifting of restrictions imposed by the federal government due to COVID-19 pandemic for the year.
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.

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

a. Executive Committee (Name of members and Chairman)

- Mr. Muhammad Shoaib (Chairman)
- Mr. Babar Ali Syed (Member)
- Mr. Muhammad Azhar Saeed (Member)
- Mr. Faisal Ahmed (Member)

b. Audit Committee (Name of members and Chairman)

- Mr. Mubasher Lucman (Chairman)
- Mr. Faisal Ahmed (Member)
- Mrs. Hina Babar (Member)
- Mr. Mansoor Ali (Member)

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

- Mr. Muhammad Shoaib (Chairman)
- Mr. Babar Ali Syed (Member))
- Mr. Muhammad Azhar Saeed (Member)
- Mrs. Hina Babar (Member)
- Mr. Mansoor Ali (Member)

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

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

a. Executive Committee: Annual
b. Audit Committee: **Quarterly
c. HR and Remuneration Committee: Annual

**Audit committee has met for the first quarter of the year on 09 July, 2020. Overall two 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. Explanation pertaining to the Regulations other than 3, 6, 7, 8, 27, 32, 33 & 36 is mentioned in paragraph 9 above.

Muhammad Shoaib
Chairman, Board of Directors
WorldCall Telecom Limited

Lahore, Pakistan
July 10, 2021

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, 2020** in accordance with the requirement of regulation 36 of the Regulations.

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

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

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

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with requirements contained in the Regulations as applicable to the Company for the year ended **December 31, 2020**.

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 25, 2020.
2	9	The Company have not arranged Director Training Program for its Directors as required by regulation 19.
3	14	The Audit Committee did not have meeting in respect of first quarter until as late as July 09, 2020 and also only two audit committee meetings were held during the year.

Date: July 10, 2021
Islamabad

Nasir Javaid Maqsood Imran
Chartered Accountants
Imran ul Haq

INDEPENDENT AUDITOR'S 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, 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes 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, 2020 and of the loss and other 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 International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern

We draw attention to Note 2.2 in the annexed financial statements, which states that the Company has incurred a loss after taxation of Rs. 146.337 million during the year ended December 31, 2020 (2019: profit after taxation of Rs. 72.30 million) which includes the impact of write back of liabilities for Rs. 518.09 million (2019: Rs. 742.972 million). As at December 31, 2020, the accumulated loss of the Company stands at Rs. 12,801.935 million (December 31, 2019: Rs. 13,186.813 million) and its current liabilities exceed its current assets by Rs. 5,931.129 million (December 31, 2019: Rs. 5,962.436 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 Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Our opinion is not modified 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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Following are the Key Audit Matters:

Sr. #	Key Audit Matters	How the matters were addressed in our audit

1.	**Revenue Recognition**
	
	The Company has reported revenue amounting to Rs 3,140 Million for the year ended December 31, 2020 for details refer note 40 to the financial statements.
	
	There is a risk around the accuracy and completeness of revenue recorded. The complex billing system that involves processing a large volume of data making it inherent industry risk.
	
	We identified recognition of revenue as a key audit matter because (i) revenue is one of the key performance indicator of the Company (ii) it gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets and (iii) recognition and measurement of revenue and contract related assets may involve significant judgement as per IFRS-15 'Revenue from Contracts from Customers'
		Our audit procedures to assess the recognition of revenue amongst others, include the following:
		
		• Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue
		• Comparing a sample of transactions comprising of various revenue streams recorded during the year with relevant underlying supporting documents and cash receipts where applicable
		• We evaluated the relevant IT systems and the design of controls, and tested the operating effectiveness of controls over the:
		    • capturing and recording of revenue transactions;
		    • authorization of rate changes and the input of this information to the billing systems; and
		    • calculation of amounts billed to customers.
		We also tested a sample of customer bills and checked these to cash received from customers.
		• Assessing the appropriateness of accounting policies for revenue recognition and relevant contract assets and liabilities for compliance with applicable financial reporting framework including their correct application to the amounts recognized during the year
		• Inspecting journal entries relating to revenue recognized during the year and the corresponding underlying documentation for those journal entries which were considered to be material or met certain specified risk-based criteria; and
		• Considering the appropriateness of disclosures in the financial statements

2.	**Significant one-off transaction** We focused on a significant one-off transaction during the year which is withdrawal of license of various frequencies by Pakistan Telecommunication Authority (PTA). The Company set-off its license fee payable against intangible asset and recognized resulting gain amounting Rs. 192.06 Million during the year for details refer note 14 of the financial statements. We have considered this transaction as key audit matter as it is a one-off and non-routine transaction which involved significant management judgement.	Our audit procedures amongst others, include the following: • Evaluation of management's assessment and conclusion in respect of offsetting of WLL license asset and its related liability • We reviewed management's correspondence with PTA before and subsequent to year end, reviewed Board approval and assessed derecognizing of the same • Reviewed legal advisor's opinion to support management's assertion and

		• Assessed the adequacy and sufficiency of the related disclosure in the financial statements
3.	**Revaluation of assets** Company has recognized revaluation gain amounting Rs. 1,491 Million net of tax on Intangible and Right of use assets. We identified revaluation as a key audit matter because its amount is material to the financial statements. In addition, process of valuation is a highly complex and judgmental process which involves assumptions and methods affected by future economic and market conditions.	Our audit procedures to assess revaluation amongst others, include the following: • Assessed competence, capability and objectivity of managements' expert and discussed with management appropriateness of assumptions and methodologies used • We involved our valuation experts to assess the appropriateness of the methodologies and assumptions used in respect of revaluation and • Ensured that revaluation is properly accounted for and disclosed in financial statements.
4.	**Recoverability of Trade Debts** As at December 31, 2020, the Company's gross trade debtors were Rs 3,569.97 Million against which allowances for doubtful debts of Rs 2,762.09 Million were recorded for details refer note 34 of the financial statements. We identified the recoverability of trade debtors as a key audit matter because it involves significant management judgment in assessing the amount likely to be received and estimates in determining the allowance of expected credit loss.	Our audit procedures to assess the valuation of trade debts amongst others included the following: • 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; • Testing the assumptions and estimates made by management for the allowances for doubtful debts; and • Evaluating that the allowance for doubtful debt is in accordance with the requirements of applicable financial reporting framework.
5.	**Contingencies** There are a number of threatened and actual legal, regulatory and tax cases against the Company for details refer note 22 of the financial statements. The contingencies require management to make judgments and estimates in relation to the interpretation of laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies Involvement of subjectivity, inherent uncertainty and the time period such matters may take to resolve, the management judgments and estimates in relation to such contingencies may be complex and can significantly impact the financial statements. For such reasons we have considered contingencies as a key audit matter	Our key audit procedures includes: • 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 judgement and orders passed by the competent authorities; • Discussing with the Company's in-house tax expert to assess and validate management's conclusion; • Obtaining and reviewing external confirmations from Company's legal counsels and tax advisors for their views on case status and • Assess adequacy of disclosures in 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 including, in particular, the Chairman's Review, Director's Report and Financial Highlights, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

We communicate with the board of 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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest 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, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

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

Other matter

The Financial Statements of the Company for the year ended December 31, 2019 were audited by another auditor, who issued a modified report on those financial statements by including a material uncertainty related to going concern paragraph on July 09, 2020.

The engagement partner on the audit resulting in this independent auditor's report is Imran-ul-Haq.

Date: 10 July 2021
Islamabad

Nasir Javaid Maqsood Imran
Chartered Accountants

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

	Note	2020	2019
		-----------(Rupees in '000)-----------	
SHARE CAPITAL AND RESERVES			
Authorized share capital		29,000,000	29,000,000
Ordinary share capital	6	11,863,206	11,615,252
Preference share capital	7	1,963,178	2,114,651
Dividend on preference shares	8	715,652	772,136
Capital reserves	9	449,551	476,453
Accumulated loss		(12,801,935)	(13,186,813)
Surplus on revaluation of fixed assets	10	2,318,768	1,247,166
		4,508,420	3,038,845
NON-CURRENT LIABILITIES			
Term finance certificates	11	1,433,280	1,567,104
Long term financing	12	68,635	87,330
Sponsor's loan	13	1,345,289	1,416,639
License fee payable	14	45,513	1,021,500
Post employment benefits	15	203,133	210,796
Long term deposit	16	86,103	-
Lease liabilities	17	172,671	175,585
		3,354,624	4,478,954
CURRENT LIABILITIES			
Trade and other payables	18	6,230,153	6,093,671
Unearned revenue		-	55,810
Accrued mark up	19	278,318	136,847
Current and overdue portion of non-current liabilities	20	590,872	415,282
Short term borrowings	21	487,360	934,046
Unclaimed dividend		1,807	1,807
Provision for taxation - net		331,715	311,857
		7,920,225	7,949,320
Contingencies and Commitments	22	-	-
TOTAL EQUITY AND LIABILITIES		15,783,269	15,467,119
NON-CURRENT ASSETS			
Property, plant and equipment	23	6,204,805	6,584,882
Right of use assets	24	3,680,465	2,138,001
Intangible assets	25	1,402,655	1,916,615
Investment properties	26	49,958	48,800
Long term investment	27	50,000	50,000
Long term trade receivable	28	-	-
Deferred taxation	29	2,389,069	2,725,027
Long term loans	30	-	-
Long term deposits	31	17,221	16,910
		13,794,173	13,480,235
CURRENT ASSETS			
Stores and spares	32	32,595	40,592
Stock-in-trade	33	204,777	204,777
Trade debts	34	807,879	896,749
Loans and advances	35	209,200	189,469
Deposits and prepayments	36	533,457	502,996
Short term investments	37	51,674	38,579
Other receivables	38	93,074	73,639
Cash and bank balances	39	56,440	40,083
		1,989,096	1,986,884
TOTAL ASSETS		15,783,269	15,467,119

The annexed notes from 1 to 57 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, 2020

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Revenue	40	3,140,134	3,857,070
Direct costs excluding depreciation and amortization	41	(1,874,837)	(2,360,647)
Operating costs	42	(409,828)	(592,239)
Other income	43	609,538	1,144,581
Other expenses	44	(265,912)	(495,520)
Profit before Interest, Taxation, Depreciation and Amortization		1,199,095	1,553,245
Depreciation and amortization	45	(953,359)	(1,254,179)
Finance cost	46	(536,025)	(493,839)
Loss before Taxation		(290,289)	(194,773)
Taxation	47	143,952	267,071
Net (Loss) / Profit for the Year		(146,337)	72,298
(Loss) / Earnings per Share - basic (Rupees)	48	(0.06)	0.04
(Loss) / Earnings per Share - diluted (Rupees)	48	(0.06)	0.03

The annexed notes from 1 to 57 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, 2020

	2020	2019
	--------------(Rupees in '000)-------------	
Net (Loss) / Profit for the Year	(146,337)	72,298
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
- Remeasurement of post employment benefit obligations - net of tax	16,447	22,744
- Surplus on revaluation of right of use assets - net of tax	1,491,000	-
- Changes in fair value of financial assets through other comprehensive income - net of tax	13,095	464
Item that may be subsequently reclassified to profit or loss:	-	-
Other Comprehensive Income - net of tax	1,520,542	23,208
Total Comprehensive Income for the Year - net of tax	1,374,205	95,506

The annexed notes from 1 to 57 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, 2020

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, 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**
Net loss for the year	-	-	-	-	-	-	(146,337)	-	(146,337)
Other comprehensive income for the year - net of tax	-	-	-	13,095	-	13,095	16,447	1,491,000	1,520,542
Total comprehensive income for the year - net of tax	-	-	-	13,095	-	13,095	(129,890)	1,491,000	1,374,205
Adjustment of Surplus on retirement of intangible assets	-	-	-	-	-	-	360,483	(255,943)	104,540
Incremental depreciation / amortization for the year on surplus on revaluation of fixed assets	-	-	-	-	-	-	154,285	(154,285)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(9,170)	(9,170)
Conversion of preference shares and dividend thereon	2,077,115	(151,473)	(56,484)	-	(39,997)	(39,997)	-	-	1,829,161
Discount on issuance of ordinary shares	(1,829,161)	-	-	-	-	-	-	-	(1,829,161)
Total transactions with owners, recognized directly in equity	247,954	(151,473)	(56,484)	-	(39,997)	(39,997)	-	-	-
Balance as at December 31, 2020	11,863,206	1,963,178	715,652	(13,215)	462,766	449,551	(12,801,935)	2,318,768	4,508,420

The annexed notes from 1 to 57 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, 2020

	Note	2020	2019
		--------------(Rupees in '000)--------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	49	783,035	22,577
Increase / (Decrease) in non-current liabilities:			
- License fee payable		(192,064)	-
Decrease / (Increase) in non-current assets:			
- Long term deposits		(311)	10,937
		590,660	33,514
Post employment benefits paid		(989)	(1,276)
Finance cost paid		(69,366)	(50,379)
Income tax paid		(20,580)	(26,805)
Net Cash generated from / (used in) Operating Activities		499,725	(44,946)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(17,547)	(62,995)
Dividend income		63	784
Income on deposit and savings accounts		38,426	33,199
Proceeds from disposal of property, plant and equipment		561	6,909
Net Cash Generated from / (Used in) Investing Activities		21,503	(22,103)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term finance certificates		-	(30,000)
Repayment of long term financing		(32,828)	(44,987)
Sponsor's loan		(243,253)	-
Short term borrowings - net		(185,836)	223,728
Repayment of lease liability		(42,954)	(48,867)
Net Cash (Used in) / Generated from Financing Activities		(504,871)	99,874
Net Increase in Cash and Cash Equivalents		16,357	32,825
Cash and cash equivalents at the beginning of the year		40,083	7,258
Cash and Cash Equivalents at the End of the Year		56,440	40,083

The annexed notes from 1 to 57 form an integral part of these financial statements.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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 relevant authorities 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 (Private) Limited (the "Parent Company"), incorporated in Pakistan, owns 36.87% (2019: 39.98%) ordinary shares of the Company. Aggregate holding of Worldcall Services (Private) Limited through other associates is 42.14% (2019: 47.75%) (refer to note 4.23.1)

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

Business unit	Address
Main Offices	Plot # 1566/124, Main Walton Road, Lahore Cantt. Office # 317, The Plaza Shopping Center, G-7, Block-9, Clifton, Karachi.
Regional offices	Office # 302, 303, 304, 318, 319 & 316 The Plaza Shopping Center, G-7, Block-9, Clifton, Karachi. Office No 508, Uni Plaza, I.I.Chundrigar Road, Karachi. 41 N, Gulberg II, Lahore. Y-194/1, Commercial Phase-III, DHA, Lahore. Ali Tower, 105-BII, MM Alam Road, Lahore. Shop # 35,34, J-I Market, WAPDA Town, Lahore. CSC Cantt. Shop # 02 Ground floor Cantt Board Plaza, Tufail Road, Lahore Cantt. House # 81, FG Colony, Hassan Garhi Shami Road, Peshawar.
Warehouse	Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore. Plot # F15/F16, Ground Portion situated at P&T Colony, Gizri Road, Clifton, Karachi. Shop # 42, Near Arbab Ziauddin Plaza, Sabzal Road, Quetta.
Headends	Office # 315, Plot # G-7, Block-9, K.D.A Scheme # 5, Kehkashan Clifton, Karachi. Office # R-2/A, 2nd Floor, Rabi Chamber, Darul Aman Society, Karachi. Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakh Pat, Lahore. P-1410-11-B, People's Colony-1, Faisalabad. Plot # 321, St # 04, Sector I-9/3, Islamabad. Khawar Centre, 92-Nusrat Road, Near SP Chowk, Multan. 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 incurred a loss after taxation of Rs. 146.337 million during the year ended December 31, 2020 (2019: profit after taxation of Rs. 72.30 million) which includes the impact of write back of liabilities for Rs. 518.09 million (2019: Rs. 742.972 million). As at December 31, 2020, the accumulated loss of the Company stands at Rs. 12,801.935 million (December 31, 2019: Rs. 13,186.813 million) and its current liabilities exceed its current assets by Rs. 5,931.129 million (December 31, 2019: Rs. 5,962.436 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 Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

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

2.2.2 Net Liabilities Position - Risk Mitigation

As mentioned above, there is a net current liability position of approximately Rs. 5.931 billion as on the reporting date, which has the following major components:

Description	Note	Rs in million
Short term Borrowings	2.2.2.1	487
Pakistan Telecommunication Authority (PTA)	2.2.2.2	2,413
Claims of Parties Challenged	2.2.2.3	918
Regularly revolving creditors	2.2.2.4	146
Contract liabilities	2.2.2.5	847
Provision for taxation	2.2.2.6	332
		5,143

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 / restructuring of its short term financing facilities from all major banks except one facility of Rs. 32 million (note 21). Moreover, short term borrowings include funds obtained from sponsor / related parties to the tune of Rs. 59.9 million.

2.2.2.2 Liabilities towards PTA as incorporated in these financial statements stand at approximately Rs. 2.4 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. 146 million represents routine trade credits extended by regular parties and these balances are of revolving nature. Thus, no immediate net cash outlay would be required.

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

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

2.2.3 Continued Support from a Majority Shareholder

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

2.3 Presentation currency

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

2.4 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:

There are certain amendments to published standards that are effective for the first time for the year ended December 31, 2020 however these are considered not to have a significant impact on the Company's financial reporting and operations and therefore have not been presented here.

2.4.2 Standards, interpretation and amendments to approved accounting and reporting standards that are not yet effective and have not been early adopted by the Company

- **Amendments to IFRS 16 "Leases" (for annual reporting periods beginning on or after June 1, 2020)**

On May 26, 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for leases from assessing whether a rent concession related to Covid-19 is a lease modification. Leases can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The amendment is expected not to have a significant impact on the financial statements of the Company.

- **Amendments to IAS 1 "Presentation of financial statements" (for annual reporting periods beginning on or after January 1, 2022)**

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the statements of a liability. The amendment is expected not to have a significant impact on the financial statements of the Company.

There are other standards and amendments to published standards that are not yet effective and have not been early adopted by the Company. These amendments are expected not to have a significant impact on the financial statements of the Company in the period of initial recognition.

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

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 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 of there is a lease modification. Changes in estimates or changes in circumstances do not give rise to a new classification of a lease for accounting purposes.

4.3.2.1 Finance leases

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

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

b) any unguaranteed residual value accruing to the Company.

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

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

Company as a Manufacturer of Dealer Lessor

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

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

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

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

Subsequent measurement of finance leases:

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

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

Lease modifications:

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

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

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

4.3.2.2 Operating leases

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

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

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

4.4 Provisions

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

4.5 Taxation

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

4.5.1 ***Current***

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

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

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

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

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

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

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

4.5.2 *Deferred*

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

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

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

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

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

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

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

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

4.6 Contingent liabilities

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

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

4.7 Property, plant and equipment

4.7.1 *Operating fixed assets*

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

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 .

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
- Right of use assets	Note 24.2
- 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	5.24%
Worldcall Services (Private) Limited	Parent company (note 4.23.1)	36.87%
AMB Management Consultants (Private) Limited	Common directorship	0.03%
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	CEO	0.00002%
Mr. Muhammad Azhar Saeed	Director / CFO	0.00002%
Mr. Muhammad Shoaib	Director	0.00085%
Mr. Faisal Ahmed	Director	0.00002%
Mr. Mansoor Ali	Director	0.00004%
Mrs. Hina Babar	Director	0.00004%
Mr. Mubasher Lucman	Director	0.00002%
Mr. Tariq Hasan	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 42.14% (2019: 47.75%) 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.

During the year Company changed its accounting policy for valuation of right-of-use assets and as result the Company is now applying 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 previously those were carried at cost. Due to adoption of new policy Company recognized revaluation gain amounting Rs. 1,440 Million on Indefeasible rights of use of Fiber. However, no restatement has been deemed necessary in this regard in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Note 6

Ordinary Share Capital

2020	2019			2020	2019
No. of Shares			Note	--------------(Rupees in '000)--------------	
344,000,000	344,000,000	Ordinary shares of Rs. 10 each fully paid in cash		3,440,000	3,440,000
309,965,789	309,965,789	Ordinary shares of Rs. 10 each issued in accordance with the scheme of merger		3,099,658	3,099,658
98,094,868	98,094,868	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		980,949	980,949
108,510,856	108,510,856	Ordinary shares of Rs. 10 each issued against convertible loan		1,085,109	1,085,109
1,805,893,836	1,598,182,378	Ordinary shares of Rs. 10 each issued against convertible preference shares	6.1	18,058,939	15,981,824
				26,664,655	24,587,540
		Less: Discount on issue of shares	6.6	(14,801,449)	(12,972,288)
2,666,465,349	2,458,753,891			11,863,206	11,615,252

6.1 During the year, 14,900 (2019: 46,800) convertible preference shares and accumulated preference dividend thereon amounting to Rs. 56.484 million (2019: Rs. 177.526 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 (2019: 983,117,312 shares) representing 36.87% (2019: 39.98%) 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 139,750,543 shares (2019: 185,221,085 shares) representing 5.24% (2019: 7.53%) shareholding in the Company.

6.5 AMB Management Consultants (Private) Limited, an associate of the Company, holds 914,053 shares (2019: 5,914,053 shares) representing 0.03% (2019: 0.24%) shareholding in the Company.

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

	2020	2019
	--------------(Rupees in '000)--------------	
Opening balance	12,972,288	7,223,276
Add: Discount on issuance of ordinary shares during the year	1,829,161	5,749,012
Closing balance	14,801,449	12,972,288

6.7 Reconciliation of ordinary share capital is as follows:

Opening balance	24,587,540	18,059,220
Add: Shares issued during the year	2,077,115	6,528,320
Closing balance	26,664,655	24,587,540

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 last 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	2020	2019	2020	2019
		--------No. of Shares--------		------------(Rupees in '000)------------	
Opening balance		208,600	255,400	2,114,651	2,585,646
Less: Preference shares converted into ordinary shares during the year	7.3	(14,900)	(46,800)	(151,473)	(470,995)
		193,700	208,600	1,963,178	2,114,651

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 Ferret Consulting F.Z.C., an associate of the Company, holds 141,200 preference shares (2019: 156,100 preference shares) in the Company.

7.6 Mandatory date of conversion of CPS has expired during 2018 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.

7.7 During the last 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	2020	2019
		--------------(Rupees in '000)--------------	
Dividends on preference shares	8.1	715,652	772,136

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. 56.484 million (2019: Rs. 177.526 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

	2020	2019
	--------------(Rupees in '000)--------------	
Fair value reserve	(13,215)	(26,310)
Exchange translation reserve	462,766	502,763
	449,551	476,453

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

	2020	2019
	--------------(Rupees in '000)--------------	
Opening balance - net of tax	1,247,166	1,466,342
Surplus on revaluation arisen during the year	2,100,000	-
Related deferred taxation	(609,000)	-
	1,491,000	-
Adjustment of related deferred tax due to change in tax rate and proportion of normal sales	(9,170)	(7,111)
Transfer to retained earnings on retirement of intangible assets	(255,943)	-
Transfer to retained earnings in respect of net incremental depreciation / amortization net of deferred tax	(154,285)	(212,065)
Closing balance - net of tax	2,318,768	1,247,166

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

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

Note 11

Term Finance Certificates

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		1,287,110	1,317,110
Less: Payments made during the year		-	(30,000)
		1,287,110	1,287,110
Less: Current and overdue portion	20	(320,076)	(200,076)
		967,034	1,087,034
Add: Deferred markup	11.1	466,246	480,070
		1,433,280	1,567,104

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 (2019: 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 8.30% to 14.91% (2019: 9.20% to 14.91%) 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 has not paid due quarterly installments of June 2019 to December 2020 amounting Rs. 199.98 million. In case of failure to make due payments by the Company, Trustee can instruct the security agent to enforce the letter of pledge and sell the quantum of the pledged shares to generate the amount required for the settlement of the outstanding redemption amount.

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	2020	2019
			--------------(Rupees in '000)	--------------
11.1	**Deferred markup**			
	Deferred markup	11.1.1	746,494	667,277
	Impact of discounting	11.1.2	(156,621)	(187,207)
			589,873	480,070
	Less: Current portion		(123,627)	-
			466,246	480,070
11.1.1	Reconciliation of deferred markup is as follows:			
	Opening balance		667,277	588,776
	Add: Markup deferred during the year		79,217	78,501
			746,494	667,277

		Note	2020	2019
			--------------(Rupees in '000)--------------	
11.1.2	Reconciliation is as follows:			
	Opening balance		187,207	192,117
	Add: Discounting impact of deferred markup	43.1	16,681	28,667
			203,888	220,784
	Less: Unwinding impact of discounted deferred markup	46.1	(47,267)	(33,577)
			156,621	187,207

Note 12

Long Term Financing

	Note	2020	2019
		--------------(Rupees in '000)--------------	
From Banking Companies (secured)			
Allied Bank Limited	12.1	68,635	87,330
Askari Bank Limited	12.2	-	-
		68,635	87,330
		68,635	87,330

		Note	2020	2019
12.1	**Allied Bank Limited**			
	Opening balance		106,550	-
	Transfer from running finance		-	120,697
	Repayments		(15,041)	(14,147)
			91,509	106,550
	Less: Current and overdue portion	20	(43,909)	(28,550)
			47,600	78,000
	Add: Deferred markup		25,647	15,098
	Less: Discounting of deferred markup	43.1	(4,612)	(5,768)
			21,035	9,330
			68,635	87,330
12.1.1	Reconciliation of deferred markup is as follows:			
	Opening balance		15,098	-
	Add: Markup deferred during the year		10,549	15,098
			25,647	15,098
12.1.2	Reconciliation is as follows:			
	Opening balance		5,768	-
	Add: Discounting impact of deferred markup		1,897	5,768
			7,665	5,768
	Less: Unwinding impact of discounted deferred markup		(3,053)	-
			4,612	5,768

This represents balance transferred as a result of restructuring of short term running finance (RF) facility to Term Loan Facility and subsequently amended on 8th October 2020. 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 period on the outstanding balance ranged from 8.10% to 14.40% (2019: 11.4% to 14.7%) per annum. During the year the Company defaulted in making installment payment amounting Rs. 5.5 Million. 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	2020	2019
			--------------(Rupees in '000)--------------	
12.2	**Askari Bank Limited**			
	Opening balance		17,787	48,627
	Repayments		(17,787)	(30,840)
			-	17,787
	Less: Current and overdue portion	20	-	(17,787)
			-	-

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 at the rate of 15.49% (2019: 12.80% to 15.13%) 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	2020	2019
		--------------(Rupees in '000)--------------	
Sponsor's Loan - unsecured			
- Interest bearing	13.1	482,400	466,050
- Non-interest bearing	13.2	862,889	950,589
		1,345,289	1,416,639

		2020	2019
13.1	Opening balance	466,050	417,300
	Exchange loss	16,350	48,750
		482,400	466,050

This represents USD denominated loan obtained from Worldcall Services (Private) Limited, the Parent Company. It carries mark up at 12 months KIBOR plus 1%. The mark up rate charged during the year on the outstanding balance is 14.46% (2019: 12.34%) per annum. The amount is not payable over the period of next 1 year.

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 1 year.

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

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		1,221,337	1,221,337
Less: Payments during the year		(243,253)	-
Amount of loan		978,084	1,221,337
Adjustment due to impact of IFRS 9:			
Discounting		(406,813)	(406,813)
Unwinding of discount	46	291,618	136,065
		(115,195)	(270,748)
		862,889	950,589

Note 14

License Fee Payable

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		1,021,500	1,021,500
Settled against retirement of WLL License		(975,987)	-
	14.1	45,513	1,021,500

14.1 This represents balance amount of license fee payable to Pakistan Telecommunication Authority (PTA) for WLL licenses. The Company had filed an application with PTA for grant of moratorium over payment of balance amount of WLL license. However, PTA rejected the Company's application and demanded its payment. Being aggrieved by this, the Company filed an appeal before Islamabad High Court ("IHC") against PTA's order. Meanwhile, the Ministry of Information Technology ("Ministry") through its letter dated August 30, 2011, allowed to the operators, the staggering for settlement of Access Promotion Contribution ("APC") and Initial Spectrum Fee ("ISF") dues and required PTA to submit an 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 date, no such installment plan has been submitted by PTA.

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

As a consequence of above, during the year the outstanding liability for 1900 Mhz is reduced to zero on the basis that 1900 Mhz frequency has been fully paid for until 2015 (11th year). Similarly, liability for 450Mhz frequency spectrum be reduced on prorata after withdrawal. Owing to these circumstances, the management does not expect the liability to materialize fully in the near future for detail refer note 22.2.7.

Note 15

Post Employment Benefits

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Obligations for defined benefit scheme - gratuity	15.1.1	190,765	196,776
Accumulating compensated absences	15.2.1	12,368	14,020
		203,133	210,796

15.1 Obligations for defined benefit scheme - gratuity

Latest actuarial valuation of the gratuity scheme was conducted as on December 31, 2020 using the following assumptions: Results of actuarial valuation are as under:

	2020	2019
Discount rate for interest cost - per annum	11.25%	13.25%
Discount rate for year end obligations - per annum	9.75%	11.25%
Expected rate of increase in salary level - per annum	8.75%	10.25%
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	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		196,776	222,507
Charge for the year - Statement of Profit or Loss Account	15.1.2	46,871	60,258
Net remeasurements for the year - Other comprehensive income		(23,166)	(32,034)
Transferred to trade and other payables		(28,810)	(52,725)
Payments made during the year		(906)	(1,230)
Closing balance		190,765	196,776

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:

	2020	2019
	--------------(Rupees in '000)--------------	
Current service cost	26,408	34,350
Interest cost	20,463	25,908
	46,871	60,258

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:

	2020	2019	2018	2017	2016
	- - - - - - - - - - (Rupees in '000) - - - - - - - - - -				
Present value of defined benefit obligation	190,765	196,776	222,507	236,014	257,296
Fair value of plan asset	-	-	-	-	-
Net deficit	190,765	196,776	222,507	236,014	257,296

15.1.4 Estimated charge for the year 2021

	Rupees in '000'
Current service cost	22,923
Interest cost	17,517
	40,440

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:

	2020
	Rupees in '000
Discount rate + 100 bps	(175,246)
Discount rate - 100 bps	208,583
Salary increase + 100 bps	208,906
Salary increase - 100 bps	(174,685)

The sensitivity analysis 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	2020	2019
		--------------(Rupees in '000)--------------	
Direct costs excluding depreciation and amortization	41	21,630	27,560
Operating costs	42	25,241	32,698
		46,871	60,258

15.2 Accumulating compensated absences

Latest actuarial valuation of the leave encashment scheme was conducted as on December 31, 2020 using the following assumptions:

	2020	2019
Discount rate for interest cost - per annum	11.25%	13.25%
Discount rate for year end obligations - per annum	9.75%	11.25%
Expected rate of increase in salary level - per annum	8.75%	10.25%
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	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		14,020	18,513
Charge for the year - Statement of Profit or Loss Account	15.2.2	520	1,028
Transferred to trade and other payables		(2,089)	(5,475)
Payments made during the year		(83)	(46)
Closing balance		12,368	14,020

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:

	2020	2019
	--------------(Rupees in '000)--------------	
Current service cost	418	424
Interest cost for the year	102	604
	520	1,028

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:

	2020	2019	2018	2017	2016
	- - - - - - - - - - - - - - - - - - (Rupees in '000) - - - - - - - - - - - - - - - - - -				
Present value of defined benefit obligation	12,368	14,020	18,513	17,199	17,634
Fair value of plan asset	-	-	-	-	-
Net deficit	12,368	14,020	18,513	17,199	17,634

15.2.4 Estimated charge for the year 2021

	Rupees in '000'
Current service cost	296
Interest cost	1,206
	1,502

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:

	2020
	Rupees in '000'
Discount rate + 100 bps	(11,397)
Discount rate - 100 bps	13,482
Salary increase + 100 bps	(13,457)
Salary increase - 100 bps	11,403

15.2.6 Allocation of charge for the year

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Direct costs excluding depreciation and amortization	41	271	475
Operating costs	42	249	553
		520	1,028

15.3 Risk associated with defined benefit plans

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

Note 16

Long Term Deposits

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

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		105,000	93,580
Add: Unwinding impact under IFRS 9	46.1	-	11,420
Less: Discounting impact under IFRS 9	43.1	(18,897)	-
Less: Current maturity	20	-	(105,000)
		86,103	-

Note 17
Lease Liabilities

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		239,454	-
Add: Initial application of IFRS 16 on January 1, 2019		-	250,847
Add: Accrued lease rentals as at December 31, 2019		-	7,848
Add: Additions during the year		48,515	-
Add: Interest expense	46	30,916	29,626
Less: Lease payments		(42,954)	(48,867)
Gross liability		275,931	239,454
Less: Current and overdue portion	20	(103,260)	(63,869)
Closing balance		172,671	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	2020	2019
			--------------(Rupees in '000)--------------	
Carrying amount of ROU assets	SOFP	24	3,680,465	2,138,001
Expense relating to short-term leases	Direct costs	41.3	12,145	24,634
Expense relating to short-term leases	Operating costs	42.2	8,208	15,325
Depreciation charge for ROU assets	Depreciation and amortization	45	178,692	130,810
Interest expense on lease liabilities	Finance cost	46	30,916	29,626
Repayment of lease liability	Financing Activities	Statement of Cash Flows	42,954	48,867

17.2 **Maturity analysis of contractually undiscounted cash flows**

At December 31, 2020	**Within One Year**	**Between Two to Five Years**	**Later than Five Years**
	--------------(Rupees in '000)--------------		
	45,610	245,398	113,178

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 1 to 12 years.

Note 18

Trade and Other Payables

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Trade creditors	18.1	2,339,340	3,156,376
Accrued and other liabilities	18.2	1,077,740	892,630
Payable to PTA against APC charges		1,766,190	1,766,190
Payable against long term investment		44,000	44,000
Contract liabilities		847,424	701
Withholding tax		45,705	43,382
Sales tax		74,618	155,256
Security deposits	18.3	35,136	35,136
		6,230,153	6,093,671

18.1 This includes payable to PTA amounting to Rs. 664.77 million (2019: Rs. 569.05 million). Out of this Rs. 478.57 million (2019: Rs. 444.01 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 favor 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. 152 million (2019: Rs. 88.117 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 Company has ended and these deposits are now payable on demand. These have been utilized by the Company before promulgation of Companies Act, 2017.

Note 19

Accrued Mark up

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Short term borrowings		130,502	80,742
Term finance certificates		129,358	50,143
Sponsor's loan	19.1	17,781	5,285
Long term financing		677	677
		278,318	136,847

	Note	2020	2019
		--------------(Rupees in '000)--------------	
19.1 The reconciliation is as follows:			
Opening balance		5,285	75,913
Add: Markup accrued during the year		71,592	60,039
		76,877	135,952
Less: Paid during the year		(60,463)	(136,571)
Add: Exchange loss		1,367	5,904
		17,781	5,285

Note 20

Current and Overdue Portion of Non-Current Liabilities

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Term finance certificates	11	320,076	200,076
Markup payable on term finance certificate		123,627	-
Long term financing	12	43,909	46,337
Long term deposit payable	16	-	105,000
Lease liabilities	17	103,260	63,869
		590,872	415,282

Note 21

Short Term Borrowings

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Banking companies (secured - interest bearing):			
- Running finances	21.1	427,419	442,212
Related parties (unsecured - interest free):			
- Ferret Consulting F.Z.C.	21.2	59,941	363,726
- Worldcall Services (Private) Limited	21.3	-	128,108
		487,360	934,046

21.1 Short term running finance facilities available from commercial banks under mark up arrangements amount to Rs. 427.41 million (2019: Rs. 464.075 million). Running finance facilities are available at mark up rate of KIBOR plus 1.5% to 2.5% per annum (2019: 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 8.75% to 16.06% (2019: 12.04% to 16.36%) per annum, effectively. These facilities have been successfully rolled over / restructured subsequent to the reporting date with the exception of one facility of Rs. 32 million.

As at the reporting date, the Company had available Rs. Nil (2019: Rs. 21.68 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 372,765 (2019: USD 2,341,336). 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:

	2020	2019
	--------------(Rupees in '000)--------------	
Opening balance	128,108	-
Amount paid by WSL on behalf of the Company	48,011	98,793
Adjustment with markup payable	60,463	-
Funds received during the year	75,320	367,332
Repayments during the year	(311,902)	(344,459)
Expenses charged to the Company	-	6,442
	-	128,108

21.4 ***Guarantees***
Of the aggregate facilities of Rs. 485.126 million (2019: Rs. 568.126 million) for guarantees, the amount utilized as at December 31, 2020 was Rs. 353.761 million (2019: Rs. 339.138 million)

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, lien over bank deposits of Rs. 30.87 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 (2019: Rs. 72.64 million) with Pakistan Telecommunication company Limited (PTCL) in respect of non-revenue time of prepaid calling cards and Rs. 46.92 million (2019: 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 (2019: 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 matter is pending adjudication. As per management it is difficult to predict the outcome of the case at this stage.

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 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. The Honorable High Court has allowed the petition and remanded the case to PTA for decision afresh. 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 the appeal was decided against the Company. Subsequent to year end appeal against PTA's order has been filled before the next judicial forum on January 12, 2021. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these financial statements for late payment charges.

Moreover, the 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 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 including late payment charges on November 4, 2016 due to non-payment of initial spectrum fee (ISF). The Company has not received any notice from the Revenue department. During the year PTA again issued the notice against non-payment of ISF and the increased the claim by Rs. 1.038 billion.

Subsequent to year end, PTA has withdrawn the frequencies 3.5 Ghz, 479 Mhz, 450 Mhz and 1900 Mhz. As per management the ISF for 3.5 Ghz and 479 Mhz is already fully paid till 2024. The outstanding liability for 1900 Mhz is reduced to zero on the basis that 1900 Mhz frequency has been fully paid for until 2015 (actual withdrawal year), Similarly, liability for 450Mhz frequency spectrum be reduced on prorata after withdrawal. Corresponding assets has also been retired. For detail refer note 14.

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

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

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 on November 23, 2019 which is pending adjudication. The Company has not received any notice in this regard. The Company's management feels that there are strong grounds to defend the Company's stance, hence, no provision has been made in these financial statements.

22.2.10 PTA has issued show cause notice to the Company with the direction to pay annual regulatory dues for the years ended 2011, 2012, 2013 and 2014 cumulative amount of Rs. 119.65 Million along with late payment charges. The Company has filed the appeals against said notices with PTA which dismissed on December 04, 2020. The Company therefore filed the appeal in Sindh High Court on December 31, 2020 to set aside the order passed by PTA. The Court directed PTA not to take any coercive action against the Company. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these financial statements against this demand.

22.2.11 PTA determined the demand amounting to Rs. 223.34 million, on account of annual spectrum fee and other regulatory charges, vide its determination dated February 22, 2010. Being aggrieved, the Company’s management preferred an appeal before the Honorable Lahore High Court ("LHC") on March 20, 2010 against the PTA's determination. LHC granted stay against the recovery subject to payment of Rs. 40 million which was complied by the Company. Based on the advice of the Company's legal counsel, the Company’s management feels that there are strong grounds to defend the Company's position and the ultimate decision would be in the Company's favor.

22.2.12 Other than the amounts recognized in the financial statements and amounts disclosed in the above contingencies, PTA has also demanded amounts of Rs. 1.634 billion on account of various charges, default surcharges / penalties / fines. Since the principal amount is disputed, the Company's management feels that there are strong grounds to defend the Company's stance and that the liability determined unilaterally by PTA will not materialize, hence, no provision has been made in these financial statements.

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, 2014 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 judgement earlier passed by CESTAT no longer holds the field as through certain subsequent judgements, 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 judgement 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 supplier and its allied international identities (referred to as suppliers) filed winding up petition dated October 16, 2017 before LHC and claim of Rs. 64.835 million and USD 4.869 million which was dismissed on September 26, 2018. The suppliers have also filed civil suit before Islamabad Civil Court dated September 17, 2018 for recovery of USD 12.35 million and Rs. 68.08 million along with damages of USD 20 million. The learned civil judge accepted the application under Order VII Rule 10 CPC and returned the plaint. The suppliers have now filed an appeal before the 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 this suppliers for default in performance of agreements before Civil Court, Lahore in August 2017. The Company has also filed another suit before Civil Court, Lahore for recovery of Rs. 1.5 billion for causing damage to the Company for filing frivolous winding up petition. Based on the legal advice, the management is of the view that it is unlikely that any claim of said suppliers will materialize.

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 2019, the supplier has signed an MoU with the Company undertaking to withdraw all legal cases which is in process. 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 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.

22.4.6 A total of 28 cases (2019: 30) are filed against the Company involving Regulatory, Employees, Landlords and Subscribers having aggregate claim of all cases amounting to Rs. 110.76 million (2019: Rs. 113.1 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.

		2020	2019
		--------------(Rupees in '000)--------------	
22.5	Outstanding guarantees and letters of credit	353,761	339,138
Commitments			
22.6	Commitments in respect of capital expenditure	9,202	273,031

Note 23

Property, Plant and Equipment

	Note	2020	2019
		(Rupees in '000)	
Operating fixed assets	23.1	6,193,323	6,516,313
Capital work-in-progress	23.2	11,482	68,569
		6,204,805	6,584,882

23.1 Operating fixed assets

	Note	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, 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**
Additions during the year		-	-	74,034	94	414	92	-	-	74,634
Disposals / settlement during the year	23.1.7	-	-	(13,333)	-	(515)	-	(415)	-	(14,263)
Balance as at December 31, 2020		**97,500**	**162,225**	**8,386,544**	**101,872**	**176,818**	**33,132**	**31,449**	**21,780**	**9,011,320**
Depreciation and Impairment										
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		-	(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**
Depreciation for the year		4,875	6,448	367,342	3,189	1,473	1,184	-	120	384,631
Depreciation on disposals	23.1.7	-	-	(556)	-	(299)	-	(415)	-	(1,270)
Balance as at December 31, 2020		**29,656**	**143,506**	**2,298,426**	**91,037**	**176,818**	**27,918**	**31,449**	**19,187**	**2,817,997**
Net book value as at December 31, 2020		**67,844**	**18,719**	**6,088,118**	**10,835**	**-**	**5,214**	**-**	**2,593**	**6,193,323**
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
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)	238,050	Customers

23.1.3 Latest revaluation has been carried out on December 31, 2020 by an independent professional valuer M/s Arch-E'-Decon that resulted in revaluation surplus of Rs. Nil (October 01, 2018: 1.341 billion). Force sale value of revalued plant and equipment is estimated at Rs. 4,870.49 Million.

	Fair value measurement of Plant and Equipment using significant unobservable inputs (Level 3)	
	2020	2019
	(Rupees in '000)	
Recurring fair value measurements		
Plant and equipment (owned)	6,088,118	6,394,203

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, 2020 for recurring fair value measurements:

	LDI and Broadband Operations	WLL Operations	Total
	(Rupees in '000)		
Balance as at December 31, 2019	6,270,535	123,668	6,394,203
Additions	74,034	-	74,034
Disposals	(12,777)	-	(12,777)
Depreciation	(340,043)	(27,299)	(367,342)
Balance as at December 31, 2020	5,991,749	96,369	6,088,118

Valuation techniques used to derive level 3 fair values

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

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

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

Valuation inputs and relationship to fair value

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

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

23.1.4 The carrying amount of temporarily idle property, plant and equipment amounts to Rs. 96.369 million (2019: Rs. 116.272 million).

The cost / revalued amount of fully depreciated property, plant and equipment that is still in use of the Company amounts to Rs. 132.907 million (2019: Rs. 166.494 million).

23.1.5 Property, plant and equipment and current assets having charge against borrowings amount to Rs. 12,801.043 million (2019: 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. 5,030.294 million (2019: 5,249.256 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)					
Plant and Equipment							
Fiber Cable	Sky Tel (Private) Limited	13,333	556	12,777	-	-	Lease of Fiber
Assets with book value less than Rs. 500,000		930	714	216	562	346	Negotiation
	2020	**14,263**	**1,270**	**12,993**	**562**	**346**	
	2019	58,360	13,339	45,021	6,909	(460)	

		Note	2020	2019
			--------------(Rupees in '000)--------------	
23.2	**Capital work-in-progress ("CWIP")**			
	Advances to suppliers		4,664	61,768
	Plant and equipment		6,818	6,801
		23.2.1	11,482	68,569
23.2.1	**The reconciliation of the carrying amount is as follows:**			
	Opening balance		111,745	56,401
	Additions during the year		-	78,776
	Transfers during the year		(57,087)	(23,432)
			54,658	111,745
	Provision against advance to suppliers	23.2.1.1	(43,176)	(43,176)
	Closing balance		11,482	68,569
23.2.1.1	**Provision against advance to suppliers**			
	Opening balance		43,176	-
	Charged during the year	44	-	43,176
			43,176	43,176

23.3 During the year the Company conducted operational efficiency review of its plant and equipment which resulted in change in the expected useful life of Optical Fiber . The assets that management had expected to use for up to 12 years are now expected to remain useful for 25 years. The change in accounting estimate has been applied as per IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, as result of increase in useful life the effect current and future years is Rs. 279.38 Million per annum as decrease in depreciation expense.

Note 24

Right of use (ROU) assets

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		2,138,001	1,001,746
Add: Initial application of IFRS 16 on January 1, 2019	17	-	250,847
Add: Prepaid lease rentals as at December 31, 2019		-	3,493
Add: Additions during the year		281,156	1,012,725
Add: Revaluation Surplus during the year	24.2	1,440,000	-
Less: Depreciation charge for the year	45	(178,692)	(130,810)
Closing balance		3,680,465	2,138,001
Lease Term (Years)		1.4 - 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.

24.1 The right of use assets comprises of following:

	2020	2019
	--------------(Rupees in '000)--------------	
Indefeasible rights of use of Fiber (IRU)	3,491,040	1,926,808
Leasehold property	189,425	211,193
	3,680,465	2,138,001

24.2 On December 31, 2020 the IRU assets were revalued by an independent professional valuer, M/s Arch-E'-Decon, which resulted in revaluation gain amounting Rs. 1,440 Million. The force sale value of revalued assets is Rs. 2,792.83 million. The fair value of IRU assets is measured using significant unobservable inputs (Level 3). There are no level 1 and level 2 assets and hence no transfers between levels 1 and 2 during the year.

Valuation techniques used to derive level 3 fair values:

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

Valuation inputs and relationship to fair value

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

Description	Significant Unobservable Inputs	Quantitative Data / Range and Relationship to the Fair Value
Indefeasible rights of use of Fiber	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 asset, higher the fair value of asset. Further, higher the depreciation rate, the lower the fair value of asset.

24.3 Had there been no revaluation, the net book value of right of use asset would have amounted to Rs. 2,240.46 million (2019: Rs. 2,138 million).

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, 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
Elimination of cost on retirement of assets	25.5	(2,028,927)	-	-	-	-	(2,028,927)
Revaluation surplus during the year		660,000	-	-	-	-	660,000
Balance as at December 31, 2020		1,713,828	5,333	784,800	11,280	2,690,403	5,205,644
Amortization and Impairment							
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
Elimination of accumulated amortization on retirement of assets	25.5	(1,245,003)	-	-	-	-	(1,245,003)
Amortization for the year	45	337,768	-	52,268	-	-	390,036
Balance as at December 31, 2020		577,597	5,333	518,376	11,280	2,690,403	3,802,989
Net book value as at December 31, 2019		1,597,923	-	318,692	-	-	1,916,615
Net book value as at December 31, 2020		**1,136,231**	**-**	**266,424**	**-**	**-**	**1,402,655**
Annual amortization rate (%)		5 to 20	10	6.67	20	-	

25.1 On December 31, 2020 licenses and softwares were revalued by an independent professional valuer, M/s Arch-E'-Decon, which resulted in revaluation gain amounting Rs. 660 Million. The force sale value of revalued assets is Rs. 1,278.34 million. The table below analyses the non-financial assets carried at fair value, by valuation method.

	2020	2019
Recurring fair value measurements of following items of intangible assets	--------------(Rupees in '000)--------------	
Licenses	1,136,231	1,597,923
Softwares	-	-
	1,136,231	1,597,923

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	
	2020	2019
	--------------(Rupees in '000)--------------	
Opening balance	1,597,923	1,935,691
Revaluation surplus arising during the year recognized in other comprehensive income	660,000	-
Terminated during the year	(783,924)	-
Amortization charged during the year	(337,768)	(337,768)
Closing balance	1,136,231	1,597,923

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. 305.31 million (2019: Rs. 918.73 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. 595.443 million (2019: Rs. 609.97 million) which is due to expire in July 2024.

25.5 During the year PTA has withdrawn licenses for various frequencies based on which management derecognized the asset for detail refer note 14.

Note 26

Investment Properties

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		48,800	50,210
Fair value adjustment recognized in profit or loss account	26.1	1,158	(1,410)
Closing balance		49,958	48,800

26.1 As of the reporting date, investment properties comprise land. Latest valuation of these properties was carried out on December 31, 2020 by an approved independent valuer, M/s Gandhara Consultants. The valuation was carried out using sales comparison approach which resulted in fair value gain of Rs. 1.16 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 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.	25,574
2	2 Plots	Windmill Villas, K.T. Bundar Road, Gharo, Sindh	1800 Sq. Yd.	4,795
3	6 Plots	Super Highway, Noriabad, Sindh	1200 Sq. Yd.	3,197
4	2 Plots	Peace City Farm Houses, District Rawalpindi	8000 Sq. Yd.	6,400
				39,966

Recurring fair value measurements

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during the year 2020.

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

	2020	2019
	--------------(Rupees in '000)--------------	
Wholly owned subsidiary Company - at cost [unquoted]		
Route 1 Digital (Private) Limited		
30,000 (2019: 30,000) ordinary shares of Rs. 100 each, equity held 100% (2019: 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, Defense 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	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		384,642	54,578
Unwinding of discount	43.1	-	330,064
		384,642	384,642
Less: Impairment allowance	28.1	(384,642)	(384,642)
		-	-

28.1 Impairment allowance

	Note	2020	2019
Opening balance		384,642	-
Effect of adoption of IFRS 9		-	54,578
Provision for expected credit losses on long term receivable	44	-	330,064
Closing balance		384,642	384,642

Note 29

Deferred Taxation

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Asset for deferred taxation comprising temporary differences related to:			
-Unused tax losses		3,576,760	3,685,582
-Provision for doubtful debts		793,637	716,657
-Post employment benefits		58,366	59,621
-Provision for stores and spares & stock-in-trade		15,783	15,536
-Provision for doubtful advances and other receivables		85,035	87,661
-Lease liabilities		49,614	49,662
Liability for deferred taxation comprising temporary differences related to:			
-Accelerated tax depreciation		(1,104,478)	(1,099,389)
-Surplus on revaluation of fixed assets		(1,009,993)	(576,979)
-Accelerated tax amortization		(75,655)	(228,761)
-Long term trade receivables		-	15,437
		2,389,069	2,725,027

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. 2,702.427 million (2019: Rs. 2,560.083 million) in respect of unused tax losses and Rs. 139.487 million (2019: Rs. 81.14 million) in respect of minimum tax available for carry forward under the Income Tax Ordinance, 2001 ("ITO"), as sufficient taxable profits would not be available to utilize these in the foreseeable future. Minimum tax available for carry forward and unused tax losses on which deferred tax asset has not been recognized, would expire as follows:

Accounting year to which minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	Rupees in '000	
2017	27,649	2022
2018	53,493	2023
2019	58,345	2024
	139,487	

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	1,857,398	2021
2016	1,221,494	2022
	3,078,892	

	Note	2020	2019
		(Rupees in '000)	
The gross movement in net deferred tax asset during the year is as follows:			
Opening balance		2,725,027	2,281,289
Deferred tax on surplus on revaluation of fixed assets		(513,630)	(7,111)
Charged to other comprehensive income		(6,718)	(9,290)
Charged to statement of changes in equity on adoption of IFRS 9		-	130,729
Charged to the statement of profit or loss account	47	184,390	329,410
Closing balance		2,389,069	2,725,027

Note 30

Long Term Loans

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Loans to employees [secured - considered good]:			
- Executives	30.1	-	-
- Others		617	1,843
		617	1,843
Current portion:			
- Executives		-	-
- Others		(617)	(1,843)
		(617)	(1,843)
		-	-

30.1 Executives

	2020	2019
Opening balance	-	585
Disbursements during the year	-	-
	-	585
Repayments / adjustments during the year	-	(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. 1.8 million (2019: Rs. 2.7 million).

Note 31

Long Term Deposits

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Security deposits with:			
- Rented premises		7,402	7,142
- Utilities		960	960
- Others		8,859	8,808
		17,221	16,910

Note 32

Stores and Spares

	Note	2020	2019
Cost		82,901	90,898
Less: Provision for obsolete / slow-moving items	32.1	(50,306)	(50,306)
		32,595	40,592

32.1 Provision for obsolete / slow-moving items

	Note	2020	2019
Opening balance		50,306	50,306
Add: Provision for the year	41	-	-
Closing balance		50,306	50,306

Note 33

Stock-in-Trade

	Note	2020	2019
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	2020	2019
		(Rupees in '000)	
Opening balance		4,624	4,624
Add: Reversal during the year		-	-
Closing balance		4,624	4,624

Note 34

Trade Debts

	Note	2020	2019
		(Rupees in '000)	
Considered good - unsecured		807,879	896,749
Considered doubtful - unsecured		2,762,091	2,533,817
		3,569,970	3,430,566
Less: Impairment allowance	34.1	(2,762,091)	(2,533,817)
		807,879	896,749

34.1 Impairment allowance

	Note	2020	2019
Opening balance		2,533,817	2,064,433
Effect of adoption of IFRS 9		-	407,689
Provision for expected credit losses on trade debts	44	228,274	62,847
		2,762,091	2,534,969
Less: reversal of provision	43	-	(1,152)
Closing balance		2,762,091	2,533,817

Note 35

Loans and Advances

	Note	2020	2019
		(Rupees in '000)	
Advances to employees - considered good	35.1	45,625	47,901
Current portion of long term loans to employees	30	617	1,843
Advances to PTA - considered good	35.2	40,000	40,000
		86,242	89,744
Advances to suppliers:			
- Considered good		122,958	99,725
- Considered doubtful		191,006	194,698
		313,964	294,423
Less: Provision for doubtful advances	35.3	(191,006)	(194,698)
		122,958	99,725
		209,200	189,469

35.1 This includes advances given to executives amounting to Rs. 15.712 million (2019: Rs. 22.327 million) out of which Rs.11.76 million (2019: Rs. 13.63 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. 11.76 million (2019: Rs. 14.116 million).

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

Upto 1 year	1 to 2 years	2 to 3 years	Over 3 years
Rupees in '000			
1,461	2,721	2,177	5,403

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 for detail refer note 22.2.11. Based on the advice of the Company's legal counsel, the Company's management feels that there are strong grounds to defend the Company's position and the ultimate decision would be in the Company's favor, therefore, this advance is considered unimpaired as at the reporting date.

35.3 Provision for doubtful advances

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		194,698	176,226
Charged during the year		-	20,447
Less: Reversal during the year	43	(3,692)	(1,975)
Closing balance		191,006	194,698

Note 36

Deposits and Prepayments

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Deposit in Escrow Account	36.1	467,669	435,609
Margin and other deposits	36.2	60,419	57,608
Prepayments		5,369	9,779
		533,457	502,996

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. 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

	2020	2019	2020	2019
	------No. of Shares ------		-----------(Rupees in '000)-----------	
The Bank of Punjab	10,528	10,528	100	119
Orix Leasing Pakistan Limited	13,737	13,083	353	343
Shaheen Insurance Company Limited	3,136,963	3,136,963	13,549	12,391
First Capital Securities Corporation Limited	3,991,754	3,991,754	5,509	4,990
Pace (Pakistan) Limited	6,959,290	6,959,290	25,401	16,285
Media Times Limited	4,199,500	4,199,500	6,762	4,451
			51,674	38,579

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	2020	2019
		--------------(Rupees in '000)--------------	
Due from related parties - considered good	38.1	88,844	68,744
Other receivables - considered good		4,230	4,895
Other receivables - considered doubtful		61,762	72,055
		154,836	145,694
Less: Provision for doubtful receivables		(61,762)	(72,055)
		93,074	73,639

38.1 Due from related parties

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

	2020	2019
	--------------(Rupees in '000)--------------	
Worldcall Business Solutions (Private) Limited	70,109	52,961
Route 1 Digital (Private) Limited	16,423	13,627
Worldcall Ride Hail (Private) Limited	17	16
ACME Telecom (Private) Limited	32	30
Worldcall Cable (Private) Limited	2,263	2,110
	88,844	68,744

Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances was Rs. 88.844 million (2019: Rs. 68.744 million). Interest at the rate of 8.3% (2019: 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) ---------------			
20,100	32,524	35,725	495

Note 39

Cash and Bank Balances

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Cash at bank:			
- Current accounts		50,477	35,596
- Savings accounts	39.1	2,073	1,062
		52,550	36,658
Cash in hand		2,890	2,425
Pay orders in hand		1,000	1,000
		56,440	40,083

39.1 The balances in savings accounts bear mark up at the rates ranging from 6.5 % to 8.4 % (2019: 7.13% to 8.9%) per annum.

Note 40

Revenue

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Telecom		1,746,411	2,012,775
Broadband	40.1	696,441	2,017,578
Other	40.2	737,774	30,983
Gross revenue		3,180,626	4,061,336
Less: Discount		(5,467)	(24,774)
Less: Sales tax		(35,025)	(179,492)
		3,140,134	3,857,070

40.1 This includes revenue amounting to Rs. 249.782 million (2019: Rs. 814.354 million) in respect of agreement for Indefeasible Right of Use of metro fiber having carrying value of Rs. 13.33 Million (2019: 45.45 Million) with a customer. The agreement grants both parties to the agreement IRU for 20 years i.e. remaining useful life of asset.

40.2 This includes revenue amounting to Rs. 734 Million (USD 4.36 Million) receivable against International Clearing House (ICH) settlement agreement. ICH agreement started in Oct 2012 and ended in Feb 2015 during that period Pakistan Telecommunication Company Limited (PTCL) retained this amount against presumed provincial sales tax liability.

As per management, provincial sales tax was not chargeable on revenue generated from LDI calling network which is also evidenced from industry practice, and the deduction was unlawful based on which management issued legal notice to PTCL for recovery. Moreover, PTCL itself obtained stay from different Honorable Courts of Law against provincial tax authorities on the plea that sales tax is not chargeable on revenue from LDI calling network.

Based on the above facts management is certain that the revenue retained by PTCL was unlawful and the Company has legal right for recoverability and so the revenue has been booked accordingly. The resultant receivable is adjusted against the respective payable balance.

40.3 Revenues from Telecom includes revenue from one major customer of the Company amounting Rs. 1,396.56 Million (2019: Rs. Nil) out of the Company's total revenues.

Revenues from Broadband includes revenue from one major customer of the Company amounting Rs. Nil (2019: Rs. 506 Million) out of the Company's total revenues.

Other revenue includes revenue from one major customer of the Company amounting Rs. 734 Million (2019: Rs. Nil) out of the Company's total revenues.

40.4 Revenue recognized from contract liabilities:

	2020	2019
	--------------(Rupees in '000)--------------	
Amounts included in contract liabilities at the beginning of the year	701	10,639
Performance obligations satisfied in previous years	-	-

Note 41

Direct Cost excluding Depreciation and Amortization

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Salaries, wages and benefits	41.1	153,844	221,295
Interconnect, settlement and other charges		1,332,042	1,588,627
PTCL share cost	41.2	406	813
Bandwidth and other PTCL charges		51,828	98,585
Power consumption and rent	41.3	75,770	103,812
Security services		3,274	3,630
PTA charges	41.4	10,214	12,973
Cable license fee		25,503	22,802
Stores and spares consumed		5,656	12,607
Annual spectrum fee		34,558	34,558
Content cost		4,605	6,558
Network maintenance and insurance		33,705	55,393
Network partner share		6,526	15,397
Fees and subscriptions		35,936	38,897
Revenue share cost		64,133	97,223
Metro fiber cost		12,778	37,652
SMS bundle cost		1,307	1,555
IT application development		2,700	5,400
Others		20,052	2,870
		1,874,837	2,360,647

41.1 This includes provision for gratuity expense amounting to Rs. 21.63 million (2019: Rs. 27.56 million) and accumulated leave absences amounting to Rs. 0.27 million (2019: Rs. 0.475 million) for the year.

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. 12.145 million (2019: Rs. 24.634 million).

41.4 This represents PTA charges in respect of the following:

	Note	2020	2019
		(Rupees in '000)	
LDI license	41.4.1	4,346	9,976
WLL license - royalty fee		-	2
Broadband license		5,755	2,762
Annual numbering charges		113	233
		10,214	12,973

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

	2020	2019
Universal Service Fund	2,608	5,986
Research and Development Fund	869	1,995
Annual Regulatory Fee	869	1,995
	4,346	9,976

Note 42

Operating Cost

	Note	2020	2019
Salaries, wages and benefits	42.1	217,435	299,667
Rent, rates and taxes	42.2	8,586	16,235
Travelling and conveyance		34,463	67,661
Legal and professional		26,460	42,219
Utilities		10,596	15,688
Transportation		25,667	36,822
Communications		5,516	6,955
Repairs and maintenance		5,258	10,967
Fees and subscriptions		17,725	15,480
Marketing, advertisement and selling expenses		1,442	2,032
Insurance		5,284	6,504
Printing and stationery		2,372	4,816
Business promotion and entertainment		5,558	49,524
Directors' meeting expenses		4,594	4,363
Postage and courier		253	644
Newspapers and periodicals		207	254
Security services		6,070	8,201
Miscellaneous		32,342	4,207
		409,828	592,239

42.1 This includes provision for gratuity expense amounting to Rs. 25.241 million (2019: Rs. 32.698 million) and accumulated leave absences amounting to Rs. 0.249 million (2019: Rs. 0.553 million) for the year.

42.2 This includes expense relating to short term leases / operating lease rentals amounting to Rs. 8.2 million (2019: Rs. 15.32 million).

Note 43
Other Income

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Income on deposits, advances and savings accounts		38,426	33,199
Adjustment due to impact of IFRS 9	43.1	37,475	364,499
Gain on disposal of property, plant and equipment		346	-
Change in fair value of investment properties	26.1	1,158	-
Liabilities written back:			
- Excess provisions written back during the year		192,063	78,071
- Unclaimed liabilities written back during the year	43.2	326,022	325,490
- Liabilities written back on settlement with parties		-	339,411
		518,085	742,972
Reversals of provision for:			
- Other receivables	38	10,293	-
- Trade debts	34.1	-	1,152
- Loans and advances	35.3	3,692	1,975
		13,985	3,127
Dividend income related to investments held at the reporting period		63	784
		609,538	1,144,581

43.1 Breakup is as follows:

Discounting impact of liability for term finance certificates	11.1.2	16,681	28,667
Discounting impact of liability for long term finance	12.1	1,897	5,768
Discounting impact of long term deposit	16	18,897	-
Unwinding impact of long term trade receivable	28	-	330,064
		37,475	364,499

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	2020	2019
		--------------(Rupees in '000)--------------	
Exchange loss - net		32,998	13,480
Auditors' remuneration	44.1	4,640	4,490
Provision for expected credit losses on trade debts	34.1	228,274	62,847
Provision for expected credit losses on long term receivable	28.1	-	330,064
Provision for doubtful advances	35.3	-	20,447
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
		265,912	495,520

44.1 Auditors' remuneration

	2020	2019
	--------------(Rupees in '000)--------------	
Statutory audit	2,600	2,575
Half year review	1,000	950
Other assurance services	-	150
Out of pocket expenses	440	440
Certifications	600	375
	4,640	4,490

Note 45

Depreciation and Amortization

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Depreciation	23.1	384,631	733,333
Depreciation on ROU assets	24	178,692	130,810
Amortization	25	390,036	390,036
		953,359	1,254,179

Note 46

Finance Cost

Mark up on term finance certificates		158,434	157,003
Mark up on long term financing		11,457	19,658
Markup on sponsor's loan		71,592	60,039
Mark up on short term borrowings		50,440	61,103
Finance charge on lease liabilities	17	30,916	29,626
Unwinding of discount on liabilities	46.1	205,873	158,954
Bank charges and commission		7,313	7,456
		536,025	493,839

46.1 Breakup is as follows:

Unwinding impact of sponsor's loan	13.2	155,553	111,958
Unwinding impact of long term deposit	16	-	11,420
Unwinding impact of liability for Term Finance Certificates	11.1.2	47,267	33,577
Unwinding impact of liability of long term financing		3,053	-
Unwinding of trade payables		-	1,999
		205,873	158,954

Note 47

Taxation

Current			
- For the year	47.1	43,576	58,306
- Prior years		(3,138)	4,033
		40,438	62,339
Deferred	47.2	(184,390)	(329,410)
		(143,952)	(267,071)

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

	2020	2019
	--------------(Rupees in '000)--------------	
47.2 Deferred tax income		
Origination and reversal of temporary differences	(168,997)	(312,355)
Effect of change in tax rate	(15,393)	(17,055)
	(184,390)	(329,410)

47.3 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

		2020	2019
		--------------(Rupees in '000)--------------	
48.1 Basic earnings / (loss) per share:			
(Loss) / Profit attributable to ordinary shareholders		(146,337)	72,298
Weighted average number of ordinary shares	Number in '000	2,477,534	1,991,934
Basic (loss) / earnings per share	Rupees	(0.06)	0.04
48.2 Diluted earnings / (loss) per share:			
(Loss) / Profit used to determine diluted loss per share		(146,337)	72,298
Weighted average number of ordinary shares	Number in '000	2,477,534	1,991,934
Assumed conversion of CPS and dividend thereon into ordinary shares	Number in '000	503,344	805,792
Weighted average number of ordinary shares for diluted loss per share	Number in '000	2,980,878	2,797,726
Diluted (loss) / earnings per share	Rupees	(0.05)	0.03

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

Note 49

Cash Used in Operations

	2020	2019
	--------------(Rupees in '000)--------------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(290,289)	(194,773)
Adjustment for non-cash changes and other items:		
- Depreciation on property, plant and equipment	384,631	733,333
- Amortization on intangible assets	390,036	390,036
- Amortization of right of use assets	178,692	130,810
- Provision for expected credit losses on trade debts	228,274	62,847
- 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	(346)	460
- Revenue from IRU agreement	(249,785)	(814,354)
- Disposal of fiber under IRU arrangement	12,778	37,652
- Excess provisions written back during the year	(192,063)	(78,071)
- Unclaimed liabilities written back during the year	(326,022)	(325,490)
- Liabilities written back on settlement with parties	-	(339,411)
- Reversal of provision for stock in trade	(10,293)	-
- Reversal of provision for advance to suppliers	(3,692)	(1,975)
Reversal of provision for trade receivables	-	(1,152)
- Loss / (Gain) on re-measurement of investment properties at fair value	(1,158)	1,410
- Post employment benefits	47,391	61,286
- Dividend income on short term investments	(63)	(784)
- Adjustment due to impact of IFRS 9	(37,475)	(364,499)
- Income on deposits, advances and savings accounts	(38,426)	(33,199)
- Exchange loss on foreign currency loan	16,350	48,750
- Exchange loss on foreign currency accrued markup	1,367	5,904
- Exchange (gain) / loss on foreign currency balances - net	15,281	(41,174)
- Provision for doubtful advances	-	20,447
- Deposits written off	-	19,146
- Imputed interest on lease liability	30,916	29,626
- Unwinding impact of liabilities under IFRS 9	205,873	158,954
- Finance cost	299,236	305,259
	951,502	379,051
Operating profit before working capital changes	661,213	184,278
(Increase) / decrease in current assets		
- Stores and spares	7,997	5,721
- Trade debts	(115,916)	(131,174)
- Loans and advances	(16,039)	(4,585)
- Deposits and prepayments	(30,461)	(33,305)
- Other receivables	(9,142)	(31,059)
Increase / (decrease) in current liabilities		
- Unearned revenue	(55,810)	(18,093)
- Trade and other payables	341,193	50,794
	121,822	(161,701)
Cash generated from operations	783,035	22,577

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	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Managerial remuneration	7,440	9,600	6,200	13,434	3,100	4,000	68,483	91,729
Retirement benefits	1,600	1,600	-	949	667	667	9,660	10,405
House rent allowance	2,976	3,840	2,480	5,374	1,240	1,600	27,393	36,691
Utilities	744	960	620	1,343	310	400	6,848	9,173
Meeting fee allowance	655	779	3,283	2,805	655	779	-	-
	13,415	16,779	12,583	23,905	5,972	7,446	112,384	147,998
Number of persons	1	1	6	5	1	1	35	36

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	2020	2019
			(Rupees in '000)	
Worldcall Services (Private) Limited	Parent Company (note 4.23)	Funds received by the Company during the year	75,320	367,332
		Funds repaid by the Company during the year	555,155	344,459
		Expense charged to the Company	-	6,442
		Settlement with multimedia	48,011	98,793
		Markup on long term borrowings	71,592	60,039
		Exchange loss on markup	1,367	5,904
		Markup adjusted during the year	60,463	136,571
Route 1 Digital (Private) Limited	Wholly Owned Subsidiary (note 4.23)	Interest charged during the year	1,125	1,746
		Expenses borne on behalf of subsidiary	1,671	4,112
Worldcall Business Solutions (Private) Limited	Associate (note 4.23)	Expenses borne on behalf of associate	12,770	19,067
		Interest charged during the year	4,378	6,788

Related party	Relationship	Nature of transaction	2020	2019
			--------------(Rupees in '000)--------------	
Worldcall Cable (Private) Limited	Associate (note 4.23)	Expenses borne on behalf of associate	-	600
		Interest charged during the year	153	270
ACME Telecom (Private) Limited	Associate (note 4.23)	Expenses borne on behalf of associate	-	26
		Interest charged during the year	2	4
		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	-	14
		Interest charged during the year	1	2
Key management personnel	Associated persons	Advances against expenses disbursed / (adjusted) - net	(3,429)	2,857
		Long term loans received back - net	-	269

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	2020	2019
			--------------(Rupees in '000)--------------	
Ferret Consulting - F.Z.C	Associate (note 4.23)	Dividend on CPS	56,484	-
		Direct Cost-IT Service	7,200	5,400
		Exchange loss	28,640	24,222
		Expenses Charged	2,125	-
		Net funds received during the year	-	195,004
		Adjustment with third party ACME Tel	337,500	-

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

		2020	2019
Worldcall Services (Private) Limited	Sponsor's loan	1,345,289	1,416,639
	Accrued markup	17,781	5,285
	Short term borrowings	-	128,108
Ferret Consulting - F.Z.C	Dividend on CPS	519,473	575,957
	Short term borrowings	59,941	363,726
Route 1 Digital (Private) Limited	Investment in subsidiary	50,000	50,000
	Other receivables	16,423	13,627
Worldcall Business Solutions (Private) Limited	Other receivables	70,109	52,961
ACME Telecom (Private) Limited	Other receivables	32	30
Worldcall Ride Hail (Private) Limited	Other receivables	17	16
Worldcall Cable (Private) Limited	Other receivables	2,263	2,110
Key management personnel	Payable against expenses, salaries and other employee benefits	152,681	88,117
	Advance against expenses	11,883	15,312

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:

	2020	2019
	-----------------USD ('000)-----------------	
Trade debts	7,479	5,398
Trade and other payables	(7,265)	(2,223)
Borrowings	(3,483)	(5,375)
Net exposure	(3,269)	(2,200)

The following significant exchange rates were applied during the year		
Average rate - Rupees per US Dollar (USD)	157.83	146.98
Reporting date rate - Rupees per US Dollar (USD)		
Assets	160.30	154.85
Liabilities	160.80	155.35

At December 31, 2020 , 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. 5.26 million (2019: Rs. 3.42 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:

Floating rate instruments	2020	2019
	--------------(Rupees in '000)--------------	
Financial assets		
Bank balances - saving accounts	2,073	1,062
Deposit in Escrow Account	467,669	435,609
Financial liabilities		
Term finance certificates	(1,287,110)	(1,287,110)
Long term financing	(91,509)	(124,337)
Sponsor's loan	(482,400)	(466,050)
Short term borrowings	(427,419)	(442,212)
	(1,818,696)	(1,883,038)

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. 18.19 million (2019: Rs. 18.83 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:

	2020	2019
	--------------(Rupees in '000)--------------	
Long term loans	-	1,843
Long term deposits	17,221	16,910
Trade debts	807,879	896,749
Short term deposits	528,088	493,217
Other receivables	93,074	73,639
Long term investment	50,000	50,000
Short term investments	51,674	38,579
Bank balances	52,550	36,658
	1,600,486	1,607,595

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

	2020	2019
Not past due	44,008	4,912
Past due 1 - 180 days	245,406	982,210
Past due 181 - 365 days	39,542	66,218
1 - 2 years	957,141	132,858
More than 2 years	2,283,873	2,244,368
	3,569,970	3,430,566

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				
	Long term	Short term	Rating Agency	2020	2019
				--------------(Rupees in '000)-------------	
Allied Bank Limited	AAA	A1+	PACRA	1	87
Askari Bank Limited	AA+	A1+	PACRA	12	330
Bank AL Habib Limited	AA+	A1+	PACRA	1	1
Habib Bank Limited	AAA	A1+	VIS	101	2
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	20	21
JS Bank Limited	AA-	A1+	PACRA	17	17
Bank Islami Pakistan Limited (Formerly KASB Bank Limited)	A+	A1	PACRA	1,150	552
MCB Bank Limited	AAA	A1+	PACRA	125	127
National Bank of Pakistan	AAA	A1+	PACRA	11	6
Silk Bank Limited	A-	A2	VIS	107	296
Standard Chartered Bank (Pakistan) Limited	AAA	A1+	PACRA	558	521
Soneri Bank Limited	AA-	A1+	PACRA	5	8
Summit Bank Limited	SUSPENDED	SUSPENDED	VIS	753	814
Telenor Microfinance Bank Limited (Formerly Tameer Microfinance Bank Limited)	A+	A1	PACRA	251	1
United Bank Limited	AAA	A1+	VIS	19	19
Mobilink Microfinance Bank Limited (formerly Waseela Microfinance Bank Limited)	A	A1	PACRA	385	1
Meezan Bank	AA+	A1+	VIS	49,034	33,855
				52,550	36,658

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:

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, 2020:						
Term finance certificates	1,753,356	2,350,027	549,399	345,725	1,183,513	271,390
Long term financing	91,509	124,916	43,909	47,600	33,407	-
Sponsor's loan	1,345,289	1,460,484	-	1,460,484	-	-
Long term deposit	86,103	105,000	-	-	105,000	-
Lease liabilities	275,931	404,186	45,610	76,197	169,201	113,178
License fee payable	45,513	45,513	-	-	45,513	-
Short term borrowings	487,360	487,360	487,360	-	-	-
Trade and other payables	5,227,270	5,208,689	5,208,689	-	-	-
Unclaimed dividend	1,807	1,807	1,807	-	-	-
Accrued mark up	278,318	278,318	278,318	-	-	-
	9,592,456	10,466,300	6,615,092	1,930,006	1,536,634	384,568

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

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, 2020:

Assets	Level 1	Level 2	Level 3	Total
	------------------(Rupees in '000)---------------------			
Recurring fair value measurements				
Investments at fair value through other comprehensive income	51,674	-	-	51,674

The following table presents the Company's financial assets that are measured at fair value at December 31, 2019:

Assets	Level 1	Level 2	Level 3	Total
	------------------(Rupees in '000)---------------------			
Recurring fair value measurements				
Investments at fair value through other comprehensive income	38,579	-	-	38,579

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, 2020	Cash Flows	Foreign Exchange Movement	Impact of (Discounting) / Unwinding	Other Adjustments	December 31, 2020
	(Rupees in '000)					
Term finance certificates	1,767,180	-	-	30,586	79,217	1,876,983
Long term financing	133,667	(32,828)	-	(4,612)	10,549	106,776
Sponsor's loan	1,416,639	(243,253)	16,350	155,553	-	1,345,289
Lease liabilities	239,454	(42,954)	-	-	79,431	275,931
Short term borrowings	934,046	(185,836)	-	-	(260,850)	487,360
Total liabilities from financing activities	4,490,986	(504,871)	16,350	181,527	(91,653)	4,092,339

	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

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

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:

	2020	2019
	(Rupees in '000)	
Borrowings	3,953,445	4,481,656
Cash and bank balances	(56,440)	(40,083)
Net debt	3,897,005	4,441,573
Equity	4,508,420	3,038,845
Total capital employed	8,405,425	7,480,418
Gearing ratio (%)	46.36%	59.38%

52.7 **Financial instruments by categories**

Financial assets as at December 31, 2020

	Amortized Cost	At fair value through OCI - equity instruments	At fair value through profit or loss	Total
	-----------------	----------------- (Rupees in '000)	-----------------	-----------------
Long term deposits	17,221	-	-	17,221
Long term investment	50,000	-	-	50,000
Trade debts	807,879	-	-	807,879
Short term deposits	528,088	-	-	528,088
Other receivables	93,074	-	-	93,074
Short term investments	-	51,674	-	51,674
Cash and bank balances	56,440	-	-	56,440
	1,552,702	51,674	-	1,604,376

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 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 liabilities at amortized cost

	2020	2019
	-------(Rupees in '000)	-------
Term finance certificates	1,753,356	1,767,180
Long term financing	91,509	124,337
Sponsor's loan	1,345,289	1,416,639
Long term deposit	86,103	105,000
Lease liabilities	275,931	239,454
License fee payable	45,513	1,021,500
Short term borrowings	487,360	934,046
Trade and other payables	5,227,270	5,859,196
Unclaimed dividend	1,807	1,807
Accrued mark up	278,318	136,847
	9,592,456	11,606,006

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, 2020	A	B	C = A + B	D	E = C + D	
Long term loans	-	-	-	-	-	-
Long term deposits	-	-	-	-	-	17,221
Trade debts	4,824,230	(4,016,351)	807,879	-	807,879	-
Short term deposits	-	-	-	-	-	528,088
Other receivables	93,074	-	93,074	-	93,074	-
Short term investments	-	-	-	-	-	51,674
Cash and bank balances	-	-	-	-	-	56,440
	4,917,304	**(4,016,351)**	**900,953**	**-**	**900,953**	

	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 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	73,639
Short term investments	-	-	-	-	-	38,579
Cash and bank balances	-	-	-	-	-	40,083
	4,202,979	(3,232,591)	970,388	-	970,388	

(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, 2020	A	B	C = A + B	D	E = C + D	
Short term borrowings	-	-	-	-	-	487,360
License fee payable	-	-	-	-	-	45,513
Trade and other payables	7,745,897	(2,518,627)	5,227,270	-	5,227,270	-
Unclaimed dividend	-	-	-	-	-	1,807
Accrued mark up	-	-	-	-	-	278,318
Term finance certificates	-	-	-	-	-	1,753,356
Long term financing	-	-	-	-	-	91,509
Sponsor's loan	-	-	-	-	-	1,345,289
Lease liabilities	1,497,724	(1,497,724)	-	-	-	-
Long term deposit	-	-	-	-	-	86,103
	9,243,621	**(4,016,351)**	**5,227,270**	**-**	**5,227,270**	

	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	

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

	2020	**2019**
	Number	Number
Employees as at December 31,	493	631
Average number of employees during the year	546	720

Note 55

Impact of Covid-19 on the financial statements

Due to rapid spread of COVID-19 all across the world the overall global economy has been affected. At the end of March, 2020, the authorities implemented various measures trying to reduce the spread of the COVID-19 which includes a lock down, travel bans and quarantines. Telecommunication sector was among the sectors those were exempted from lockdown.

After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth continued its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity.

The management has assessed the implications of these developments on these financial statements, including but not limited to the following areas:

- recoverability of receivable balances';

- the impairment of tangible and intangible assets under IAS 36, 'Impairment of non financial assets';

- the impairment of investment in subsidiary;

- the net realizable value of inventory under IAS 2, 'Inventories'; and

- going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these financial statements.

Note 56

Authorization of Financial Statements

These financial statements were approved and authorized for issue on 10 July 2021 by the Board of Directors of the Company.

Note 57

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)
Discount	Direct Cost (Note 41)	Revenue (Note 40)	24,774

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2020

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed consolidated financial statements of WorldCall Telecom Limited and its subsidiary (the Group), which comprises the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the group as at December 31, 2020 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 annexed consolidated financial statements, which states that the Group has incurred a loss after taxation of Rs. 150.274 million during the year ended December 31, 2020 (2019: profit after taxation of Rs. 65.488 million) which includes the impact of write back of liabilities for Rs. 518.09 million (2019: Rs. 742.972 million). As at December 31, 2020, the accumulated loss of the Group stands at Rs. 12,820.619 million (December 31, 2019: Rs. 13,201.560 million) and its current liabilities exceed its current assets by Rs. 5,948.632 million (December 31, 2019: Rs. 5,976.682 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. Our opinion is not modified 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 consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated 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.

Following are the Key Audit Matters:

Sr. #	Key Audit Matters	How the matters were addressed in our audit

1.	**Revenue Recognition**
	
	The Group has reported revenue amounting to Rs 3,140 Million for the year ended December 31, 2020 for details refer note 39 to the consolidated financial statements.
	
	There is a risk around the accuracy and completeness of revenue recorded. The complex billing system that involves processing a large volume of data making it inherent industry risk.
	
	We identified recognition of revenue as a key audit matter because (i) revenue is one of the key performance indicator of the Group (ii) it gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets and (iii) recognition and measurement of revenue and contract related assets may involve significant judgement as per IFRS-15 'Revenue from Contracts from Customers'
		Our audit procedures to assess the recognition of revenue amongst others, include the following:
		
		• Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue
		
		• Comparing a sample of transactions comprising of various revenue streams recorded during the year with relevant underlying supporting documents and cash receipts where applicable
		
		• We evaluated the relevant IT systems and the design of controls, and tested the operating effectiveness of controls over the:
		  ◦ capturing and recording of revenue transactions;
		  ◦ authorization of rate changes and the input of this information to the billing systems; and
		  ◦ calculation of amounts billed to customers.
		
		We also tested a sample of customer bills and checked these to cash received from customers.
		
		• Assessing the appropriateness of accounting policies for revenue recognition and relevant contract assets and liabilities for compliance with applicable financial reporting framework including their correct application to the amounts recognized during the year
		
		• Inspecting journal entries relating to revenue recognized during the year and the corresponding underlying documentation for those journal entries which were considered to be material or met certain specified risk-based criteria; and
		
		• Considering the appropriateness of disclosures in the consolidated financial statements

2.	**Significant one-off transaction** We focused on a significant one-off transaction during the year which is withdrawal of license of various frequencies by Pakistan Telecommunication Authority (PTA). The Group set-off its license fee payable against intangible asset and recognized resulting gain amounting Rs. 192.06 Million during the year for details refer note 14 of the consolidated financial statements. We have considered this transaction as key audit matter as it is a one-off and non-routine transaction which involved significant management judgement.	Our audit procedures amongst others, include the following: • Evaluation of management's assessment and conclusion in respect of offsetting of WLL license asset and its related liability • We reviewed management's correspondence with PTA before and subsequent to year end, reviewed Board approval and assessed derecognizing of the same • Reviewed legal advisor's opinion to support management's assertion and • Assessed the adequacy and sufficiency of the related disclosure in the consolidated financial statements

3.	**Revaluation of assets** Group has recognized revaluation gain amounting Rs. 1,491 Million net of tax on Intangible and Right of use assets. We identified revaluation as a key audit matter because its amount is material to the consolidated financial statements. In addition, process of valuation is a highly complex and judgmental process which involves assumptions and methods affected by future economic and market conditions.	Our audit procedures to assess revaluation amongst others, include the following: • Assessed competence, capability and objectivity of managements' expert and discussed with management appropriateness of assumptions and methodologies used • We involved our valuation experts to assess the appropriateness of the methodologies and assumptions used in respect of revaluation and • Ensured that revaluation is properly accounted for and disclosed in consolidated financial statements.
4.	**Recoverability of Trade Debts** As at December 31, 2020, the Group's gross trade debtors were Rs 3,570.169 Million against which allowances for doubtful debts of Rs 2,762.091 Million were recorded for details refer note 33 of the consolidated financial statements. We identified the recoverability of trade debtors as a key audit matter because it involves significant management judgment in assessing the amount likely to be received and estimates in determining the allowance of expected credit loss.	Our audit procedures to assess the valuation of trade debts amongst others included the following: • 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; • Testing the assumptions and estimates made by management for the allowances for doubtful debts; and • Evaluating that the allowance for doubtful debt is in accordance with the requirements of applicable financial reporting framework.
5.	**Contingencies** There are a number of threatened and actual legal, regulatory and tax cases against the Group for details refer note 22 of the consolidated financial statements. The contingencies require management to make judgments and estimates in relation to the interpretation of laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies Involvement of subjectivity, inherent uncertainty and the time period such matters may take to resolve, the management judgments and estimates in relation to such contingencies may be complex and can significantly impact the consolidated financial statements. For such reasons we have considered contingencies as a key audit matter	Our key audit procedures includes: • 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 judgement and orders passed by the competent authorities; • Discussing with the Group's in-house tax expert to assess and validate management's conclusion; • Obtaining and reviewing external confirmations from Group's legal counsels and tax advisors for their views on case status and • Assess adequacy of disclosures in the consolidated financial statements

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

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

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

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

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

The Board of directors are 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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

The Consolidated Financial Statements of the Group for the year ended December 31, 2019 were audited by another auditor, who issued a modified report on those consolidated financial statements by including a material uncertainty related to going concern paragraph on July 09, 2020.

The engagement partner on the audit resulting in this independent auditor's report is Imran-ul-Haq.

Date: 10 July 2021
Islamabad

Nasir Javaid Maqsood Imran
Chartered Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

	Note	2020	2019
		-----------(Rupees in '000)-----------	
SHARE CAPITAL AND RESERVES			
Authorized share capital		29,000,000	29,000,000
Ordinary share capital	6	11,863,206	11,615,252
Preference share capital	7	1,963,178	2,114,651
Dividend on preference shares	8	715,652	772,136
Capital reserves	9	449,551	476,453
Accumulated loss		(12,820,619)	(13,201,560)
Surplus on revaluation of fixed assets	10	2,318,768	1,247,166
		4,489,736	3,024,098
NON-CURRENT LIABILITIES			
Term finance certificates	11	1,433,280	1,567,104
Long term financing	12	68,635	87,330
Sponsor's loan	13	1,345,289	1,416,639
License fee payable	14	45,513	1,021,500
Post employment benefits	15	203,133	210,796
Long term deposit	16	86,103	-
Lease liabilities	17	172,671	175,585
		3,354,624	4,478,954
CURRENT LIABILITIES			
Trade and other payables	18	6,231,517	6,094,672
Unearned revenue		-	55,810
Accrued mark up	19	278,318	136,847
Current and overdue portion of non-current liabilities	20	590,872	415,282
Short term borrowings	21	487,360	934,046
Unclaimed dividend		1,807	1,807
Provision for taxation - net		331,683	311,825
		7,921,557	7,950,289
Contingencies and Commitments	22	-	-
TOTAL EQUITY AND LIABILITIES		15,765,917	15,453,341
NON-CURRENT ASSETS			
Property, plant and equipment	23	6,207,321	6,587,998
Right of use assets	24	3,680,465	2,138,001
Intangible assets	25	1,448,958	1,962,998
Investment properties	26	49,958	48,800
Long term trade receivable	27	-	-
Deferred taxation	28	2,389,069	2,725,027
Long term loans	29	-	-
Long term deposits	30	17,221	16,910
		13,792,992	13,479,734
CURRENT ASSETS			
Stores and spares	31	32,595	40,592
Stock-in-trade	32	204,777	204,777
Trade debts	33	808,078	896,948
Loans and advances	34	209,236	189,603
Deposits and prepayments	35	533,457	502,996
Short term investments	36	51,674	38,579
Other receivables	37	76,651	60,012
Cash and bank balances	38	56,457	40,100
		1,972,925	1,973,607
TOTAL ASSETS		15,765,917	15,453,341

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Revenue	39	3,140,134	3,857,073
Direct costs excluding depreciation and amortization	40	(1,874,998)	(2,361,083)
Operating costs	41	(411,760)	(596,099)
Other income	42	608,414	1,142,835
Other expenses	43	(265,952)	(495,560)
Profit before Interest, Taxation, Depreciation and Amortization		1,195,838	1,547,166
Depreciation and amortization	44	(954,039)	(1,254,895)
Finance cost	45	(536,025)	(493,854)
Loss before Taxation		(294,226)	(201,583)
Taxation	46	143,952	267,071
Net (Loss) / Profit for the Year		(150,274)	65,488
(Loss) / Earnings per Share - basic (Rupees)	47	(0.06)	0.03
(Loss) / Earnings per Share - diluted (Rupees)	47	(0.06)	0.02

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	--------------(Rupees in '000)-------------	
Net (Loss) / Profit for the Year	(150,274)	65,488
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
- Remeasurement of post employment benefit obligations - net of tax	16,447	22,744
- Surplus on revaluation of right of use assets - net of tax	1,491,000	-
- Changes in fair value of financial assets through other comprehensive income - net of tax	13,095	464
Item that may be subsequently reclassified to profit or loss:	-	-
Other Comprehensive Income - net of tax	1,520,542	23,208
Total Comprehensive Income for the Year - net of tax	1,370,268	88,696

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 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)
Dividend on preference shares for the year	-	-	-	-	-	-	-	-	-
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**
Net loss for the year	-	-	-	-	-	-	(150,274)	-	(150,274)
Other comprehensive income for the year - net of tax	-	-	-	13,095	-	13,095	16,447	1,491,000	1,520,542
Total comprehensive income for the year - net of tax	-	-	-	13,095	-	13,095	(133,827)	1,491,000	1,370,268
Adjustment of Surplus on retirement of intangible assets	-	-	-	-	-	-	360,483	(255,943)	104,540
Incremental depreciation / amortization for the year on surplus on revaluation of fixed assets	-	-	-	-	-	-	154,285	(154,285)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(9,170)	(9,170)
Conversion of preference shares and dividend thereon	2,077,115	(151,473)	(56,484)	-	(39,997)	(39,997)	-	-	1,829,161
Discount on issuance of ordinary shares	(1,829,161)	-	-	-	-	-	-	-	(1,829,161)
Total transactions with owners, recognized directly in equity	247,954	(151,473)	(56,484)	-	(39,997)	(39,997)	-	-	-
Balance as at December 31, 2020	11,863,206	1,963,178	715,652	(13,215)	462,766	449,551	(12,820,619)	2,318,768	4,489,736

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		--------------(Rupees in '000)--------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	48	784,160	24,244
Increase / (Decrease) in non-current liabilities:			
- License fee payable		(192,064)	-
Decrease / (Increase) in non-current assets:			
- Long term deposits		(311)	10,937
		591,785	35,181
Post employment benefits paid		(989)	(1,276)
Finance cost paid		(69,366)	(50,394)
Income tax paid		(20,580)	(26,796)
Net Cash generated from / (used in) Operating Activities		500,850	(43,285)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(17,547)	(62,995)
Dividend income		63	784
Income on deposit and savings accounts		37,301	31,453
Proceeds from disposal of property, plant and equipment		561	6,909
Net Cash Generated from / (Used in) Investing Activities		20,378	(23,849)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term finance certificates		-	(30,000)
Repayment of long term financing		(32,828)	(44,987)
Sponsor's loan		(243,253)	-
Short term borrowings - net		(185,836)	223,728
Repayment of lease liability		(42,954)	(48,867)
Net Cash (Used in) / Generated from Financing Activities		(504,871)	99,874
Net Increase in Cash and Cash Equivalents		16,357	32,740
Cash and cash equivalents at the beginning of the year		40,100	7,360
Cash and Cash Equivalents at the End of the Year		56,457	40,100

The annexed notes from 1 to 56 form an integral part of these consolidated 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, 2020

Note 1
The Group and its Operations

The Group is structured as follows:

- Worldcall Telecom Limited is the Parent Company (refer to note 1.1)
- Route 1 Digital (Private) Limited is the subsidiary (refer to note 1.2). The subsidiary is wholly owned by the Parent with 100% shareholding of the Parent Company in the subsidiary.

1.1 Worldcall Telecom Limited ("the 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 relevant authorities 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 36.87% (2019: 39.98%) ordinary shares of the Group. Aggregate holding of Worldcall Services (Private) Limited through other associates is 42.14% (2019: 47.75%) (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:

Business unit	Address
Main Offices	Plot # 1566/124, Main Walton Road, Lahore Cantt.
	Office # 317, The Plaza Shopping Center, G-7, Block-9, Clifton, Karachi.
	2nd Floor, 300 Y Block, Phase-III, Defence Housing Authority, Lahore Cantt.
	20, Tariq Block, New Garden Town, Lahore
Regional offices	Office # 302, 303, 304, 318, 319 & 316 The Plaza Shopping Center, G-7, Block-9, Clifton, Karachi.
	Office No 508, Uni Plaza, I.I.Chundrigar Road, Karachi.
	41 N, Gulberg II, Lahore.
	Y-194/1, Commercial Phase-III, DHA, Lahore.
	Ali Tower, 105-BII, MM Alam Road, Lahore.
	Shop # 35,34, J-I Market, WAPDA Town, Lahore.
	CSC Cantt. Shop # 02 Ground floor Cantt Board Plaza, Tufail Road, Lahore Cantt.
	House # 81, FG Colony, Hassan Garhi Shami Road, Peshawar.
Warehouse	Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore.
	Plot # F15/F16, Ground Portion situated at P&T Colony, Gizri Road, Clifton, Karachi.
	Shop # 42, Near Arbab Ziauddin Plaza, Sabzal Road, Quetta.
Headends	Office # 315, Plot # G-7, Block-9, K.D.A Scheme # 5, Kehkashan Clifton, Karachi.
	Office # R-2/A, 2nd Floor, Rabi Chamber, Darul Aman Society, Karachi.
	Plot # 33, Maqboolabad Cooperative Housing Society, Karachi.
	Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakh Pat, Lahore.
	P-1410-11-B, People's Colony-1, Faisalabad.
	Plot # 321, St # 04, Sector I-9/3, Islamabad.
	Khawar Centre, 92-Nusrat Road, Near SP Chowk, Multan.
	Mukarram Plaza, Plot # 591-592-B, Main Market Model Town, Gujranwala.

Note 2
Basis of Preparation

2.1 Statement of compliance

These consolidated 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 consolidated 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 consolidated financial statements.

2.2 Going concern assumption

2.2.1 The Group has incurred a loss after taxation of Rs. 150.274 million during the year ended December 31, 2020 (2019: profit after taxation of Rs. 65.488 million) which includes the impact of write back of liabilities for Rs. 518.09 million (2019: Rs. 742.972 million). As at December 31, 2020, the accumulated loss of the Group stands at Rs. 12,820.619 million (December 31, 2019: Rs. 13,201.560 million) and its current liabilities exceed its current assets by Rs. 5,948.632 million (December 31, 2019: Rs. 5,976.682 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 consolidated 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. 5.948 billion as on the reporting date, which has the following major components:

Description	Note	Rs in million
Short term Borrowings	2.2.2.1	487
Pakistan Telecommunication Authority (PTA)	2.2.2.2	2,413
Claims of Parties Challenged	2.2.2.3	918
Regularly revolving creditors	2.2.2.4	146
Contract liabilities	2.2.2.5	847
Provision for taxation	2.2.2.6	332
		5,143

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/restructuring of its short term financing facilities from all major banks except one facility of Rs. 32 million (note 21). Moreover, short term borrowings include funds obtained from sponsor / related parties to the tune of Rs. 59.9 million.

2.2.2.2 Liabilities towards PTA as incorporated in these consolidated financial statements stand at approximately Rs. 2.4 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. 146 million represents routine trade credits extended by regular parties and these balances are of revolving nature. Thus, no immediate net cash outlay would be required.

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

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

2.2.3 Continued Support from a Majority Shareholder

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

2.3 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 and 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 unrealized gains on transactions between group companies are eliminated. Unrealized 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 statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 are recognized in 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 recognized 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 recognized in consolidated other comprehensive income are reclassified to 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 recognized in a separate reserve within equity attributable to owners of the Group.

2.4 Presentation currency

These consolidated 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:

There are certain amendments to published standards that are effective for the first time for the year ended December 31, 2020 however these are considered not to have a significant impact on the Group's financial reporting and operations and therefore have not been presented here.

2.5.2 **Standards, interpretation and amendments to approved accounting and reporting standards that are not yet effective and have not been early adopted by the Group**

• Amendments to IFRS 16 “Leases” (for annual reporting periods beginning on or after June 1, 2020)
On May 26, 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for leases from assessing whether a rent concession related to Covid-19 is a lease modification. Leases can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The amendment is expected not to have a significant impact on the consolidated financial statements of the Group.

• Amendments to IAS 1 “Presentation of consolidated financial statements” (for annual reporting periods beginning on or after January 1, 2022)
The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the statements of a liability. The amendment is expected not to have a significant impact on the consolidated financial statements of the Group.

There are other standards and amendments to published standards that are not yet effective and have not been early adopted by the Group. These amendments are expected not to have a significant impact on the consolidated financial statements of the Group in the period of initial recognition.

Note 3
Basis of Measurement

These consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated statement of profit or loss. 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 consolidated statement of profit or loss.

4.3 **Leases**

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 consolidated statement of financial position and lease liabilities as a separate line item in the consolidated 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 consolidated statement of profit or loss, unless these are included in the carrying amount of another asset.

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

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

Right-of-use asset

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

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

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

Depreciation is charged to the consolidated statement of profit or loss 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 of 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 consolidated statement of financial position and presents them as a receivable at an amount equal to the sum of the followings discounted at the interest rate implicit in the lease:

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

b) any unguaranteed residual value accruing to the Group.

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

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

Group as a Manufacturer of Dealer Lessor

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

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

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

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

Subsequent measurement of finance leases:

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

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

Lease modifications:

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

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

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

4.3.2.2 Operating leases

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

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

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

4.4 Provisions

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

4.5 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss 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.

4.6 Contingent liabilities

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

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

4.7 Property, plant and equipment

4.7.1 *Operating fixed assets*

Owned assets except plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss. Plant and equipment are stated at revalued amount less accumulated depreciation and any identified impairment loss. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of assets do not differ materially from their fair values. Revalued amounts are determined by an independent professional valuer on the basis of open market value of the asset based on estimated gross replacement cost, depreciated to reflect the residual service potential of the asset having paid due regard to age, condition and obsolescence. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and any identified impairment loss. Cost in relation to self constructed assets includes direct cost of material, 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 consolidated statement of profit or loss. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the statement of profit and loss) 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 consolidated statement of profit or loss 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 consolidated statement of profit or loss 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 consolidated statement of profit or loss. Each year the difference between amortization based on revalued carrying amount of the asset (the amortization charged to the consolidated statement of profit or loss) and amortization based on the assets' original cost - incremental amortization on revalued assets is transferred from surplus on revaluation of fixed assets to retained earnings (accumulated loss). All transfers from surplus on revaluation of fixed assets are net of applicable deferred taxation.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is charged to the consolidated statement of profit or loss as and when incurred. Amortization on other intangible assets is charged to the consolidated statement of profit or loss 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 consolidated statement of profit or loss.

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 consolidated statement of profit or loss.

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 consolidated statement of profit or loss. 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

4.14.1 Financial assets

Classification

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

a) *Financial assets at amortized cost*

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

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

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

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

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

Reclassification

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

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

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 consolidated statement of profit or loss. Dividend income from financial assets is recognized in the consolidated statement of profit or loss 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 consolidated 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 consolidated statement of profit or loss. Dividends on equity instruments are credited to the consolidated statement of profit or loss 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 consolidated 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 consolidated statement of profit or loss 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 consolidated statement of profit or loss.

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 consolidated statement of financial position is not reduced.

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

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

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

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

4.14.2 **Financial liabilities**

Initial recognition and measurement

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

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

The Group does not reclassify any of its financial liabilities.

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

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 consolidated statement of profit or loss.

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 consolidated statement of profit or loss. 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 consolidated statement of profit or loss.

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.

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 consolidated 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 consolidated statement of profit or loss.

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 consolidated statement of profit or loss 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
- Right of use assets	Note 24.2
- Intangible assets under revaluation model	Note 25.1
- Investment properties	Note 26
- Financial instruments (including those carried at amortized cost)	Note 51.4

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 parent Group, associated companies / undertakings, directors of the Group and their close relatives and key management personnel of the Group. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective notes to these consolidated 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	5.24%
Worldcall Services (Private) Limited	Holding Company (note 4.23.1)	36.87%
AMB Management Consultants (Private) Limited	Common directorship	0.03%
Worldcall Business Solutions (Private) Limited	Common key management personnel	0%
Worldcall Cable (Private) Limited	Common directorship	0%
Worldcall Ride Hail (Private) Limited	Common directorship	0%
Acme Telecom (Private) Limited	Common directorship	0%
Mr. Babar Ali Syed	CEO	0.00002%
Mr. Muhammad Azhar Saeed	Director / CFO	0.00002%
Mr. Muhammad Shoaib	Director	0.00085%
Mr. Faisal Ahmed	Director	0.00002%
Mr. Mansoor Ali	Director	0.00004%
Mrs. Hina Babar	Director	0.00004%
Mr. Mubasher Lucman	Director	0.00002%
Mr. Tariq Hasan	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 42.14% (2019: 47.75%) 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 consolidated financial statements.

During the year Group changed its accounting policy for valuation of right-of-use assets and as result the Group is now applying 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 previously those were carried at cost. Due to adoption of new policy Group recognized revaluation gain amounting Rs. 1,440 Million on Indefeasible rights of use of Fiber. However, no restatement has been deemed necessary in this regard in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Note 6

Ordinary Share Capital

2020	2019		Note	2020	2019
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
1,805,893,836	1,598,182,378	Ordinary shares of Rs. 10 each issued against convertible preference shares	6.1	18,058,939	15,981,824
				26,664,655	24,587,540
		Less: Discount on issue of shares	6.6	(14,801,449)	(12,972,288)
2,666,465,349	2,458,753,891			11,863,206	11,615,252

6.1 During the year, 14,900 (2019: 46,800) convertible preference shares and accumulated preference dividend thereon amounting to Rs. 56.484 million (2019: Rs. 177.526 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 (2019: 983,117,312 shares) representing 36.87% (2019: 39.98%) 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 139,750,543 shares (2019: 185,221,085 shares) representing 5.24% (2019: 7.53%) shareholding in the Group.

6.5 AMB Management Consultants (Private) Limited, an associate of the Group, holds 914,053 shares (2019: 5,914,053 shares) representing 0.03% (2019: 0.24%) shareholding in the Group.

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

	2020	2019
	--------------(Rupees in '000)--------------	
Opening balance	12,972,288	7,223,276
Add: Discount on issuance of ordinary shares during the year	1,829,161	5,749,012
Closing balance	14,801,449	12,972,288

6.7 Reconciliation of ordinary share capital is as follows:

	2020	2019
Opening balance	24,587,540	18,059,220
Add: Shares issued during the year	2,077,115	6,528,320
Closing balance	26,664,655	24,587,540

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 last 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	2020	2019	2020	2019
		--------No. of Shares--------		------------(Rupees in '000)------------	
Opening balance		208,600	255,400	2,114,651	2,585,646
Less: Preference shares converted into					
ordinary shares during the year	7.3	(14,900)	(46,800)	(151,473)	(470,995)
		193,700	208,600	1,963,178	2,114,651

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 Ferret Consulting F.Z.C., an associate of the Group, holds 141,200 preference shares (2019: 156,100 preference shares) in the Group.

7.6 Mandatory date of conversion of CPS has expired during 2018 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 Group 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.

7.7 During the last 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	2020	2019
		--------------(Rupees in '000)--------------	
Dividends on preference shares	8.1	715,652	772,136

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. 56.484 million (2019: Rs. 177.526 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

	2020	2019
	--------------(Rupees in '000)--------------	
Fair value reserve	(13,215)	(26,310)
Exchange translation reserve	462,766	502,763
	449,551	476,453

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

	2020	2019
	--------------(Rupees in '000)--------------	
Opening balance - net of tax	1,247,166	1,466,342
Surplus on revaluation arisen during the year	2,100,000	-
Related deferred taxation	(609,000)	-
	1,491,000	-
Adjustment of related deferred tax due to change in tax rate and proportion of normal sales	(9,170)	(7,111)
Transfer to retained earnings on retirement of intangible assets	(255,943)	-
Transfer to retained earnings in respect of net incremental depreciation / amortization net of deferred tax	(154,285)	(212,065)
Closing balance - net of tax	2,318,768	1,247,166

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

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

Note 11
Term Finance Certificates

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		1,287,110	1,317,110
Less: Payments made during the year		-	(30,000)
		1,287,110	1,287,110
Less: Current and overdue portion	20	(320,076)	(200,076)
		967,034	1,087,034
Add: Deferred markup	11.1	466,246	480,070
		1,433,280	1,567,104

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 (2019: 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 8.30% to 14.91% (2019: 9.20% to 14.91%) 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 2019 to December 2020 amounting Rs. 199.98 million. In case of failure to make due payments by the Group, Trustee can instruct the security agent to enforce the letter of pledge and sell the quantum of the pledged shares to generate the amount required for the settlement of the outstanding redemption amount.

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

a) LDI and WLL license issued by PTA to the Group; and

b) Assigned frequency spectrum as per deed of assignment.

			2020	2019
		Note	--------------(Rupees in '000)--------------	
11.1	**Deferred markup**			
	Deferred markup	11.1.1	746,494	667,277
	Impact of discounting	11.1.2	(156,621)	(187,207)
			589,873	480,070
	Less: Current portion		(123,627)	-
			466,246	480,070
11.1.1	Reconciliation of deferred markup is as follows:			
	Opening balance		667,277	588,776
	Add: Markup deferred during the year		79,217	78,501
			746,494	667,277

		Note	2020	2019
			--------------(Rupees in '000)--------------	
11.1.2	Reconciliation is as follows:			
	Opening balance		187,207	192,117
	Add: Discounting impact of deferred markup	42.1	16,681	28,667
			203,888	220,784
	Less: Unwinding impact of discounted deferred markup	45.1	(47,267)	(33,577)
			156,621	187,207

Note 12

Long Term Financing

	Note	2020	2019
		--------------(Rupees in '000)--------------	
From Banking Companies (secured)			
Allied Bank Limited	12.1	68,635	87,330
Askari Bank Limited	12.2	-	-
		68,635	87,330
		68,635	87,330

12.1 Allied Bank Limited

	Note	2020	2019
Opening balance		106,550	-
Transfer from running finance		-	120,697
Repayments		(15,041)	(14,147)
		91,509	106,550
Less: Current and overdue portion	20	(43,909)	(28,550)
		47,600	78,000
Add: Deferred markup		25,647	15,098
Less: Discounting of deferred markup	42.1	(4,612)	(5,768)
		21,035	9,330
		68,635	87,330

		2020	2019
12.1.1	Reconciliation of deferred markup is as follows:		
	Opening balance	15,098	-
	Add: Markup deferred during the year	10,549	15,098
		25,647	15,098
12.1.2	Reconciliation is as follows:		
	Opening balance	5,768	-
	Add: Discounting impact of deferred markup	1,897	5,768
		7,665	5,768
	Less: Unwinding impact of discounted deferred markup	(3,053)	-
		4,612	5,768

This represents balance transferred as a result of restructuring of short term running finance (RF) facility to Term Loan Facility and subsequently amended on 8th October 2020. 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 period on the outstanding balance ranged from 8.10% to 14.40% (2019: 11.4% to 14.7%) per annum. During the year the Group defaulted in making installment payment amounting Rs. 5.5 Million. The facility is secured against 1st joint pari passu charge on present and future current and fixed assets excluding building of the Group for Rs. 534 million and right to set off on collection account.

	Note	2020	2019
		--------------(Rupees in '000)--------------	
12.2 Askari Bank Limited			
Opening balance		17,787	48,627
Repayments		(17,787)	(30,840)
		-	17,787
Less: Current and overdue portion	20	-	(17,787)
		-	-

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 at the rate of 15.49% (2019: 12.80% to 15.13%) 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 Group with 25% margin, first exclusive assignment of all present and future receivables of LDI business arm of the Group in favor of lender with 25% margin and collection accounts with the Bank for routing of LDI receivables.

Note 13

Sponsor's Loan

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Sponsor's Loan - unsecured			
- Interest bearing	13.1	482,400	466,050
- Non-interest bearing	13.2	862,889	950,589
		1,345,289	1,416,639

		2020	2019
13.1	Opening balance	466,050	417,300
	Exchange loss	16,350	48,750
		482,400	466,050

This represents USD denominated loan obtained from Worldcall Services (Private) Limited, the Parent Group. It carries mark up at 12 months KIBOR plus 1%. The mark up rate charged during the year on the outstanding balance is 14.46% (2019: 12.34%) per annum. The amount is not payable over the period of next 1 year.

13.2 This represents interest free loan obtained from Worldcall Services (Private) Limited, the Parent Group. The amount is not payable over the period of next 1 year.

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

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		1,221,337	1,221,337
Less: Payments during the year		(243,253)	-
Amount of loan		978,084	1,221,337
Adjustment due to impact of IFRS 9:			
Discounting		(406,813)	(406,813)
Unwinding of discount	45	291,618	136,065
		(115,195)	(270,748)
		862,889	950,589

Note 14

License Fee Payable

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		1,021,500	1,021,500
Settled against retirement of WLL License		(975,987)	-
	14.1	45,513	1,021,500

14.1 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 balance amount of WLL license. 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 date, no such installment plan has been submitted by PTA.

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

As a consequence of above , during the year the outstanding liability for 1900 Mhz is reduced to zero on the basis that 1900 Mhz frequency has been fully paid for until 2015 (11th year), Similarly, liability for 450Mhz frequency spectrum be reduced on prorata after withdrawal. Corresponding assets has also been retired. Owing to these circumstances, the management does not expect the liability to materialize fully in the near future for detail refer note 22.2.7.

Note 15

Post Employment Benefits

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Obligations for defined benefit scheme - gratuity	15.1.1	190,765	196,776
Accumulating compensated absences	15.2.1	12,368	14,020
		203,133	210,796

15.1 Obligations for defined benefit scheme - gratuity

Latest actuarial valuation of the gratuity scheme was conducted as on December 31, 2020 using the following assumptions: Results of actuarial valuation are as under:

	2020	2019
Discount rate for interest cost - per annum	11.25%	13.25%
Discount rate for year end obligations - per annum	9.75%	11.25%
Expected rate of increase in salary level - per annum	8.75%	10.25%
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	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		196,776	222,507
Charge for the year - consolidated statement of profit or loss	15.1.2	46,871	60,258
Net remeasurements for the year - Other comprehensive income		(23,166)	(32,034)
Transferred to trade and other payables		(28,810)	(52,725)
Payments made during the year		(906)	(1,230)
Closing balance		190,765	196,776

15.1.2 Charge for the year

The amounts recognized in the consolidated statement of profit or loss against defined benefit scheme are as follows:

	2020	2019
	--------------(Rupees in '000)--------------	
Current service cost	26,408	34,350
Interest cost	20,463	25,908
	46,871	60,258

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:

	2020	2019	2018	2017	2016
	- - - - - - - - - - - - - - - - - - - (Rupees in '000) -				
Present value of defined benefit obligation	190,765	196,776	222,507	236,014	257,296
Fair value of plan asset	-	-	-	-	-
Net deficit	190,765	196,776	222,507	236,014	257,296

15.1.4 Estimated charge for the year 2021

	Rupees in '000'
Current service cost	22,923
Interest cost	17,517
	40,440

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:

	2020
	Rupees in '000
Discount rate + 100 bps	(175,246)
Discount rate - 100 bps	208,583
Salary increase + 100 bps	208,906
Salary increase - 100 bps	(174,685)

The sensitivity analysis 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 analysis 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	2020	2019
		--------------(Rupees in '000)--------------	
Direct costs excluding depreciation and amortization	40	21,630	27,560
Operating costs	41	25,241	32,698
		46,871	60,258

15.2 **Accumulating compensated absences**

Latest actuarial valuation of the leave encashment scheme was conducted as on December 31, 2020 using the following assumptions:

Discount rate for interest cost - per annum	11.25%	13.25%
Discount rate for year end obligations - per annum	9.75%	11.25%
Expected rate of increase in salary level - per annum	8.75%	10.25%
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	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		14,020	18,513
Charge for the year - consolidated statement of profit or loss	15.2.2	520	1,028
Transferred to trade and other payables		(2,089)	(5,475)
Payments made during the year		(83)	(46)
Closing balance		12,368	14,020

15.2.2 **Charge for the year**

The amounts recognized in the consolidated statement of profit or loss against defined benefit scheme are as follows:

Current service cost	418	424
Interest cost for the year	102	604
	520	1,028

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:

	2020	2019	2018	2017	2016
	- (Rupees in '000) -				
Present value of defined benefit obligation	12,368	14,020	18,513	17,199	17,634
Fair value of plan asset	-	-	-	-	-
Net deficit	12,368	14,020	18,513	17,199	17,634

15.2.4 **Estimated charge for the year 2021**

	Rupees in '000'
Current service cost	296
Interest cost	1,206
	1,502

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:

	2020
	Rupees in '000'
Discount rate + 100 bps	(11,397)
Discount rate - 100 bps	13,482
Salary increase + 100 bps	(13,457)
Salary increase - 100 bps	11,403

15.2.6 Allocation of charge for the year

	Note	2020	2019
		(Rupees in '000)	
Direct costs excluding depreciation and amortization	40	271	475
Operating costs	41	249	553
		520	1,028

15.3 Risk associated with defined benefit plans

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

Note 16

Long Term Deposits

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

	Note	2020	2019
		(Rupees in '000)	
Opening balance		105,000	93,580
Add: Unwinding impact under IFRS 9	45.1	-	11,420
Less: Discounting impact under IFRS 9	42.1	(18,897)	-
Less: Current maturity	20	-	(105,000)
		86,103	-

Note 17

Lease Liabilities

	Note	2020	2019
		(Rupees in '000)	
Opening balance		239,454	-
Add: Initial application of IFRS 16 on January 1, 2019		-	250,847
Add: Accrued lease rentals as at December 31, 2019		-	7,848
Add: Additions during the year		48,515	-
Add: Interest expense	45	30,916	29,626
Less: Lease payments		(42,954)	(48,867)
Gross liability		275,931	239,454
Less: Current and overdue portion	20	(103,260)	(63,869)
Closing balance		172,671	175,585

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

	Included in	Note	2020	2019
			(Rupees in '000)	
Carrying amount of ROU assets	SOFP	24	3,680,465	2,138,001
Expense relating to short-term leases	Direct costs	40.3	12,145	24,634
Expense relating to short-term leases	Operating costs	41.2	8,208	17,691
Depreciation charge for ROU assets	Depreciation and amortization	44	178,692	130,810
Interest expense on lease liabilities	Finance cost	45	30,916	29,626
Repayment of lease liability	Financing Activities	Statement of Cash Flows	42,954	48,867

17.2 Maturity analysis of contractually undiscounted cash flows

At December 31, 2020	Within One Year	Between Two to Five Years	Later than Five Years
	(Rupees in '000)		
	45,610	245,398	113,178

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 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 Group 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 1 to 12 years.

Note 18

Trade and Other Payables

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Trade creditors	18.1	2,339,577	3,156,578
Accrued and other liabilities	18.2	1,078,851	893,413
Payable to PTA against APC charges		1,766,190	1,766,190
Payable against long term investment		44,000	44,000
Contract liabilities		847,424	701
Withholding tax		45,721	43,398
Sales tax		74,618	155,256
Security deposits	18.3	35,136	35,136
		6,231,517	6,094,672

18.1 This includes payable to PTA amounting to Rs. 664.77 million (2019: Rs. 569.05 million). Out of this Rs. 478.57 million (2019: Rs. 444.01 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 Group on legal 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 favor of the Group; 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. 152 million (2019: Rs. 88.117 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 Group 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	2020	2019
		--------------(Rupees in '000)--------------	
Short term borrowings		130,502	80,742
Term finance certificates		129,358	50,143
Sponsor's loan	19.1	17,781	5,285
Long term financing		677	677
		278,318	136,847

19.1 The reconciliation is as follows:

	2020	2019
Opening balance	5,285	75,913
Add: Markup accrued during the year	71,592	60,039
	76,877	135,952
Less: Paid during the year	(60,463)	(136,571)
Add: Exchange loss	1,367	5,904
	17,781	5,285

Note 20

Current and Overdue Portion of Non-Current Liabilities

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Term finance certificates	11	320,076	200,076
Markup payable on term finance certificate		123,627	-
Long term financing	12	43,909	46,337
Long term deposit payable	16	-	105,000
Lease liabilities	17	103,260	63,869
		590,872	415,282

Note 21

Short Term Borrowings

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Banking companies (secured - interest bearing):			
- Running finances	21.1	427,419	442,212
Related parties (unsecured - interest free):			
- Ferret Consulting F.Z.C.	21.2	59,941	363,726
- Worldcall Services (Private) Limited	21.3	-	128,108
		487,360	934,046

21.1 Short term running finance facilities available from commercial banks under mark up arrangements amount to Rs. 427.41 million (2019: Rs. 464.075 million). Running finance facilities are available at mark up rate of KIBOR plus 1.5% to 2.5% per annum (2019: 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 8.75% to 16.06% (2019: 12.04% to 16.36%) per annum, effectively. These facilities have been successfully rolled over / restructured subsequent to the reporting date with the exception of one facility of Rs. 32 million.

As at the reporting date, the Group had available Rs. Nil (2019: Rs. 21.68 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 372,765 (2019: USD 2,341,336). 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:

	2020	2019
	--------------(Rupees in '000)--------------	
Opening balance	128,108	-
Amount paid by WSL on behalf of the Group	48,011	98,793
Adjustment with markup payable	60,463	-
Funds received during the year	75,320	367,332
Repayments during the year	(311,902)	(344,459)
Expenses charged to the Group	-	6,442
	-	128,108

21.4 ***Guarantees***

Of the aggregate facilities of Rs. 485.126 million (2019: Rs. 568.126 million) for guarantees, the amount utilized as at December 31, 2020 was Rs. 353.761 million (2019: Rs. 339.138 million)

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 Group with security margin over the facility amount, pledge of shares of listed companies in CDC account of the Group, lien over cash deposit of Rs. 3.9 million, lien over bank deposits of Rs. 30.87 million, first exclusive assignment of all present and future receivables of LDI business arm of the Group, collection accounts with Bank for routing of LDI receivables, counter guarantee of the Group, 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 (2019: Rs. 72.64 million) with Pakistan Telecommunication Company Limited (PTCL) in respect of non-revenue time of prepaid calling cards and Rs. 46.92 million (2019: 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 (2019: 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 consolidated 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 matter is pending adjudication. As per management it is difficult to predict the outcome of the case at this stage.

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 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. The Honorable High Court has allowed the petition and remanded the case to PTA for decision afresh. 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 the appeal was decided against the Group. Subsequent to year end appeal against PTA's order has been filed before the next judicial forum on January 12, 2021. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these 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 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 including late payment charges on November 4, 2016 due to non-payment of initial spectrum fee (ISF). The Group has not received any notice from the Revenue department. During the year PTA again issued the notice against non-payment of ISF and the increased the claim by Rs. 1.038 billion.

Subsequent to year end, PTA has withdrawn the frequencies 3.5 Ghz, 479 Mhz, 450 Mhz and 1900 Mhz. As per management the ISF for 3.5 Ghz and 479 Mhz is already fully paid till 2024. The outstanding liability for 1900 Mhz is reduced to zero on the basis that 1900 Mhz frequency has been fully paid for until 2015 (actual withdrawal year), Similarly, liability for 450Mhz frequency spectrum be reduced on prorata after withdrawal. Corresponding assets has also been retired. For detail refer note 14.

Subsequent to year end the Company has filed an appeal with Islamabad High Court on January 12, 2021 against said decision of PTA on similar lines as explained above and the Group's management and legal advisor feels that there are strong grounds to defend the Group's stance and that the principal amount and late payment charges determined unilaterally by PTA will not materialize, hence, no provision has been made in these 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. 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 consolidated 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 on November 23, 2019 which is pending adjudication. The Group has not received any notice in this regard. The Group's management feels that there are strong grounds to defend the Group's stance, hence, no provision has been made in these consolidated financial statements.

22.2.10 PTA has issued show cause notice to the Group with the direction to pay annual regulatory dues for the years ended 2011, 2012, 2013 and 2014 cumulative amount of Rs. 119.65 Million along with late payment charges. The Group has filled the appeals against said notices with PTA which dismissed on December 04, 2020. The Group therefore filled the appeal in Sindh High Court on December 31, 2020 to set aside the order passed by PTA. The Court directed PTA not to take any coercive action against the Group. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these consolidated financial statements against this demand.

22.2.11 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") on March 20, 2010 against the PTA's determination. LHC granted stay against the recovery subject to payment of Rs. 40 million which was complied by the Group. Based on the advice of the Group's legal counsel, the Group's management feels that there are strong grounds to defend the Group's position and the ultimate decision would be in the Group's favor.

22.2.12 Other than the amounts recognized in the consolidated financial statements and amounts disclosed in the above contingencies, PTA has also demanded amounts of Rs. 1.634 billion on account of various charges, default surcharges / penalties / fines. Since the principal amount is disputed, the Group's management feels that there are strong grounds to defend the Group's stance and that the liability determined unilaterally by PTA will not materialize, hence, no provision has been made in these 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, 2014 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 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 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 consolidated 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 judgement earlier passed by CESTAT no longer holds the field as through certain subsequent judgements, 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 judgement 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 supplier and its allied international identities (referred to as suppliers) filed winding up petition dated October 16, 2017 before LHC and claim of Rs. 64.835 million and USD 4.869 million which was dismissed on September 26, 2018. The suppliers have also filed civil suit before Islamabad Civil Court dated September 17, 2018 for recovery of USD 12.35 million and Rs. 68.08 million along with damages of USD 20 million. The learned civil judge accepted the application under Order VII Rule 10 CPC and returned the plaint. The suppliers have now filed an appeal before the 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 this suppliers for default in performance of agreements before Civil Court, Lahore in August 2017. The Group has also filed another suit before Civil Court, Lahore for recovery of Rs. 1.5 billion for causing damage to the Group for filing frivolous winding up petition. Based on the legal advice, the management is of the view that it is unlikely that any claim of said suppliers will materialize.

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 2019, the supplier has signed an MOU with the Group undertaking to withdraw all legal cases which is in process. 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 As stated in note 7.8, the Group 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.

22.4.6 A total of 28 cases (2019: 30) are filed against the Group involving Regulatory, Employees, Landlords and Subscribers having aggregate claim of all cases amounting to Rs. 110.76 million (2019: Rs. 113.1 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.

		2020	2019
		--------------(Rupees in '000)--------------	
22.5	Outstanding guarantees and letters of credit	353,761	339,138
Commitments			
22.6	Commitments in respect of capital expenditure	9,202	273,031

Note 23

Property, Plant and Equipment

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Operating fixed assets	23.1	6,195,839	6,519,429
Capital work-in-progress	23.2	11,482	68,569
		6,207,321	6,587,998

23.1 Operating fixed assets

	Note	Building on Freehold Land	Leasehold Improvements	Plant and Equipment	Office Equipment	Computers	Furniture and Fixtures	Vehicles	Laboratory and Other Equipment	Total
Cost / Revalued Amount										
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**
Additions during the year		-	-	74,034	94	414	92	-	-	74,634
Disposals / settlement during the year	23.1.7	-	-	(13,333)	-	(515)	-	(415)	-	(14,263)
Balance as at December 31, 2020		**97,500**	**165,193**	**8,386,544**	**102,844**	**177,044**	**33,964**	**31,449**	**21,780**	**9,016,318**
Depreciation and Impairment										
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		-	(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**
Depreciation for the year		4,875	6,745	367,342	2,547	2,293	1,309	-	120	385,231
Depreciation on disposals	23.1.7	-	-	(556)	-	(299)	-	(415)	-	(1,270)
Balance as at December 31, 2020		**29,656**	**144,694**	**2,298,426**	**90,816**	**177,833**	**28,418**	**31,449**	**19,187**	**2,820,479**
Net book value as at December 31, 2020		**67,844**	**20,499**	**6,088,118**	**12,028**	**(789)**	**5,546**	**-**	**2,593**	**6,195,839**
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
Annual rate of depreciation (%)		5	10 to 20	5 to 33	10	33.33	10	20	20	

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

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

Sr. No.	Description	Net Book Value (Rs. in '000')	Persons in whose possession
1	USB Sticks	-	Customers
2	Customer Premises Equipment (CPE)	238,050	Customers

23.1.3 Latest revaluation has been carried out on December 31, 2020 by an independent professional valuer M/s Arch-E'-Decon that resulted in revaluation surplus of Rs. Nil (October 01, 2018: 1.341 billion). Force sale value of revalued plant and equipment is estimated at Rs. 4,870.49 Million.

	Fair value measurement of Plant and Equipment using significant unobservable inputs (Level 3)	
	2020	**2019**
	--------------(Rupees in '000)--------------	
Recurring fair value measurements		
Plant and equipment (owned)	6,088,118	6,394,203

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, 2020 for recurring fair value measurements:

	LDI and Broadband Operations	WLL Operations	Total
	------------------- (Rupees in '000) -------------------		
Balance as at December 31, 2019	6,270,535	123,668	6,394,203
Additions	74,034	-	74,034
Disposals	(12,777)	-	(12,777)
Depreciation	(340,043)	(27,299)	(367,342)
Balance as at December 31, 2020	5,991,749	96,369	6,088,118

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 up to 25 years. The higher the cost of acquisition of similar plant and machinery, higher the fair value of plant and machinery. Further, higher the depreciation rate, the lower the fair value of plant and machinery.
Plant and Equipment (Owned) - WLL Operations	Rating, nameplate data and fundamental technical characteristics of plant and equipment. Prevalent market prices for these assets.	The market value has been determined by applying prevalent market prices to the rating, nameplate data and fundamental technical characteristics of plant and equipment. Higher the market price, higher the fair value.

23.1.4 The carrying amount of temporarily idle property, plant and equipment amounts to Rs. 96.369 million (2019: Rs. 116.272 million).

The cost / revalued amount of fully depreciated property, plant and equipment that is still in use of the Group amounts to Rs. 132.907 million (2019: Rs. 166.494 million).

23.1.5 Property, plant and equipment and current assets having charge against borrowings amount to Rs. 12,801.043 million (2019: 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. 5,030.294 million (2019: 5,249.256 million).

23.1.7 **Disposal of operating fixed assets**

Particulars	Name of Buyer along with Relationship with the Group or any Director of the Group (if any)	Cost / Revalued Amount	Accumulated Depreciation and Impairment	Written Down Value	Sale Proceeds / Settlement Value	Gain / (Loss)	Mode of Disposal
		------ (Rupees in '000) ------					
Plant and Equipment							
Fiber Cable	Sky Tel (Private) Limited	13,333	556	12,777	-	-	Lease of Fiber
Assets with book value less than Rs. 500,000		930	714	216	562	346	Negotiation
	2020	**14,263**	**1,270**	**12,993**	**562**	**346**	
	2019	58,360	13,339	45,021	6,909	(460)	

		Note	2020	2019
			--------------(Rupees in '000)--------------	
23.2	**Capital work-in-progress ("CWIP")**			
	Advances to suppliers		4,664	61,768
	Plant and equipment		6,818	6,801
		23.2.1	11,482	68,569
23.2.1	**The reconciliation of the carrying amount is as follows:**			
	Opening balance		111,745	56,401
	Additions during the year		-	78,776
	Transfers during the year		(57,087)	(23,432)
			54,658	111,745
	Provision against advance to suppliers	23.2.1.1	(43,176)	(43,176)
	Closing balance		11,482	68,569
23.2.1.1	**Provision against advance to suppliers**			
	Opening balance		43,176	-
	Charged during the year	43	-	43,176
			43,176	43,176

23.3 During the year the Group conducted operational efficiency review of its plant and equipment which resulted in change in the expected useful life of Optical Fiber . The assets that management had expected to use for up to 12 years are now expected to remain useful for 25 years. The change in accounting estimate has been applied as per IAS 8 -Accounting Policies, Changes in Accounting Estimates and Errors, as result of increase in useful life the effect current and future years is Rs. 279.38 Million per annum as decrease in depreciation expense.

Note 24
Right of use (ROU) assets

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		2,138,001	1,001,746
Add: Initial application of IFRS 16 on January 1, 2019	17	-	250,847
Add: Prepaid lease rentals as at December 31, 2019		-	3,493
Add: Additions during the year		281,156	1,012,725
Add: Revaluation Surplus during the year	24.2	1,440,000	-
Less: Depreciation charge for the year	44	(178,692)	(130,810)
Closing balance		3,680,465	2,138,001
Lease Term (Years)		1.4 - 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 Group is committed.

24.1 The right of use assets comprises of following:

	2020	2019
	--------------(Rupees in '000)--------------	
Indefeasible rights of use of Fiber (IRU)	3,491,040	1,926,808
Leasehold property	189,425	211,193
	3,680,465	2,138,001

24.2 On December 31, 2020 the IRU assets were revalued by an independent professional valuer, M/s Arch-E'-Decon, which resulted in revaluation gain amounting Rs. 1,440 Million. The force sale value of revalued assets is Rs. 2,792.83 million. The fair value of IRU assets is measured using significant unobservable inputs (Level 3). There are no level 1 and level 2 assets and hence no transfers between levels 1 and 2 during the year.

Valuation techniques used to derive level 3 fair values:

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

Valuation inputs and relationship to fair value

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

Description	Significant Unobservable Inputs	Quantitative Data / Range and Relationship to the Fair Value
Indefeasible rights of use of Fiber	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 asset, higher the fair value of asset. Further, higher the depreciation rate, the lower the fair value of asset.

24.3 Had there been no revaluation, the net book value of right of use asset would have amounted to Rs. 2,240.46 million (2019: Rs. 2,138 million).

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, 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
Elimination of cost on retirement of assets	25.5	(2,028,927)	-	-	-	-	(2,028,927)
Revaluation surplus during the year		660,000	-	-	-	-	660,000
Balance as at December 31, 2020		1,713,828	5,333	784,800	11,600	2,736,706	5,252,267
Amortization and Impairment							
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
Elimination of accumulated amortization on retirement of assets	25.5	(1,245,003)	-	-	-	-	(1,245,003)
Amortization for the year	44	337,768	-	52,268	80	-	390,116
Balance as at December 31, 2020		577,597	5,333	518,376	11,600	2,690,403	3,803,309
Net book value as at December 31, 2019		1,597,923	-	318,692	80	46,303	1,962,998
Net book value as at December 31, 2020		**1,136,231**	**-**	**266,424**	**-**	**46,303**	**1,448,958**
Annual amortization rate (%)		5 to 20	10	6.67	20	-	

25.1 On December 31, 2020, licenses and softwares were revalued by an independent professional valuer, M/s Arch-E'-Decon, which resulted in revaluation gain amounting Rs. 660 Million. The force sale value of revalued assets is Rs. 1,278.34 million. The table below analyses the non-financial assets carried at fair value, by valuation method.

	2020	2019
	--------------(Rupees in '000)--------------	
Recurring fair value measurements of following items of intangible assets		
Licenses	1,136,231	1,597,923
Softwares	-	80
	1,136,231	1,598,003

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	
	2020	2019
	--------------(Rupees in '000)--------------	
Opening balance	1,598,003	1,935,851
Revaluation surplus arising during the year recognized in other comprehensive income	660,000	-
Terminated during the year	(783,924)	-
Amortization charged during the year	(337,848)	(337,848)
Closing balance	1,136,231	1,598,003

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. 305.31 million (2019: Rs. 918.73 million).

25.3 Licenses of the Group 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 Group for providing the LDI telecommunication services in the country. The license has carrying amount of Rs. 595.443 million (2019: Rs. 609.97 million) which is due to expire in July 2024.

25.5 During the year PTA has withdrawn licenses for various frequencies based on which management derecognized the asset for detail refer note 14.

Note 26

Investment Properties

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		48,800	50,210
Fair value adjustment recognized in profit or loss account	26.1	1,158	(1,410)
Closing balance		49,958	48,800

26.1 As of the reporting date, investment properties comprise land. Latest valuation of these properties was carried out on December 31, 2020 by an approved independent valuer, M/s Gandhara Consultants. The valuation was carried out using sales comparison approach which resulted in fair value gain of Rs. 1.16 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.	25,574
2	2 Plots	Windmill Villas, K.T. Bundar Road, Gharo, Sindh	1800 Sq. Yd.	4,795
3	6 Plots	Super Highway, Noriabad, Sindh	1200 Sq. Yd.	3,197
4	2 Plots	Peace City Farm Houses, District Rawalpindi	8000 Sq. Yd.	6,400
				39,966

Recurring fair value measurements

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during the year 2020.

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	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		384,642	54,578
Unwinding of discount	42.1	-	330,064
		384,642	384,642
Less: Impairment allowance	27.1	(384,642)	(384,642)
		-	-

27.1 Impairment allowance

	Note	2020	2019
Opening balance		384,642	-
Effect of adoption of IFRS 9		-	54,578
Provision for expected credit losses on long term receivable	43	-	330,064
Closing balance		384,642	384,642

Note 28

Deferred Taxation

	2020	2019
	--------------(Rupees in '000)--------------	
Asset for deferred taxation comprising temporary differences related to:		
-Unused tax losses	3,576,760	3,685,582
-Provision for doubtful debts	793,637	716,657
-Post employment benefits	58,366	59,621
-Provision for stores and spares & stock-in-trade	15,783	15,536
-Provision for doubtful advances and other receivables	85,035	87,661
-Lease liabilities	49,614	49,662
Liability for deferred taxation comprising temporary differences related to:		
-Accelerated tax depreciation	(1,104,478)	(1,099,389)
-Surplus on revaluation of fixed assets	(1,009,993)	(576,979)
-Accelerated tax amortization	(75,655)	(228,761)
-Long term trade receivables	-	15,437
	2,389,069	2,725,027

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 consolidated financial statements.

Being prudent, the Group has not recognized deferred tax assets of Rs. 2,702.427 million (2019: Rs. 2,560.083 million) in respect of unused tax losses and Rs. 139.487 million (2019: Rs. 81.14 million) in respect of minimum tax available for carry forward under the Income Tax Ordinance, 2001 ("ITO"), as sufficient taxable profits would not be available to utilize these in the foreseeable future. Minimum tax available for carry forward and unused tax losses on which deferred tax asset has not been recognized, would expire as follows:

Accounting year to which minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	Rupees in '000	
2017	27,649	2022
2018	53,493	2023
2019	58,345	2024
	139,487	

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	1,857,398	2021
2016	1,221,494	2022
	3,078,892	

		2020	2019
		--------------(Rupees in '000)--------------	
The gross movement in net deferred tax asset during the year is as follows:			
Opening balance		2,725,027	2,281,289
Deferred tax on surplus on revaluation of fixed assets		(513,630)	(7,111)
Charged to other comprehensive income		(6,718)	(9,290)
Charged to statement of changes in equity on adoption of IFRS 9		-	130,729
Charged to the consolidated statement of profit or loss	46	184,390	329,410
Closing balance		2,389,069	2,725,027

Note 29

Long Term Loans

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Loans to employees [secured - considered good]:			
- Executives	29.1	-	-
- Others		617	1,843
		617	1,843
Current portion:			
- Executives		-	-
- Others		(617)	(1,843)
		(617)	(1,843)
		-	-

29.1 Executives

	2020	2019
Opening balance	-	585
Disbursements during the year	-	-
	-	585
Repayments / adjustments during the year	-	(585)
	-	-

These represented interest free loans given for various purposes, such as construction of houses and other personal needs as per the Group'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. 1.8 million (2019: Rs. 2.7 million).

Note 30

Long Term Deposits

	2020	2019
	--------------(Rupees in '000)--------------	
Security deposits with:		
- Rented premises	7,402	7,142
- Utilities	960	960
- Others	8,859	8,808
	17,221	16,910

Note 31

Stores and Spares

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Cost		82,901	90,898
Less: Provision for obsolete/slow-moving items	31.1	(50,306)	(50,306)
		32,595	40,592

31.1 Provision for obsolete/slow-moving items

	Note	2020	2019
Opening balance		50,306	50,306
Add: Provision for the year	40	-	-
Closing balance		50,306	50,306

Note 32

Stock-in-Trade

	Note	2020	2019
		--------------(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

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		4,624	4,624
Add: Reversal during the year		-	-
Closing balance		4,624	4,624

Note 33

Trade Debts

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Considered good - unsecured		808,078	896,948
Considered doubtful - unsecured		2,762,091	2,533,817
		3,570,169	3,430,765
Less: Impairment allowance	33.1	(2,762,091)	(2,533,817)
		808,078	896,948

33.1 Impairment allowance

	Note	2020	2019
Opening balance		2,533,817	2,064,433
Effect of adoption of IFRS 9		-	407,689
Provision for expected credit losses on trade debts	43	228,274	62,847
		2,762,091	2,534,969
Less: reversal of provision	42	-	(1,152)
Closing balance		2,762,091	2,533,817

Note 34

Loans and Advances

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Advances to employees - considered good	34.1	45,661	48,033
Current portion of long term loans to employees	29	617	1,843
Advances to PTA - considered good	34.2	40,000	40,000
		86,278	89,876
Advances to suppliers:			
- Considered good		122,958	99,727
- Considered doubtful		191,006	194,698
		313,964	294,425
Less: Provision for doubtful advances	34.3	(191,006)	(194,698)
		122,958	99,727
		209,236	189,603

34.1 This includes advances given to executives amounting to Rs. 15.712 million (2019: Rs. 22.327 million) out of which Rs.11.76 million (2019: Rs. 13.63 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. 11.76 million (2019: Rs. 14.116 million).

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

Upto 1 year	1 to 2 years	2 to 3 years	Over 3 years
--------------- Rupees in '000 ---------------			
1,461	2,721	2,177	5,403

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 for detail refer note 22.2.11. Based on the advice of the Group's legal counsel, the Group's management feels that there are strong grounds to defend the Group's position and the ultimate decision would be in the Group's favor, therefore, this advance is considered unimpaired as at the reporting date.

34.3 Provision for doubtful advances

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Opening balance		194,698	176,226
Charged during the year		-	20,447
Less: Reversal during the year	42	(3,692)	(1,975)
Closing balance		191,006	194,698

Note 35

Deposits and Prepayments

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Deposit in Escrow Account	35.1	467,669	435,609
Margin and other deposits	35.2	60,419	57,608
Prepayments		5,369	9,779
		533,457	502,996

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. 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

	2020	2019	2020	2019
	------No. of Shares ------		-----------(Rupees in '000)-----------	
The Bank of Punjab	10,528	10,528	100	119
Orix Leasing Pakistan Limited	13,737	13,083	353	343
Shaheen Insurance Group Limited	3,136,963	3,136,963	13,549	12,391
First Capital Securities Corporation Limited	3,991,754	3,991,754	5,509	4,990
Pace (Pakistan) Limited	6,959,290	6,959,290	25,401	16,285
Media Times Limited	4,199,500	4,199,500	6,762	4,451
			51,674	38,579

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	2020	2019
		--------------(Rupees in '000)--------------	
Due from related parties - considered good	37.1	72,421	55,117
Other receivables - considered good		4,230	4,895
Other receivables - considered doubtful		61,762	72,055
		138,413	132,067
Less: Provision for doubtful receivables		(61,762)	(72,055)
		76,651	60,012

37.1 Due from related parties

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

	2020	2019
	--------------(Rupees in '000)--------------	
Worldcall Business Solutions (Private) Limited	70,109	52,961
Worldcall Ride Hail (Private) Limited	17	16
ACME Telecom (Private) Limited	32	30
Worldcall Cable (Private) Limited	2,263	2,110
	72,421	55,117

Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances was Rs. 72.421 million (2019: Rs. 55.117 million). Interest at the rate of 8.3% (2019: 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 ---------------		
3,677	32,524	35,725	495

Note 38

Cash and Bank Balances

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Cash at bank:			
- Current accounts		50,494	35,613
- Savings accounts	38.1	2,073	1,062
		52,567	36,675
Cash in hand		2,890	2,425
Pay orders in hand		1,000	1,000
		56,457	40,100

38.1 The balances in savings accounts bear mark up at the rates ranging from 6.5 % to 8.4 % (2019: 7.13% to 8.9%) per annum.

Note 39

Revenue

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Telecom		1,746,411	2,012,775
Broadband	39.1	696,441	2,017,578
Other	39.2	737,774	30,986
Gross revenue		3,180,626	4,061,339
Less: Discount		(5,467)	(24,774)
Less: Sales tax		(35,025)	(179,492)
		3,140,134	3,857,073

39.1 This includes revenue amounting to Rs. 249.782 million (2019: Rs. 814.354 million) in respect of agreement for Indefeasible Right of Use of metro fiber having carrying value of Rs. 13.33 Million (2019: 45.45 Million) with a customer. The agreement grants both parties to the agreement IRU for 20 years i.e. remaining useful life of asset.

39.2 This includes revenue amounting to Rs. 734 Million (USD 4.36 Million) receivable against International Clearing House (ICH) settlement agreement. ICH agreement started in Oct 2012 and ended in Feb 2015 during that period Pakistan Telecommunication Company Limited (PTCL) retained this amount against presumed provincial sales tax liability.

As per management, provincial sales tax was not chargeable on revenue generated from LDI calling network which is also evidenced from industry practice, and the deduction was unlawful based on which management issued legal notice to PTCL for recovery. Moreover PTCL itself obtained stay from different Honorable Courts of Law against provincial tax authorities on the plea that sales tax is not chargeable on revenue from LDI calling network.

Based on the above facts management is certain that the revenue retained by PTCL was unlawful and the Group has legal right for recoverability and so the revenue has been booked accordingly. The resultant receivable is adjusted against the respective payable balance.

39.3 Revenues from Telecom includes revenue from one major customer of the Group amounting Rs. 1,396.56 Million (2019: Rs. Nil) out of the Group's total revenues.

Revenues from Broadband includes revenue from one major customer of the Group amounting Rs. Nil (2019: Rs. 506 Million) out of the Group's total revenues.

Other revenue includes revenue from one major customer of the Group amounting Rs. 734 Million (2019: Rs. Nil) out of the Group's total revenues.

39.4 Revenue recognized from contract liabilities:

	2020	2019
	--------------(Rupees in '000)--------------	
Amounts included in contract liabilities at the beginning of the year	701	10,639
Performance obligations satisfied in previous years	-	-

Note 40

Direct Cost excluding Depreciation and Amortization

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Salaries, wages and benefits	40.1	153,844	221,295
Interconnect, settlement and other charges		1,332,042	1,588,627
PTCL share cost	40.2	406	813
Bandwidth and other PTCL charges		51,828	98,585
Power consumption and rent	40.3	75,770	103,812
Security services		3,274	3,630
PTA charges	40.4	10,214	12,973
Cable license fee		25,503	22,802
Stores and spares consumed		5,656	12,607
Annual spectrum fee		34,558	34,558
Content cost		4,605	6,558
Network maintenance and insurance		33,705	55,393
Network partner share		6,526	15,397
Fees and subscriptions		36,097	39,333
Revenue share cost		64,133	97,223
Metro fiber cost		12,778	37,652
SMS bundle cost		1,307	1,555
IT application development		2,700	5,400
Others		20,052	2,870
		1,874,998	2,361,083

40.1 This includes provision for gratuity expense amounting to Rs. 21.63 million (2019: Rs. 27.56 million) and accumulated leave absences amounting to Rs. 0.27 million (2019: Rs. 0.475 million) for the year.

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. 12.145 million (2019: Rs. 24.634 million).

40.4 This represents PTA charges in respect of the following:

LDI license	40.4.1	4,346	9,976
WLL license - royalty fee		-	2
Broadband license		5,755	2,762
Annual numbering charges		113	233
		10,214	12,973

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

	2020	2019
	--------------(Rupees in '000)--------------	
Universal Service Fund	2,608	5,986
Research and Development Fund	869	1,995
Annual Regulatory Fee	869	1,995
	4,346	9,976

Note 41

Operating Cost

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Salaries, wages and benefits	41.1	217,435	300,741
Rent, rates and taxes	41.2	10,401	18,601
Travelling and conveyance		34,463	67,665
Legal and professional		26,460	42,219
Utilities		10,596	15,812
Transportation		25,667	36,822
Communications		5,516	7,006
Repairs and maintenance		5,355	10,975
Fees and subscriptions		17,725	15,480
Marketing, advertisement and selling expenses		1,442	2,033
Insurance		5,284	6,504
Printing and stationery		2,372	4,816
Business promotion and entertainment		5,558	49,560
Directors' meeting expenses		4,594	4,363
Postage and courier		253	644
Newspapers and periodicals		207	254
Security services		6,070	8,382
Miscellaneous		32,362	4,222
		411,760	596,099

41.1 This includes provision for gratuity expense amounting to Rs. 25.241 million (2019: Rs. 32.698 million) and accumulated leave absences amounting to Rs. 0.249 million (2019: Rs. 0.553 million) for the year.

41.2 This includes expense relating to short term leases / operating lease rentals amounting to Rs. 8.2 million (2019: Rs. 15.32 million).

Note 42

Other Income

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Income on deposits, advances and savings accounts		37,301	31,453
Adjustment due to impact of IFRS 9	42.1	37,475	364,499
Gain on disposal of property, plant and equipment		346	-
Change in fair value of investment properties	26.1	1,158	-
Liabilities written back:			
- Excess provisions written back during the year		192,063	78,071
- Unclaimed liabilities written back during the year	42.2	326,023	325,490
- Liabilities written back on settlement with parties		-	339,411
		518,086	742,972
Reversals of provision for:			
- Other receivables	37	10,293	-
- Trade debts	33.1	-	1,152
- Loans and advances	34.3	3,692	1,975
		13,985	3,127
Dividend income related to investments held at the reporting period		63	784
		609,538	1,142,835

42.1 Breakup is as follows:

Discounting impact of liability for term finance certificates	11.1.2	16,681	28,667
Discounting impact of liability for long term finance	12.1	1,897	5,768
Discounting impact of long term deposit	16	18,897	-
Unwinding impact of long term trade receivable	27	-	330,064
		37,475	364,499

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	2020	2019
		--------------(Rupees in '000)--------------	
Exchange loss - net		32,998	13,480
Auditors' remuneration	43.1	4,680	4,530
Provision for expected credit losses on trade debts	33.1	228,274	62,847
Provision for expected credit losses on long term receivable	27.1	-	330,064
Provision for doubtful advances	34.3	-	20,447
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
		265,952	495,560

43.1 Auditors' remuneration

	2020	2019
	--------------(Rupees in '000)--------------	
Statutory audit	2,640	2,615
Half year review	1,000	950
Other assurance services	-	150
Out of pocket expenses	440	440
Certifications	600	375
	4,680	4,530

Note 44

Depreciation and Amortization

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Depreciation	23.1	385,231	733,969
Depreciation on ROU assets	24	178,692	130,810
Amortization	25	390,116	390,116
		954,039	1,254,895

Note 45

Finance Cost

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Mark up on term finance certificates		158,434	157,003
Mark up on long term financing		11,457	19,658
Markup on sponsor's loan		71,592	60,039
Mark up on short term borrowings		50,440	61,103
Finance charge on lease liabilities	17	30,916	29,626
Unwinding of discount on liabilities	45.1	205,873	158,954
Bank charges and commission		7,313	7,471
		536,025	493,854

45.1 Breakup is as follows:

	Note	2020	2019
Unwinding impact of sponsor's loan	13.2	155,553	111,958
Unwinding impact of long term deposit	16	-	11,420
Unwinding impact of liability for Term Finance Certificates	11.1.2	47,267	33,577
Unwinding impact of liability of long term financing		3,053	-
Unwinding of trade payables		-	1,999
		205,873	158,954

Note 46

Taxation

	Note	2020	2019
		--------------(Rupees in '000)--------------	
Current			
- For the year	46.1	43,576	58,306
- Prior years		(3,138)	4,033
		40,438	62,339
Deferred	46.2	(184,390)	(329,410)
		(143,952)	(267,071)

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

	2020	2019
	--------------(Rupees in '000)--------------	
46.2 Deferred tax income		
Origination and reversal of temporary differences	(168,997)	(312,355)
Effect of change in tax rate	(15,393)	(17,055)
	(184,390)	(329,410)

46.3 The relationship between income tax expense and accounting profit has not been presented in these consolidated 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

		2020	2019
		--------------(Rupees in '000)--------------	
47.1 Basic earnings / (loss) per share:			
(Loss) / Profit attributable to ordinary shareholders		(150,274)	65,488
Weighted average number of ordinary shares	Number in '000	2,477,534	1,991,934
Basic (loss) / earnings per share	Rupees	(0.06)	0.03
47.2 Diluted earnings / (loss) per share:			
(Loss) / Profit used to determine diluted loss per share		(150,274)	65,488
Weighted average number of ordinary shares	Number in '000	2,477,534	1,991,934
Assumed conversion of CPS and dividend thereon into ordinary shares	Number in '000	503,344	805,792
Weighted average number of ordinary shares for diluted loss per share	Number in '000	2,980,878	2,797,726
Diluted (loss) / earnings per share	Rupees	(0.05)	0.02

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

Note 48

Cash Used in Operations

	2020	2019
	--------------(Rupees in '000)--------------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(294,226)	(201,583)
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	385,231	733,969
- Amortization on intangible assets	390,116	390,116
- Amortization of right of use assets	178,692	130,810
- Provision for expected credit losses on trade debts	228,274	62,847
- 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	(346)	460
- Revenue from IRU agreement	(249,785)	(814,354)
- Disposal of fiber under IRU arrangement	12,778	37,652
- Excess provisions written back during the year	(192,063)	(78,071)
- Unclaimed liabilities written back during the year	(326,023)	(325,490)
- Liabilities written back on settlement with parties	-	(339,411)
- Reversal of provision for stock in trade	(10,293)	-
- Reversal of provision for advance to suppliers	(3,692)	(1,975)
Reversal of provision for trade receivables	-	(1,152)
- Loss/(Gain) on re-measurement of investment properties at fair value	(1,158)	1,410
- Post employment benefits	47,391	61,286
- Dividend income on short term investments	(63)	(784)
- Adjustment due to impact of IFRS 9	(37,475)	(364,499)
- Income on deposits, advances and savings accounts	(37,301)	(31,453)
- Exchange loss on foreign currency loan	16,350	48,750
- Exchange loss on foreign currency accrued markup	1,367	5,904
- Exchange (gain)/loss on foreign currency balances - net	15,281	(41,174)
- Provision for doubtful advances	-	20,447
- Deposits written off	-	19,146
- Imputed interest on lease liability	30,916	29,626
- Unwinding impact of liabilities under IFRS 9	205,873	158,954
- Finance cost	299,236	305,274
	953,306	381,528
Operating profit before working capital changes	659,080	179,945
(Increase) / decrease in current assets		
- Stores and spares	7,997	5,721
- Trade debts	(115,916)	(131,175)
- Loans and advances	(15,941)	(4,578)
- Deposits and prepayments	(30,461)	(33,305)
- Other receivables	(6,346)	(25,201)
Increase / (decrease) in current liabilities		
- Unearned revenue	(55,810)	(18,093)
- Trade and other payables	341,557	50,930
	125,080	(155,701)
Cash generated from operations	784,160	24,244

Note 49

Remuneration of Chief Executive Officer, Directors and Executives

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

	Chief Executive		Non-Executive Directors		Executive Directors		Executives	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Managerial remuneration	7,440	9,600	6,200	13,434	3,100	4,000	68,483	91,729
Retirement benefits	1,600	1,600	-	949	667	667	9,660	10,405
House rent allowance	2,976	3,840	2,480	5,374	1,240	1,600	27,393	36,691
Utilities	744	960	620	1,343	310	400	6,848	9,173
Bonus	-	-	-	-	-	-	-	-
Meeting fee allowance	655	779	3,283	2,805	655	779	-	-
Advisory fee	-	-	-	-	-	-	-	-
	13,415	16,779	12,583	23,905	5,972	7,446	112,384	147,998
Number of persons	1	1	6	5	1	1	35	36

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 Group 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 consolidated financial statements.

Transactions during the year with local companies

Related party	Relationship	Nature of transaction	2020	2019
			(Rupees in '000)	
Worldcall Services (Private) Limited	Holding Company (note 4.23)	Funds received by the Group during the year	75,320	367,332
		Funds repaid by the Group during the year	555,155	344,459
		Expense charged to the Group	-	6,442
		Settlement with multimedia	48,011	98,793
		Markup on long term borrowings	71,592	60,039
		Exchange loss on markup	1,367	5,904
		Markup paid during the year	60,463	136,571
Worldcall Business Solutions (Private) Limited	Associate (note 4.23)	Expenses borne on behalf of associate	12,770	19,067
		Interest charged during the year	4,378	6,788

			2020	2019
			--------------(Rupees in '000)--------------	
Worldcall Cable (Private) Limited	Associate (note 4.23)	Expenses borne on behalf of associate	-	600
		Interest charged during the year	153	270
ACME Telecom (Private) Limited	Associate (note 4.23)	Expenses borne on behalf of associate	-	26
		Interest charged during the year	2	4
		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 4.23)	Expenses borne on behalf of associate	-	14
		Interest charged during the year	1	2
Key management personnel	Associated persons	Advances against expenses disbursed / (adjusted) - net	(3,429)	2,857
		Long term loans received back - net	-	269

The amounts above do not include salaries and other related benefits of the Chief Executive Officer, directors and executives of the Group which have been disclosed in note 49.

Transactions during the year with foreign companies

Related party	Relationship	Nature of transaction	2020	2019
			--------------(Rupees in '000)--------------	
Ferret Consulting - F.Z.C	Associate (note 4.23)	Dividend on CPS	56,484	575,956
		Direct Cost-IT Service	7,200	5,400
		Exchange loss	28,640	24,222
		Expenses Charged	2,125	-
		Net funds received during the year	-	195,004
		Adjustment with third party ACME Tel	337,500	-

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

		2020	2019
Worldcall Services (Private) Limited	Sponsor's loan	1,345,289	1,416,639
	Accrued markup	17,781	5,285
	Short term borrowings	-	128,108
Ferret Consulting - F.Z.C	Dividend on CPS	519,473	575,957
	Short term borrowings	59,941	363,726
Worldcall Business Solutions (Private) Limited	Other receivables	70,109	52,961
ACME Telecom (Private) Limited	Other receivables	32	30
Worldcall Ride Hail (Private) Limited	Other receivables	17	16
Worldcall Cable (Private) Limited	Other receivables	2,263	2,110
Key management personnel	Payable against expenses, salaries and other employee benefits	152,681	88,117
	Long term loans	-	-
	Advance against expenses	11,883	15,312

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:

	2020	2019
	-----------------USD ('000)-----------------	
Trade debts	7,479	5,398
Trade and other payables	(7,265)	(2,223)
Borrowings	(3,483)	(5,375)
Net exposure	(3,269)	(2,200)

The following significant exchange rates were applied during the year

	2020	2019
Average rate - Rupees per US Dollar (USD)	157.83	146.98
Reporting date rate - Rupees per US Dollar (USD)		
Assets	160.30	154.85
Liabilities	160.80	155.35

At **December 31, 2020**, 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. 5.26 million (2019: Rs. 3.42 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:

	2020	2019
Floating rate instruments	--------------(Rupees in '000)--------------	
Financial assets		
Bank balances - saving accounts	2,073	1,062
Deposit in Escrow Account	467,669	435,609
Financial liabilities		
Term finance certificates	(1,287,110)	(1,287,110)
Long term financing	(91,509)	(124,337)
Sponsor's loan	(482,400)	(466,050)
Short term borrowings	(427,419)	(442,212)
	(1,818,696)	(1,883,038)

<u>**Fair value sensitivity analysis for fixed rate instruments**</u>

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

<u>**Cash flow sensitivity analysis for variable rate instruments**</u>

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. 18.19 million (2019: Rs. 18.83 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 consolidated 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:

	2020	2019
	--------------(Rupees in '000)--------------	
Long term loans	-	1,843
Long term deposits	17,221	16,910
Trade debts	808,078	896,948
Short term deposits	528,088	493,217
Other receivables	76,651	60,012
Short term investments	51,674	38,579
Bank balances	52,567	36,675
	1,534,279	1,544,184

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

	2020	2019
Not past due	44,008	4,912
Past due 1 - 180 days	245,406	982,210
Past due 181 - 365 days	39,542	66,218
1 - 2 years	957,141	133,057
More than 2 years	2,284,072	2,244,368
	3,570,169	3,430,765

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 consolidated statement of profit or loss.

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 Long term	Rating Short term	Rating Agency	2020	2019
				(Rupees in '000)	
Allied Bank Limited	AAA	A1+	PACRA	1	87
Askari Bank Limited	AA+	A1+	PACRA	12	330
Bank AL Habib Limited	AA+	A1+	PACRA	1	1
Habib Bank Limited	AAA	A1+	VIS	101	2
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	20	21
JS Bank Limited	AA-	A1+	PACRA	17	17
Bank Islami Pakistan Limited (Formerly KASB Bank Limited)	A+	A1	PACRA	1,150	552
MCB Bank Limited	AAA	A1+	PACRA	142	144
National Bank of Pakistan	AAA	A1+	PACRA	11	6
Silk Bank Limited	A-	A2	VIS	107	296
Standard Chartered Bank (Pakistan) Limited	AAA	A1+	PACRA	558	521
Soneri Bank Limited	AA-	A1+	PACRA	5	8
Summit Bank Limited	SUSPENDED	SUSPENDED	VIS	753	814
Telenor Microfinance Bank Limited (Formerly Tameer Microfinance Bank Limited)	A+	A1	PACRA	251	1
United Bank Limited	AAA	A1+	VIS	19	19
Mobilink Microfinance Bank Limited (formerly Waseela Microfinance Bank Limited)	A	A1	PACRA	385	1
Meezan Bank	AA+	A1+	VIS	49,034	33,855
				52,567	36,675

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:

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, 2020:						
Term finance certificates	1,753,356	2,350,027	549,399	345,725	1,183,513	271,390
Long term financing	91,509	124,916	43,909	47,600	33,407	-
Sponsor's loan	1,345,289	1,460,484	-	1,460,484	-	
Long term deposit	86,103	105,000	-	-	105,000	-
Lease liabilities	275,931	404,186	45,610	76,197	169,201	113,178
License fee payable	45,513	45,513	-	-	45,513	-
Short term borrowings	487,360	487,360	487,360	-	-	-
Trade and other payables	5,228,618	5,228,618	5,228,618	-	-	-
Unclaimed dividend	1,807	1,807	1,807	-	-	-
Accrued mark up	278,318	278,318	278,318	-	-	-
	9,593,804	10,486,229	6,635,021	1,930,006	1,536,634	384,568

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

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 consolidated 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 consolidated 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, 2020:

Assets	Level 1	Level 2	Level 3	Total
	----------Rupees in '000----------			
Recurring fair value measurements				
Investments at fair value through other comprehensive income	51,674	-	-	51,674

The following table presents the Group's financial assets that are measured at fair value at December 31, 2019:

Assets	Level 1	Level 2	Level 3	Total
	----------Rupees in '000----------			
Recurring fair value measurements				
Investments at fair value through other comprehensive income	38,579	-	-	38,579

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, 2020	Cash Flows	Foreign Exchange Movement	Impact of (Discounting) / Unwinding	Other Adjustments	December 31, 2020
	(Rupees in '000)					
Term finance certificates	1,767,180	-	-	30,586	79,217	1,876,983
Long term financing	133,667	(32,828)	-	(4,612)	10,549	106,776
Sponsor's loan	1,416,639	(243,253)	16,350	155,553	-	1,345,289
Lease liabilities	239,454	(42,954)	-	-	79,431	275,931
Short term borrowings	934,046	(185,836)	-	-	(260,850)	487,360
Total liabilities from financing activities	4,490,986	(504,871)	16,350	181,527	(91,653)	4,092,339

	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

Other adjustments include, markup deferred / accrued during the year, transfer of short term loan to long term loan due to restructuring/settlement, expenses borne by lender on behalf of the Group.

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 consolidated statement of financial position plus net debt. As at the reporting date, the gearing ratio of the Group was worked out as under:

	2020	2019
	Rupees in '000	
Borrowings	3,953,445	4,481,656
Cash and bank balances	(56,457)	(40,100)
Net debt	3,896,988	4,441,556
Equity	4,489,736	3,024,098
Total capital employed	8,386,724	7,465,654
Gearing ratio (%)	46.47%	59.49%

51.7 Financial instruments by categories

Financial assets as at December 31, 2020

	Amortized Cost	At fair value through OCI - equity instruments	At fair value through profit or loss	Total
	----Rupees in '000----			
Long term deposits	17,221	-	-	17,221
Trade debts	808,078	-	-	808,078
Short term deposits	528,088	-	-	528,088
Other receivables	76,651	-	-	76,651
Short term investments	-	51,674	-	51,674
Cash and bank balances	56,457	-	-	56,457
	1,486,495	51,674	-	1,538,169

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
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 liabilities at amortized cost

	2020	2019
	----(Rupees in '000)----	
Term finance certificates	1,753,356	1,767,180
Long term financing	91,509	124,337
Sponsor's loan	1,345,289	1,416,639
Long term deposit	86,103	105,000
Lease liabilities	275,931	239,454
License fee payable	45,513	1,021,500
Short term borrowings	487,360	934,046
Trade and other payables	5,228,618	5,860,181
Unclaimed dividend	1,807	1,807
Accrued mark up	278,318	136,847
	9,593,804	11,606,991

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 consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Related amounts not off set in the consolidated statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
			(Rupees in '000)			
As at December 31, 2020	**A**	**B**	**C = A + B**	**D**	**E = C + D**	
Long term trade receivables	-	-	-	-	-	-
Long term loans	-	-	-	-	-	-
Long term deposits	-	-	-	-	-	17,221
Trade debts	4,824,429	(4,016,351)	808,078	-	808,078	-
Short term deposits	-	-	-	-	-	528,088
Other receivables	76,651	-	76,651	-	76,651	-
Short term investments	-	-	-	-	-	51,674
Cash and bank balances	-	-	-	-	-	56,457
	4,901,080	**(4,016,351)**	**884,729**	**-**	**884,729**	

	Gross amounts of recognized financial assets	Gross amount of recognized financial liabilities off set in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Related amounts not off set in the consolidated 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	

(b) Financial liabilities

The following financial liabilities 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 consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Related amounts not off set in the consolidated statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
			(Rupees in '000)			
As at December 31, 2020	**A**	**B**	**C = A + B**	**D**	**E = C + D**	
Short term borrowings	-	-	-	-	-	487,360
License fee payable	-	-	-	-	-	45,513
Trade and other payables	7,747,245	(2,518,627)	5,228,618	-	5,228,618	-
Unclaimed dividend						1,807
Accrued mark up	-	-	-	-	-	278,318
Term finance certificates	-	-	-	-	-	1,753,356
Long term financing	-	-	-	-	-	91,509
Sponsor's loan	-	-	-	-	-	1,345,289
Lease liabilities	1,497,724	(1,497,724)	-	-	-	-
Long term deposit	-	-	-	-	-	86,103
	9,244,969	**(4,016,351)**	**5,228,618**	**-**	**5,228,618**	

	Gross amounts of recognized financial assets	Gross amount of recognized financial liabilities off set in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Related amounts not off set in the consolidated 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	
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	

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 the 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 transaction with any of the Group's other components. An operating segment's operating result are reviewed regularly by the Chief Operating Decision Officer (CODM) to assess segment's performance, and for which discrete financial information is available. Segment results that are reported to the CODM includes 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

	2020	**2019**
	Number	Number
Employees as at December 31,	494	631
Average number of employees during the year	547	723

Note 54

Impact of Covid 19 on the consolidated financial statements

Due to rapid spread of COVID-19 all across the world the overall global economy has been affected. At the end of March, 2020, the authorities implemented various measures trying to reduce the spread of the COVID–19 which includes a lock down, travel bans and quarantines. Telecommunication sector was among the sectors those were exempted from lockdown.

After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Group henceforth continued its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity.

The management has assessed the implications of these developments on these consolidated financial statements, including but not limited to the following areas:

- recoverability of receivable balances';
- the impairment of tangible and intangible assets under IAS 36, 'Impairment of non financial assets';
- the net realizable value of inventory under IAS 2, 'Inventories'; and
- going concern assumption used for the preparation of these consolidated financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these consolidated financial statements.

Note 55

Authorization of consolidated financial statements

These consolidated financial statements were approved and authorized for issue on 10 July 2021 by the Board of Directors of the Group.

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 consolidated financial statements:

Nature	**From**	**To**	**Amount**
			(Rupees in '000)
Discount	Direct Cost (Note 40)	Revenue (Note 39)	24,774

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

PATTERN OF SHAREHOLDING
AS AT 31 DECEMBER 2020

Incorporation Number : 0042200 OF 15-03-2001

NO. OF SHAREHOLDERS	SHAREHOLDING FROM		SHAREHOLDING TO	TOTAL SHARES HELD
569	1	-	100	22,826
1192	101	-	500	445,282
3364	501	-	1,000	2,435,747
3231	1,001	-	5,000	9,592,150
1503	5,001	-	10,000	12,655,888
2760	10,001	-	50,000	74,115,478
979	50,001	-	100,000	80,273,631
1186	100,001	-	500,000	271,309,749
186	500,001	-	1,000,000	138,056,855
166	1,000,001	-	5,000,000	358,291,974
18	5,000,001	-	15,000,000	143,074,000
5	15,000,001	-	50,000,000	137,184,914
4	50,000,001	-	100,000,000	321,129,000
3	491,860,001	-	above	1,117,867,855
15166	**Total**			**2,666,465,349**

Categories of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer and their spouses and minor children	27,339	0.00%
Associated Companies, Undertakings and Related parties	1,123,781,908	42.15%
NIT and ICP	-	0.00%
Banks, Development Financial Institutions, Non-Banking Financial Institutions	47,436,868	1.78%
Insurance Companies	32,022	0.00%
Modarabas and Mutual Funds	295,000	0.01%
* Shareholders holding 10% or more	983,117,312	36.87%
General Public		
a. Local	1,245,562,837	46.71%
b. Foreign	179,026,130	6.71%
Others		
- Joint Stock Companies	70,166,314	2.63%
- Foreign Companies	136,931	0.01%
Total *	**2,666,465,349**	**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 2020

Form-34

CATEGORIES OF SHAREHOLDERS	SHAREHOLDERS	SHARES HELD	PERCENTAGE
Directors, Chief Executive Officer and their Spouse & Minor Children			
Mr. Muhammad Shoaib	1	22,689	0.00%
Mr. Babar Ali Syed	1	650	0.00%
Mr. Muhammad Azhar Saeed	1	500	0.00%
Mr. Faisal Ahmad	1	500	0.00%
Mr. Mubasher Lucman	1	500	0.00%
Mr. Mansoor Ali	1	1,000	0.00%
Mrs. Hina Babar	1	1,000	0.00%
Mr. Tariq Hasan	1	500	0.00%
Associated Companies, Undertaking and Related Parties			
Worldcall Services (Pvt.) Limited	2	983,117,312	36.87%
Ferret Consulting F.Z.C.	2	139,750,543	5.24%
AMB Management Consultants (Pvt.) Limited	2	914,053	0.03%
Mutual Funds			
CDC - Trustee First Capital Mutual Fund	1	100,000	0.00%
Public Sector Companies and Corporations	-	-	0.00%
Banks, Development Financial Institutions, Non-Banking, Finance Companies, Insurance Companies and Modarabas	8	47,663,890	1.79%
Executives	2	275,000	0.01%
General Public			
- Local	14501	1,245,287,837	46.70%
- Foreign	541	179,026,130	6.71%
Others			
- Joint Stock Companies	98	70,166,314	2.63%
- Foreign Companies	1	136,931	0.01%
	15166	**2,666,465,349**	**100.00%**

Shareholders holding 10% or more voting rights in the Company			
WorldCall Services (Pvt.) Limited	2	983,117,312	36.87%

*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 31st July 2021 at 11:00 a.m. and at any adjournment thereof.

Signature this__________________________ Day of ___________________ 2021

(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

کمپنی سیکرٹری
ورلڈ کال ٹیلی کام لمیٹڈ
1566/124، مین والٹن روڈ
لاہور، پاکستان

فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر: ____________________

قابض حصص: ____________________

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 31 جولائی 2021ء 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 ____________ 2021

-/50 روپے کے
ریونیو سٹیمپ
پر دستخط

(دستخط کمپنی میں رجسٹرڈ نمونہ دستخط کے مطابق ہونا چاہئے)

1. گواہان	2. گواہان
دستخط: ____________________	دستخط: ____________________
نام: ____________________	نام: ____________________
پتہ: ____________________	پتہ: ____________________
____________________	____________________
قومی شناختی کارڈ نمبر ____________________	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/مختار نامہ بمعہ نمونہ کے دستخط کمپنی کو جمع کرانا ہوں گے۔