

**Naveed Zafar Ashfaq Jaffery & Co.**  
Chartered Accountant

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**PAKISTAN REAL ESTATE INVESTMENT &  
MANAGEMENT COMPANY (PRIVATE) LIMITED**

**AUDIT OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PAKISTAN REAL ESTATE INVESTMENT & MANAGEMENT  
COMPANY (PRIVATE) LIMITED**

**Opinion**

We have audited the annexed financial statements of **Pakistan Real Estate Investment & Management Company (Private) Limited** ("the Company"), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss and other 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, statement of profit or loss and other 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 June 30, 2021 and of the loss, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Emphasis of Matter in the Financial Statements**

Without qualifying our opinion, we draw attention to Note 15 to the financial statements which states that the Supreme Court of Pakistan took suo moto notice on June 29, 2013 of alleged corruption in the affairs of EOBI. The Supreme Court Registrar has ordered Federal Investigation Agency (FIA) to conduct an investigation into the affairs of EOBI, including all investments made in real estate by EOBI which are being managed by the Company, a wholly owned subsidiary of EOBI. The consequential impact, if any, of the outcome of the FIA investigation has not been reflected in these financial statements. The management has informed us that FIA's investigation has not yet been concluded.

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

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



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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

#### **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 is responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in 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.

*Naveed Zafar Ashfaq Jaffery*



- 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.

#### **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 and other 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) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XLVII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Shah Naveed Saeed**.

Place: **Islamabad**

Date: \_\_\_\_\_

**Naveed Zafar Ashfaq Jaffery & Co.**  
Chartered Accountants

PAKISTAN REAL ESTATE INVESTMENT & MANAGEMENT COMPANY (PRIVATE) LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2021

	Note	2021 Rupees in '000'	2020 Rupees in '000'
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	1,891	1,108
Deferred tax asset	6	8,989	7,430
<b>CURRENT ASSETS</b>			
Trade receivables (Un-Secured)- Related Party	7	286,907	297,366
Advances, prepayments & other receivables	8	5,733	4,054
Short term investment - Held to Maturity	9	-	130,777
Tax Refunds due from government	10	54,790	54,143
Cash and bank balances	11	188,229	639,999
		<u>535,659</u>	<u>1,126,339</u>
		<u>546,539</u>	<u>1,134,877</u>
<b>SHARE CAPITAL AND RESERVE</b>			
Authorized capital 1,000,000 ordinary shares of Rs. 100 each		<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid-up capital 1,000,000 ordinary shares (2020 : 1,000,000) of Rs. 100 each fully paid in cash		<u>100,000</u>	<u>100,000</u>
Unappropriated profit		<u>(33,713)</u>	<u>62,665</u>
		66,287	162,665
<b>DEFERRED LIABILITIES</b>			
Retirement benefits - Gratuity (Unfunded)	12	30,024	24,463
<b>CURRENT LIABILITIES</b>			
Payable to EOBI and Contractors on its behalf	13	278,390	795,878
Trade and other payables	14	171,838	151,871
		<u>546,539</u>	<u>1,134,877</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	15	-	-

The annexed notes 1 to 26 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

PAKISTAN REAL ESTATE INVESTMENT & MANAGEMENT COMPANY (PRIVATE) LIMITED  
 STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED JUNE 30, 2021

	Note	2,021 ----- Rupees in '000' -----	2020 -----
Revenue - Fee income	16	44,386	13,799
<b>EXPENDITURES</b>			
Administrative expenses	17	142,381	
Bad Debt Expense		46	
Finance costs		261	
		<u>(142,689)</u>	<u>(121,702)</u>
Other income	18	(98,303)	(107,903)
Loss before taxation		<u>7,619</u>	<u>9,464</u>
Taxation	19	(90,683)	(98,439)
Loss after taxation		<u>(5,694)</u>	<u>(13,666)</u>
		<u>(96,377)</u>	<u>(112,105)</u>
<b>OTHER COMPREHENSIVE INCOME:</b>			
Other comprehensive income for the year			-
Total comprehensive income/(loss)		<u>(96,377)</u>	<u>(112,105)</u>

The annexed notes 1 to 26 form an integral part of these financial statements.

*11/26/20*



CHIEF EXECUTIVE OFFICER



DIRECTOR



PAKISTAN REAL ESTATE INVESTMENT & MANAGEMENT COMPANY (PRIVATE) LIMITED  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		----- Rupees in '000' -----	
<b>a) Cash flows from operating activities</b>			
Loss for the year before taxation		(90,683)	(98,439)
Depreciation		572	373
Gratuity Expense		6,905	8,670
		7,477	9,043
Operating cash flows before changes in working capital		(83,206)	(89,396)
Changes in working capital			
<i>(Increase) / decrease in current assets</i>			
Advances, prepayments & other receivables		(1,679)	(1,503)
Trade receivable (Un-Secured)- Related Party		10,459	115
		8,780	
<i>Increase / (decrease) in current liabilities</i>			
Trade & other payables		19,967	
Payable to EOBI and Contractors		(517,488)	
		(497,521)	640,251
Cash generated from operations		(571,947)	664,949
Gratuity paid		(1,344)	(1,401)
Income tax paid		(7,895)	(17,523)
		(9,239)	(18,924)
Net cash generated from / (used in) operating activities		(581,187)	646,026
<b>b) Cash flows from investing activities</b>			
Fixed capital expenditures		(1,354)	(278)
Net cash (used in) investing activities		(1,354)	(278)
Net increase/(decrease) in cash and cash equivalents		(582,547)	645,748
Cash and cash equivalents at the beginning of the year		770,776	125,028
Cash and cash equivalents at the end of the year	20	<u>188,229</u>	<u>770,776</u>
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and Bank balances		188,229	639,999
Short term Investments		-	130,777
		<u>188,229</u>	<u>770,776</u>

The annexed notes 1 to 26 form an integral part of these financial statements.

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

PAKISTAN REAL ESTATE INVESTMENT & MANAGEMENT COMPANY (PRIVATE) LIMITED  
 STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED JUNE 30, 2021

	Share capital	Unappropriated profit	Total
	----- Rupees in '000' -----		
Balance as at July 01, 2019	100,000	174,770	274,770
Loss for the year	-	(112,105)	(112,105)
Balance as at June 30, 2020	<u>100,000</u>	<u>62,665</u>	<u>162,665</u>
Loss for the year	-	(96,377)	(96,377)
Balance as at June 30, 2021	<u><u>100,000</u></u>	<u><u>(33,713)</u></u>	<u><u>66,287</u></u>

The annexed notes 1 to 26 form an integral part of these financial statements.

*12/2/20*



CHIEF EXECUTIVE OFFICER



DIRECTOR



PAKISTAN REAL ESTATE INVESTMENT & MANAGEMENT COMPANY (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

**1 LEGAL STATUS AND OPERATIONS**

Pakistan Real Estate Investment & Management Company (Private) Limited (the Company) was incorporated in Pakistan on March 22, 2006 as a private limited Company under the Companies Ordinance, 1984 (now called as the Companies Act, 2017). The registered office of the Company is situated at 2nd Floor, E.O.B.I. House, Plot No. 32,33 & 34, G-10/4, Mauve Area, Islamabad. The Company is a wholly owned subsidiary of Employees' Old-Age Benefits Institution established under EOBI Act, 1976 and started its operation, from September 23, 2006. Its principal activity is management of real estate, value addition to real estate, and consultancy, mainly to EOBI.

**2 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions of or directives under the Companies Act, 2017 shall prevail.

**3 BASIS OF PREPARATION**

These financial statements have been prepared under the historical cost convention using accrual basis of accounting.

**3.1 Functional and Presentation Currency**

These financial statements are prepared in Pakistan Rupees, which is also the Company's functional currency. All the financial information presented in Pak Rupee has been rounded-off to the nearest Rupee.

**3.2 Going concern**

The management has determined that the Company is a going concern and the financial statements are prepared under going concern basis.

**3.3 Use of estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments 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 the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The matters involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

- i) Provision for taxation (note 19)
- ii) Useful lives of depreciable assets (note 4.1)
- iii) Impairment of assets (note 4.2)
- iv) Provision for gratuity (note 12)

**3.4 Effective date of standards, amendments and interpretation to existing standards yet not effective**

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		Effective date (annual periods beginning on or after)
IFRS 3	Business Combination (Amendments)	January 1, 2019
IFRS 9	Financial Instruments	July 1, 2018
IFRS 15	Revenue from Contracts with Customers	July 1, 2018
IFRS 16	Leases	July 1, 2019
IAS 12	Income Taxes (Amendments)	January 1, 2019
IAS 19	Employee Benefits (Amendments)	January 1, 2019
IAS 23	Borrowing Costs (Amendments)	January 1, 2019
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

The management anticipates that adoption of above standards, amendments and interpretations in future periods will have no material impact on the Company's financial statements other than as disclosed in these financial statements.

The standards which have not been adopted by SECP and which are not applicable on the Company have not been listed here.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the periods presented in these financial statements.

**4.1 Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss if any. Cost of property, plant and equipment comprises of purchase price, non-refundable local taxes and other directly attributable cost.

Assets residual values, if significant, and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

The cost of an item of property and equipment is recognized when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit or loss account in the year asset is de-recognized.

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

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Depreciation is charged to income on straight line basis at the rates specified in the operating assets note. Depreciation on additions is charged from the date on which the asset is available for use and on deletions up to the date on which asset is de-recognized.

**4.2 Impairment of assets**

At each balance sheet date the company reviews the carrying amounts of its assets for indications of impairment loss. If the recoverable amount of an asset is estimated to be less than the carrying value, the carrying value of the asset is reduced to its recoverable amount, impairment losses are recognized as an expense immediately.

**4.3 Trade receivables**

These represent agency fee receivable from EOBI in respect of ongoing construction projects and rental from properties. These trade receivables are measured at the fair value.

**4.4 Short Term Investments**

The management of the company determines the appropriate classification of its investments at the time of purchase of investments and re-evaluates this classification on a regular basis. The existing investment is classified as under.

**4.4.1 Held to maturity**

These are investments with fixed or determinable payments and fixed maturities and the Company has the positive intent and ability to hold them till maturity. These investments are carried at amortized cost.

**4.5 Taxation**

**Current**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits and rebates, credits and exemptions available, if any.

**Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantially enacted by the date of issue of financial statements.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

**4.6 Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprises of cash in hand at bank and highly liquid short term investment. Cash equivalents are stated at amortized cost.

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**4.7 Retirements Benefits**

The Company operates unfunded gratuity scheme under which gratuity is paid to those employees who are entitled for it as per PRIMACO Board approval. Under the scheme, employees upon their separation from the Company, are entitled to one month gross salary, equal to last drawn salary, as gratuity for every year of service, subject to the conditions as stated by the board. Additionally, the management on its discretion also pays gratuity to those outgoing employees who are not otherwise entitled to it, the payment of which is in turn approved by the Board. Provisions are made to cover only obligations under the schemes for those employees who are entitled for gratuity as per PRIMACO policy and procedures. No provision is created for discretionary payments.

**4.8 Provision**

Provision is recognized when the company has a present, legal or constructive, obligation as a result of past event, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

**4.9 Payable to Holding Company and its Contractors**

This include balances payable to EOBI in respect of advance received, interest income and excess deductions from contractors. Further, this also include retention money and other sum payable to EOBI contractors. These balances are netted off by any amount receivable from EOBI in respect of any payments made by the Company on behalf of EOBI.

**4.10 Trade and other payables**

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

**4.11 Related party transactions**

Transactions with related parties are carried out at arm's length price under the comparable uncontrolled price method except where the management thinks it is otherwise beneficial for the Company. All other transactions are carried out on the basis of mutually agreed terms.

**4.12 Revenue recognition**

**4.12.1** Management fee is recognized as an income and accrued when payment is made for construction contracts and rent is received from rental properties of EOBI.

**4.12.2** Interest on bank deposit and other income is recognized on accrual basis.

**4.13 Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instruments and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities are initially recognized at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost as the case may be.

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**4.13.1 Financial assets**

The Company classified its financial assets in the following categories:

- i) Held-to-maturity investment
- ii) Trade receivables
- iii) Advances prepayments and other receivables
- iv) Cash and bank; and
- v) At fair value through profit or loss

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

**4.13.2 Financial Liabilities**

The Company classified its financial assets in the following categories:

- i) Payable to Holding Company and its Contractors
- ii) Retirement benefits
- iii) Trade & other payables

**4.13.3 Impairment of financial assets**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

**4.13.4 Offsetting of financial assets and liabilities**

A financial asset and a financial liability is off-set and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set off the recognised amount and intends either to settle on net basis or to realize the asset and settle the liability simultaneously.

*WZB/2020*

**PAKISTAN REAL ESTATE INVESTMENT & MANAGEMENT COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**5 PROPERTY, PLANT AND EQUIPMENT**

Description	C O S T			D E P R E C I A T I O N				Written down value as at June 30, 2021	Depreciation rate per annum %
	As at July 01, 2020	Additions	(Deletion)	As at June 30, 2021	Accumulated as at July 01, 2020	For the year	On deletion		
Furniture and Fixture	2,165	20	-	2,185	1,791	144	-	1,936	15%
Office equipment	1,620	328	-	1,948	1,125	115	-	1,240	10%
Computers / Printer	3,397	1,006	-	4,403	3,156	113	-	3,469	30%
Vehicles	6,714	-	-	6,714	6,714	0	-	6,714	15%
<b>Rupees in '000</b>	<b>13,896</b>	<b>1,354</b>	<b>-</b>	<b>15,250</b>	<b>12,786</b>	<b>572</b>	<b>-</b>	<b>13,359</b>	

Description	C O S T			D E P R E C I A T I O N				Written down value as at June 30, 2020	Depreciation rate per annum %
	As at July 01, 2019	Additions	(Deletion)	As at June 30, 2020	Accumulated as at July 01, 2019	For the year	On deletion		
Furniture and Fixture	2,106	59	-	2,165	1,657	134	-	1,791	15%
Office equipment	1,464	156	-	1,620	1,007	118	-	1,125	10%
Computers / Printer	3,333	63	-	3,397	3,035	121	-	3,156	30%
Vehicles	6,714	-	-	6,714	6,714	-	-	6,714	15%
<b>Rupees in '000</b>	<b>13,617</b>	<b>278</b>	<b>-</b>	<b>13,896</b>	<b>12,413</b>	<b>373</b>	<b>-</b>	<b>12,786</b>	

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**PAKISTAN REAL ESTATE INVESTMENT & MANAGEMENT COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
	Rupees in '000'	
<b>6 DEFERRED TAX ASSET</b>		
<b>The asset for deferred tax comprises of timing differences relating to:</b>		
- Accelerated accounting depreciation	1,720	161
- Gratuity	7,269	7,269
	<b>8,989</b>	<b>7,430</b>
<b>6.1 Movement in Deferred Tax Asset:</b>		
Deferred tax asset as at July 01, 2020	7,430	5,362
Deferred tax (expense)/income for the year	1,559	2,068
Deferred tax asset as at June 30, 2021	<b>8,989</b>	<b>7,430</b>
<b>7 TRADE RECEIVABLES (UN-SECURED) - RELATED PARTY</b>		
<b>Agency Fee - EOBI</b>		
Lahore Hotel Project.	106,874	104,360
EOBI House Islamabad	86,437	102,885
EOBI Guest House	66	21
EOBI House	7,643	6,692
EOBI Hayatabad	736	442
EOBI I-8 MARKAZ Islamabad	1,216	1,216
EOBI Other Properties	588	524
EOBI Plot 63-A, M.A. Johar Town- Lahore	18,488	22,692
EOBI Plot I-8/3 Islamabad	47,751	43,431
EOBI Residential Building -Karachi	1,717	1,843
EOBI Plot 81-C, Satellite Town, Rawalpindi	3,533	4,265
EOBI Plot 105-A Allama Iqbal Road- Lahore	3,121	3,226
NAZIMABAD B 12/1	157	32
MALIR 5/423	226	61
PCBL	23	19
GULISTAN JOHAR	6	1
EOBI Property CHNDRIGAR ROAD KHI	1	1
EOBI GUEST HOUSE G-6/4 ISLAMABAD	52	-
EOBI PROPERTY HYDERABAD	61	39
EOBI PLOT NO. 59-A & 59-B SIALKOT	17	17
EOBI BUNGLOW NO. 25 ,G-6/3 ISLAMABAD	429	225
EOBI Property 41 KANAL (THE MALL)	11	11
EOBI REGIONAL OFFICE FAISALABAD	96	40
EOBI THREE STAR HOTEL SUKKUR	15	7
EOBI PROPERTY 204, PROGRESSIVE PLAZA	153	73
CROWN PLAZA F-7 MARKAZ IBD	1,813	763
EMIGRATION TOWER	3,560	3,560
OVERSEAS EMPLOYEES CORPORATION	2,042	853
EOBI FIELD OFFICE MINGORA, SAWAT	69	69
E.O.B.I. R. OFF LAHORE 55-L, GULBERG 3	1	1
EOBI FAISLABAD ESTATE VALUE ADDITION CITY	5	-
	<b>286,907</b>	<b>297,366</b>

*MZB/20*



**PAKISTAN REAL ESTATE INVESTMENT & MANAGEMENT COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021	2020
		----- Rupees in '000' -----	
<b>8 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Advances - unsecured - considered good			
To staff		3,567	2,086
To others		78	126
Prepayments	8.1	94	62
Other receivables - considered good	8.2	1,994	1,780
		<u>5,733</u>	<u>4,054</u>
<b>8.1 Prepayments</b>			
Prepaid insurance - vehicles		94	62
		<u>94</u>	<u>62</u>
<b>8.2 Other receivable - considered good</b>			
Accrued interest		-	134
Guest house - receivables		-	10
Insurance claim receivables		-	27
Advance payment to suppliers		1,944	1,600
Security Deposits		50	9
		<u>1,994</u>	<u>1,780</u>
<b>9 SHORT TERM INVESTMENTS - HELD TO MATURITY</b>			
<b>Held to Maturity</b>			
Term Deposit Receipts (TDRs)			
Cost - Note 9.1		-	130,000
Accrued interest at effective interest rate		-	777
		<u>-</u>	<u>130,777</u>
<b>10 TAX REFUNDS DUE FROM THE GOVERNMENT</b>			
Opening balance		54,143	52,354
Advance tax for the year		1,313	1,995
<b>Provision for taxation</b>			
Charge for the year		(666)	(207)
		<u>54,790</u>	<u>54,143</u>
<b>11 CASH AND BANK BALANCES</b>			
Cash in hand		98	178
Cash at banks - PLS accounts	11.1	188,132	639,821
		<u>188,229</u>	<u>639,999</u>

**11.1** The profit and loss sharing accounts bears profit / mark up at 5.5% (2020: 5.5% to 4.5%) per annum.

*MZB/2020*

**PAKISTAN REAL ESTATE INVESTMENT & MANAGEMENT COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
Note	Rupees in '000'	
<b>12 RETIREMENT BENEFITS - GRATUITY (UNFUNDED)</b>		
Opening balance	24,463	17,194
Charge during the year	6,905	8,670
	<u>31,368</u>	<u>25,864</u>
Payments during the year / adjustment	(1,344)	(1,401)
	<u><u>30,024</u></u>	<u><u>24,463</u></u>

12.1 Last actuarial valuation was done in year 2010.

**13 PAYABLE TO EOBI AND CONTRACTORS ON ITS BEHALF**

Advance received from EOBI	1,723,234	1,064,234
Amount withheld from contractors	65,014	52,551
Interest income payable to EOBI	31,460	23,209
Amount withheld as performance guarantees	122	122
Retention money payable to Contractors	279,662	247,469
Adjustment against Construction and maintenance of Projects Payable to EOBI Contractors	450,659	1,267,497
	3,374	2,927
	<u>2,553,525</u>	<u>2,658,009</u>
<b>Less:</b>		
Due Against Construction and Maintenance of Projects Receivable from EOBI Contractors	737,462	232,550
Sales Tax Receivable	16,167	13,714
Due Against Guest House	7,345	620
Due Against Advances paid on behalf of Construction Contra	16,536	16,536
	1,497,626	1,598,711
	<u>2,275,135</u>	<u>1,862,131</u>
	<u><u>278,390</u></u>	<u><u>795,878</u></u>

**13.1 Amount withheld from contractors**

Secured Advance	9,278	9,308
Builder Associates - Advance against steel bar	24,111	24,111
Mughals Pakistan (Pvt) limited - Advance against material	12,606	114
Builder Associates - Advance against cement	4,350	4,350
Contractors - Withheld	14,668	14,668
	<u>65,014</u>	<u>52,551</u>

**13.2 Due from EOBI Against Construction and Maintenance of Projects**

E.O.B.I Hotel Project- Lahore.	155,435	-
E.O.B.I Misc. Properties 1-8 Islamabad	311,285	-
E.O.B.I Property Nazimabad-1 / 12 III-A- Karachi.	571	-
E.O.B.I 5 / 423 Darkshan Society, Malir -Karachi.	201	-
E.O.B.I Property 81-C Satellite Town- Rawalpindi	6,315	6,315
E.O.B.I Plot 63 / A, Johar Town- Lahore.	6,309	-
E.O.B.I Plot No. 105-A, Allama Iqbal Road- Lahore	25,686	13,463
E.O.B.I Property # 7 / N P.E.C.H.S- Karachi.	5,436	-
E.O.B.I Building G 10/4, Islamabad- Islamabad	69,175	69,175
E.O.B.I Guest House, Gizri D.H.A. -Karachi	1,466	837

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**PAKISTAN REAL ESTATE INVESTMENT & MANAGEMENT COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
Note	Rupees in '000'	
E.O.B.I House (Ex-Awami Markaz) - Karachi	13,414	6,918
E.O.B.I (P.C.B.I) - Lahore	17,614	17,482
E.O.B.I House (Hayatabad) - Peshawar	11.03	11
E.O.B.I Gulistane-Johar Plot -Karachi	856	856
E.O.B.I (M&E-II) Sector G-6/4 -Islamabad	293	293
E.O.B.I Property Gul Tower 203 2nd Floor-Karachi	172	172
E.O.B.I Regional Office Shahdra- Lahore	2,019	2,019
E.O.B.I Regional Office- Kotri	2,069	1,470
E.O.B.I Regional Offices- Sheikhpura & Lahore	49	49
E.O.B.I Regional Office- Sukkur Region	171	171
E.O.B.I Plot 59-A & 59-B -Sialkot	2,392	2,420
E.O.B.I Regional Office HUB & Residence	34	34
E.O.B.I Regional Office -Faisalabad (North)	49	49
E.O.B.I Regional Offices- Gujarat & Jhelum	48	48
E.O.B.I Regional Offices- Sargodha & Faisalabad.	28	28
E.O.B.I Regional Offices- Gujranwala & Sialkot	49	49
Shifting of E.O.B.I H.O. to P.E.C.H.S- Karachi,	2,882	2,882
E.O.B.I Bungalow No. 25, G-6/3, Islamabad	2,924	2,924
E.O.B.I against fixed assets	35,810	30,858
E.O.B.I Bungalow # 100, Plot # 61, Peshawar Cantt	22	22
E.O.B.I Property Silver Spoon Restaurant, Hasanabdal	12,304	12,304
E.O.B.I Regional Office Medina Town, Faisalabad	1,254	1,254
E.O.B.I Regional Office Gulistan Colony, Faisalabad	1,382	1,382
OEC Tower Project G-9/A, Islamabad	54,930	54,705
E.O.B.I Office Plot # 204 Sheikh Maltoon Town, Mardan	54	54
Petrol CNG pumps, Sabzazar Lahore	11	11
Three Star Hotel Plot No 4 & 8, Sukkur	934	652
E.O.B.I Property I.I. Chandigarh Road, Karachi	1,017	1,017
E.O.B.I R. Office Lahore 55-L, Gulberg 3	37	31
E.O.B.I Field Office Mingora, Sawat	2,534	2,534
E.O.B.I. Faisalabad Industrial Estate Value Addition City	158	-
E.O.B.I Regional Office Quetta	60	60
	<u>737,462</u>	<u>232,550</u>
<b>13.3 Due Against Guest House (EOBI)</b>		
Opening balance	16,536	15,927
Administrative expenses during the year	13.3.1 -	3,669
	16,536	19,596
Room income during the year	-	(3,060)
	<u>16,536</u>	<u>16,536</u>

**13.3.1** Expenses and income of both the Guest houses start treatment from EOBI's rental bank account FY 2020-21 as per management decision.

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**PAKISTAN REAL ESTATE INVESTMENT & MANAGEMENT COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
	----- Rupees in '000' -----	
<b>13.4 Due Against Advances paid on behalf of Construction Contractors</b>		
<b>Secured advances</b>		
Advance against Steel Bar - Mughals Pakistan (Pvt) limited	83,877	120,085
Advance against Cement - Mughals Pakistan (Pvt) limited	85,751	85,751
Advance against Steel Bar - Nigro Skyways (Pvt) limited	23,209	23,209
Advance against travelling Expense-NESPAK	237	237
Advance against Material- Sultan and Sons	1,050	1,050
Advance against Cement - Kingerete Builders	5,026	5,026
Advance against Cement - Bhalli Constructor	33,622	33,622
Advance against Material - Builder Associates	5,561	5,561
	<b>238,333</b>	<b>274,541</b>
<b>Mobilization Advances</b>		
Mughal Construction - EOBI Hotel- Lahore,	720,512	770,030
Nigro-Skyways - Commercial Complex I-8 -Islamabad	55,555	55,555
United Engineers - Residential building 7-N, Karachi	-	4,105
Builders Associates (Pvt.) Ltd	20,694	20,694
Mughal Pakistan - EOBI Mall Lahore	425,821	425,821
A/XS International	264	264
Ziafco Engineers & Contractors	1,208	1,208
Uni Serve	-	11,254
Bhalli Constructors- Medina Town Faisalabad	35,239	35,239
	<b>1,259,292</b>	<b>1,324,170</b>
	<b>1,497,626</b>	<b>1,598,711</b>

**13.5 Adjustment against Construction and maintenance of Projects**

Hotel Project Lahore - 001	-	703,723
Commercial Center Pechs, Khi-003	2,342	2,342
E.O.B.I. Markaz I-8 - Islamabad	-	108,560
E.O.B.I. Property Nazimabad-I/I 2 Iii-A	-	527
E.O.B.I. Property # -7 / N Pechs Block-6	-	1,875
E.O.B.I 5 / 423 Darakshan Society Malir	-	758
Eobi Plot No. 63/A, Block, Phase - Ii, M.A. Johar Town Lahore	-	1,395
Eobi Plot No. 29-X-101 Susan Road Madina Town Faisalabad	36,053	36,053
Eobi Property 41-Kanal Khasra No 717 Khewait No 104 Mouza	410,159	410,159
EOBI PROPERTY # 36-C LOWER MALL, LAHORE	5	5
Widening of N-5/M-2 Junction Tilli Wah Underpass, Taxila	2,100	2,100
	<b>450,659</b>	<b>1,267,497</b>

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**PAKISTAN REAL ESTATE INVESTMENT & MANAGEMENT COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
Note	----- Rupees in '000' -----	
<b>14 TRADE AND OTHER PAYABLES</b>		
Trade creditors	974	745
Salary and travelling expenses payable	170	114
EOBI contribution payable	820	103
Bonus/Reward payable	10	10
Withholding tax payable	6,923	15,805
Vehicle expenses payable	1	8
Utilities expenses payable	441	293
Gratuity expense Payable	205	205
Office rent payable	159,500 ✓	132,543
Audit fee payable	738	545
Other payables	2,056	1,500
	<b>171,838</b>	<b>151,871</b>

**15 CONTINGENCIES AND COMMITMENTS**

**CONTINGENCIES:**

Supreme Court of Pakistan took suo motto notice on June 29, 2013 of alleged corruption in the affairs of EOBI. The Supreme Court Registrar had ordered Federal Investigation Agency (FIA) to conduct an investigation into the affairs including all investments made by EOBI which are being managed by the Company, a wholly owned subsidiary of EOBI. The consequential impact, if any, of the outcome of the FIA investigation has not been reflected in these financial statements as FIA investigation has not yet been concluded.

The Company has entered into Arbitration under the order of the Court(s) to resolve the disputes over claims with:

- M/s Mughals Pakistan (Private) Limited on EOBI Hotel Project, Lahore under which the contractor has filed a claim of Rs. 7.5 Billion against the Company whereas the Company has submitted the counter claim of Rs. 12.5 Billion against the contractor.
- M/s Builder Associates (Private) Limited on OEC Tower, Islamabad under which the contractor has filed a claim of Rs. 2 Billion against the Company whereas the Company has submitted the counter claim of Rs. 2.5 Billion against the contractor.
- M/s SAKA - Assign JV on OEC Tower, Islamabad under which the contractor has filed a claim of Rs. 25 Million against the Company whereas the Company has submitted the counter claim of Rs. 87.5 Million against the contractor.
- M/s Bhalli Constructor on 66 Johar Town Project, Lahore under which the contractor has filed a claim of Rs. 2.2 Billion against the Company whereas the Company has submitted the counter claim of Rs. 2.5 Billion against the contractor.
- M/s ARCOP on Hotel Project Lahore, for which arbitrator has been appointed and settlement agreement has been signed.

The consequential impact, if any, of the above arbitrations is not reflected in the financial statements as the financial impact is subject to the award of Arbitration and further legal course of action, available to both parties. However, the management strongly believes that the award of arbitration will be granted in the favor of the Company.

**COMMITMENTS:**

There are no commitments at the balance sheet date. (2020: Nil)

**16 REVENUE - FEE INCOME**

	2021	2020
	----- Rupees in '000' -----	
Management fee on Construction and Maintenance Contracts	35,073	7,525
Less: Final tax		
Management fee on Rent Collection	9,313	6,274
	<b>44,386</b>	<b>13,799</b>

*M. J. P. 20*

**PAKISTAN REAL ESTATE INVESTMENT & MANAGEMENT COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 ----- Rupees in '000' -----	2020 ----- Rupees in '000' -----
<b>17 ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits	17.1	91,457	72,370
Directors remuneration		11,206	11,681
Printing and stationery		1,166	1,418
Advertisement expenses		405	453
Insurance expenses		179	218
Utilities		509	641
Fee and subscription		25	34
Rent, rate and taxes		26,957	24,506
Communication expenses		643	645
Newspapers and periodicals		57	68
Legal and professional		883	1,083
Audit fee		193	193
Vehicle expenses		5,815	5,420
Repairs and maintenance		998	613
Travelling and conveyance		996	1,615
Other operating expenses		322	110
Depreciation		570	373
		<u>142,381</u>	<u>121,440</u>

17.1 Salaries & other benefits include Rs. 6,905 thousand (2020: Rs. 8,670 thousand) in respect of gratuity expense for the year.

	Note	2021 ----- Rupees in '000' -----	2020 ----- Rupees in '000' -----
<b>18 OTHER INCOME</b>			
Prequalification Fee		618	572
Others		1	24
		<u>619</u>	<u>596</u>
<b>Interest income:</b>			
National Bank of Pakistan - TDR		4,290	5,175
National Bank of Pakistan - PLS		175	85
UBL Bank Limited - 200717221		2,535	3,608
		<u>7,000</u>	<u>8,868</u>
		<u>7,619</u>	<u>9,464</u>

	Note	2021 ----- Rupees in '000' -----	2020 ----- Rupees in '000' -----
<b>19 TAXATION</b>			
Current	10	666	207
Deferred		(1,553)	(2,068)
Minimum Tax (withheld on agency fee)		6,581	15,527
		<u>5,694</u>	<u>13,666</u>

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**PAKISTAN REAL ESTATE INVESTMENT & MANAGEMENT COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

		2021	2020
	Note	----- Rupees in '000' -----	
<b>20 CASH AND CASH EQUIVALENTS</b>			
Cash and Bank balances	11	188,229	639,999
Short term investments	9	-	130,777
		<u>188,229</u>	<u>770,776</u>

**21 TRANSACTION WITH RELATED PARTIES**

Related party of the company include key management personnel, Parent Company- EOB1 and other entities owned by government. Key management personnel include CEO and Directors. Amounts due from and due to related parties, if any, are shown under respective heads. Transactions with or for related party are given below:

		2021	2020
		----- Rupees in '000' -----	
<b>Employees Old Age Benefit Institution - parent Company</b>			
<b>Opening Balance</b>			
Receivable from EOB1		297,366	412,963
Payable to EOB1		(795,878)	(195,580)
<b>Transactions during the year</b>			
Management Fee		44,386	13,799
Management Fee received during the year		(54,845)	(129,396)
Advance received from EOB1		(659,000)	(846,968)
Advance adjusted by EOB1		-	6,087,110
Advances given to Contractors		14,783	11,254
Interest income payable to EOB1		(121,869)	(4,093)
Interest income adjusted/paid to EOB1		113,618	4,946
Retention money withheld from contractors of EOB1		(156,388)	(18,696)
Payment of retention money withheld		8,645	149,837
Sales Tax Receivable		7,293	620
Sales Tax Received/ Adjusted		(569)	-
Guest house expenses		-	3,669
Guest house income		-	(3,060)
Amount withheld as performance guarantees		-	(41)
Performance guarantees released		-	65
Cost incurred on construction work during the period		1,324,937	99,895
Cost adjusted on construction work during the period		(3,440)	(6,087,115)
Accruals of contractors bills		774,368	2,276
Payments made to Contractors		(776,690)	-
<b>Outstanding balance</b>			
Receivable from EOB1		286,907	297,366
Payable to EOB1		(270,188)	(795,878)
<b>Key management personnel</b>			
<b>-Chief Executive Officer</b>			
Remuneration		8,234	7,722
Other allowances		624	245
		<u>8,858</u>	<u>7,967</u>
<b>Government owned entities</b>			
Pakistan Telecommunication Company Limited		363	422
Islamabad Electric Supply Company		146	219
		<u>509</u>	<u>641</u>



**PAKISTAN REAL ESTATE INVESTMENT & MANAGEMENT COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**22 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

**22.1 Financial assets and liabilities**

Particulars	2021				2020				TOTAL
	Interest / mark up bearing		Non-interest / mark up bearing		Interest / mark up bearing		Non-interest / mark up bearing		
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	
	Rs. in '000								
<b>Financial assets</b>									
Trade receivable -Related Party	-	-	-	286,907	-	-	286,907	-	286,907
Advances & other receivable	-	-	-	5,638	-	-	5,638	-	5,638
Short term investments	-	-	-	-	-	-	-	-	-
Cash and bank balances	188,229	-	188,229	-	-	188,229	-	-	188,229
	<b>188,229</b>	-	<b>188,229</b>	<b>292,546</b>	-	-	<b>292,546</b>	-	<b>480,775</b>
<b>Financial liabilities</b>									
Payable to FOFI and Contractors on its behalf	-	-	-	278,390	-	-	278,390	-	278,390
Retirement benefits - gratuity (unfunded)	-	-	-	-	30,024	-	30,024	-	30,024
Trade & other payables	-	-	-	171,838	-	-	171,838	-	171,838
	-	-	-	<b>450,228</b>	-	-	<b>450,228</b>	-	<b>480,252</b>

Particulars	2020				2021				TOTAL
	Interest / mark up bearing		Non-interest / mark up bearing		Interest / mark up bearing		Non-interest / mark up bearing		
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	
	Rs. in '000								
<b>Financial assets</b>									
Trade receivable -Related Party	-	-	-	297,366	-	-	297,366	-	297,366
Advances & other receivable	-	-	-	3,992	-	-	3,992	-	3,992
Short term investments	130,777	-	130,777	-	-	130,777	-	-	130,777
Cash and bank balances	639,999	-	639,999	-	-	639,999	-	-	639,999
	<b>770,776</b>	-	<b>770,776</b>	<b>301,358</b>	-	-	<b>301,358</b>	-	<b>1,072,134</b>
<b>Financial liabilities</b>									
Payable to FOFI and Contractors on its behalf	-	-	-	795,878	-	-	795,878	-	795,878
Retirement benefits - gratuity (unfunded)	-	-	-	-	24,463	-	24,463	-	24,463
Trade & other payables	-	-	-	151,871	-	-	151,871	-	151,871
	-	-	-	<b>947,749</b>	-	-	<b>947,749</b>	-	<b>972,212</b>

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**22.2 Financial risk management**

The company has exposure to the following risks from its issue of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

**a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company has placed funds in government securities and financial institutions with high credit worthiness and assesses the credit quality of the counter parties as satisfactory. The Company does not hold any collateral as security against any of its financial assets. The Company believes that it is not exposed to major concentration of credit risk.

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	Rating	2021 ----- Rupees in '000' -----	2020 ----- Rupees in '000' -----
<b>Trade receivables (Un-Secured)- Related Party</b>			
Counterparties without external credit rating		<u>286,907</u>	<u>297,366</u>
		<u>286,907</u>	<u>297,366</u>
<b>Advances &amp; other receivables</b>			
Counterparties without external credit rating		<u>5,638</u>	<u>3,992</u>
<b>Bank balances</b>			
Counterparties with external credit rating	AAA/A-1+	<u>188,132</u>	<u>639,821</u>
<b>Short term investment - Held to Maturity</b>			
Counterparties with external credit rating	AAA/A-1+	<u>-</u>	<u>130,777</u>

**b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

<b>Financial liabilities</b>	<b>2021</b>	<b>2020</b>
	----- Rupees in '000' -----	
Payable to Holding company and its Contractors	<u>278,390</u>	<u>795,878</u>
Retirement benefits	<u>30,024</u>	<u>24,463</u>
Trade & other payables	<u>171,838</u>	<u>151,871</u>

**c) Market risks**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

**i) Interest rate risk**

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from short term investment, and balances in deposit and saving accounts. At the balance sheet date the interest rate risk profile of the Company's interest bearing financial instruments are as follows:

	<b>2021</b>	<b>2020</b>
	----- Rupees in '000' -----	
Cash and Bank	<u>188,229</u>	<u>639,999</u>
Short term investment-Held to maturity	<u>-</u>	<u>130,777</u>

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

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not effect statement of profit and loss.

**ii) Foreign currency risk management**

Currency risk is the risk that changes in foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments.

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company believes that it is not materially exposed to foreign exchange risk.

**iii) Fair value hierarchy**

The Company does not hold any financial instrument as of June 30, 2021 which is measured at fair value.

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**PAKISTAN REAL ESTATE INVESTMENT & MANAGEMENT COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

iv) **Other price risk**

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at June 30, 2021 Company is not exposed to equity price risk.

d) **Impact Of COVID-19**

Risk management alongwith other control divisions has been adopted by Company to strengthen the Control Environment.

Management has evaluated and concluded that there are no material implications of COVID-19 on the Company's operations, financial position, profitability, liquidity and going concern.

**22.3 Capital risk management**

The Company's objective when managing capital, is to safeguard the Company's ability to continue as a going concern so that it can continue to provide return to shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business. The Company's Board of Directors regularly monitors the capital structure of the Company and ensure that appropriate capital is injected so that the project gearing remains at an appropriate level.

	<b>2021</b>	<b>2020</b>
<b>23 Numbers of Directors including CEO and their remunerations</b>	<u>6</u>	<u>7</u>

	2021		2020	
	CEO	Directors	CEO	Directors
Remuneration	8,234		7,722	-
Gratuity	-		-	-
Other allowances	624		245	-
Meeting fee paid to Directors		2,349	-	3,714
	<b>8,857</b>	<b>2,349</b>	<b>7,967</b>	<b>3,714</b>

**24 NUMBER OF EMPLOYEES**

Total number of employees as at the year end	<u>88</u>	<u>89</u>
Average number of employees during the year	<u>89</u>	<u>90</u>

**25 GENERAL**

Figures have been rounded off to nearest rupee.

**26 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorized for issue by the Board of Directors on \_\_\_\_\_

*Handwritten signature*

*Handwritten signature of CEO*

**CHIEF EXECUTIVE OFFICER**

*Handwritten signature of Director*  
**DIRECTOR**