



**2021**  
**ANNUAL REPORT**

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# ANNUAL REPORT WITH DIRECTORS' REPORT

## 1. BOARD OF DIRECTORS & ITS COMMITTEES

Pakistan Single Window was incorporated on **15<sup>th</sup> April 2020**.

### 1.1 COMPOSITION OF THE BOARD

#### 1.1.1 BOARD OF DIRECTORS AS ON 30<sup>th</sup> JUNE 2021

- (i) Syed Muhamad Tariq Huda (CEO & Ex-Officio Director)
- (ii) Mukarram Jah Ansari (Non-Executive Ex-Officio Director)
- (iii) Wajid Ali (Non-Executive Ex-Officio Director)
- (iv) Muhammad Ashfaq (Non-Executive Ex-Officio Director)
- (v) Muhammad Anees (Non-Executive Independent Director)
- (vi) Khurram Ijaz (Non-Executive Independent Director)

#### 1.1.2 BOARD COMMITTEES

##### 1.1.2.1 HR/NOMINATIONS COMMITTEE

- (i) Mr. Muhammad Anees (Chairman)
- (ii) Mr. Mukarram Jah Ansari (Member)
- (iii) Mr. Wajid Ali (Member)

##### 1.1.2.2 AUDIT COMMITTEE

- (i) Mr. Khurram Ijaz (Chairman)
- (ii) Mr. Mukarram Jah Ansari (Member)

##### 1.1.2.3 PROCUREMENT COMMITTEE

- (i) Mr. Muhammad Ashfaq (Chairman)
- (ii) Mr. Wajid Ali (Member)
- (iii) Mr. Muhammad Anees (Member)

## 2. VISION & MISSION STATEMENT WITH CORE VALUES

### 2.1 VISION STATEMENT

Using technology and innovative solutions to enable ease in achieving effective compliance with national regulations, especially for cross border trade and related services.

### 2.2 MISSION STATEMENT

Establish single electronic platform to efficiently meet requirements for regulation of imports, exports and transit trade while supporting simplification, harmonization and digitization of related processes to improve ease of doing business and compliance.

### 2.3 CORE VALUES

- (i) **Drive for excellence:** We commit to constant effort and innovation in our drive towards excellence.
- (ii) **Collaborative:** We believe in collaboration and teamwork both internally as well as externally.
- (iii) **Challenging:** We challenge every established process, procedure, document, policy, and law while avoiding assumptions and disregarding status quo for bringing improvements.
- (iv) **Knowledge driven:** We believe in constant learning and self-improvement being cognizant that there are always lessons to learn and value to add.
- (v) **Inclusive:** We appreciate the differences in opinions, perspectives, thoughts, and ideas in promoting an inclusive and 360-degree approach in our organizational culture and decision making.
- (vi) **Integrity:** We identify integrity as a core value promoting transparency and accountability on every task we perform.
- (vii) **Performance driven:** We strive for, recognizing and rewarding performance.

## 3. STRATEGIC GOALS

- (i) Reduce time, cost and complexity while improving quality of experience for all stakeholders to ensure ease of doing business in cross border trade;
- (ii) Successfully play role of Operating Entity as envisaged under the PSW Act 2021 and rules thereof;
- (iii) Adopt international best practices and policy guidelines of PSW's Governing Council in its service delivery;

- (iv) Consistently provide highly available, highly reliable and secure PSW electronic platform that ensures predictable and transparent services in cross-border trade ecosystem;
- (v) Continuously upgrade PSW system and stay ahead of the curve;
- (vi) Support adoption of technology and digitization of related functions of entities mandated to regulate cross border trade to improve their efficiency and transparency;
- (vii) Support government agencies in adopting an Integrated Risk Management approach for efficient enforcement of cross border trade related controls;
- (viii) Establish and operate ICT based Port Community System integrated with the PSW platform for efficient cargo management at seaports, airports, dry ports and land border crossings;
- (ix) Establish and maintain a world class cross border trade related information portal under PSW platform;
- (x) Enable Pakistan to integrate with any other National, Regional and Global Single Window Systems related to cross border trade;
- (xi) Enable third parties to offer and exchange value added services on PSW platform with preference for local ICT entrepreneurs and firms;
- (xii) Provide statistically accurate trade data to stakeholders for evidence-based decision making;
- (xiii) Enable Pakistan to efficiently and timely meet its commitments under bilateral and multilateral commitments related to cross border trade;
- (xiv) Act as an innovation hub for design and testing of ICT based solutions to improve Pakistan's integration into global value chains, international trade and logistics;
- (xv) Participate in ICT based projects in Pakistan and beyond, especially in Public Sector; and
- (xvi) Attract and retain best in class human resource to provide services in Pakistan and beyond.

## 4. ANTI-CORRUPTION POLICY

### 4.1 PREAMBLE

This Anti-Corruption, Fraud and Bribery Policy (“Policy”) is developed by virtue of Section 5 (5) (b) (vi) of the Public Sector Corporate Governance Rules, 2013 and is approved by the Board of Directors of Pakistan Single Window (“PSW”). This Policy explains the measures to be taken by PSW to implement its zero tolerance towards corruption, fraud and bribery.

### 4.2 DEFINITIONS

- (i) **“Adequate procedures”** includes this Policy, its publication to all employees, directors, and business partners, and on-going communications and training on aspects of this Policy which will be carried out from time to time with a view to ensuring that corruption, bribery and fraud, where possible, are prevented;
- (ii) **“Bribery”** means the corrupt payment, receipt or solicitation of a private favour by the employees, directors, officers, direct agents, or Business Partners of PSW;
- (iii) **“Business Partner(s)”** means a term including third-party distributors, dealers, suppliers, joint- venture partners, agents, contractors and others of PSW;
- (iv) **“Corruption”** means offering, giving, receiving or soliciting, directly or indirectly anything of value with the intent to give some advantage inconsistent with the official duty of the employees, directors, officials, agents, Business Partners or fiduciaries of PSW or official use of a station or office to procure some benefit, either personally or for someone else, contrary to the rights of others, including but not limited to the circumstances of Corruption and Corrupt Practices given in Clause 7;
- (v) **“Fraud”** means any act or omission, including a misrepresentation that knowingly or recklessly misleads or attempts to mislead a party to obtain a financial or other benefit or to avoid an obligation;
- (vi) **“Person”** means any individual or company in the private or public sector and any official.
- (vii) **“Prohibited Payment”** means a financial or other advantage that is either requested, received, offered or given in order to improperly influence a person to provide a business opportunity or to retain business, or otherwise to obtain an improper advantage for PSW. It includes but is not limited to, making or offering bribes or kickbacks, as well as conferring a financial or any other advantage, whether tangible or intangible (e.g. gifts, entertainment, travel expenses, charitable donations, political contributions, hiring an individual, or other preferential treatment for the improper advantage or benefit of the Company or self).

### 4.3 PURPOSE AND OBJECTIVE OF POLICY

- (i) It is PSW's policy to conduct all of its business in an honest and ethical manner. PSW's reputation amongst its Business Partners and potential clients and with regulators and other PSW take a zero-tolerance approach to Corruption, Fraud and Bribery and is committed to acting professionally, fairly and with integrity in all its business dealing and relationships.
- (ii) PSW's reputation amongst its Business Partners and potential clients and with regulators and other legal authorities is amongst PSW's most important assets.
- (iii) PSW has to ensure that its directors, officers, employees, agents, Business Partners and other representatives conduct themselves in compliance with all applicable laws and regulations prohibiting Corruption, Fraud and Bribery.
- (iv) This Policy sets forth guidance regarding the appropriate manner of conducting business with Business Partners and with government entities. It is important that directors, officers, employees, agents, Business Partners and other representatives read, understand and act in accordance with this Policy.
- (v) The standards set out in this Policy are necessarily broad and do not address every situation that may arise and confront PSW's directors, officers, employees, agents, Business Partners and other representatives.

#### **4.4 APPLICABILITY OF THE POLICY**

- (i) This Policy is applicable to PSW's directors, HODs, senior managers, managers and officers whether permanent, fixed-term or temporary, consultants, contractors, seconded staff, casual workers, Business Partners or any other person associated with the Company, wherever located.
- (ii) The Policy extends to all of PSW's financial and other record-keeping activities; it supplements and should be interpreted with, any other policies and laws extended to all PSW activities and processes (e.g. Procurement, HR, Ops, Corporate Affairs etc.), financial transactions, business contracts, business policies and practices adopted in the absence of policies.
- (iii) This Policy should be widely disseminated to PSW's directors, HODs, senior managers, managers and officers, whether permanent, fixed-term or temporary, consultants, contractors, seconded staff, casual workers, Business Partners or any other person associated with PSW, wherever located.
- (iv) Any clarifications with regards to this Policy shall be reverted to the respective line manager, who may consult the Corporate Compliance Officer, if necessary.

#### **4.5 RESPONSIBILITIES OF DIRECTORS**

The responsibilities of a member of the Board of Directors of PSW, who comes to possess, receives, obtains or comes across any information regarding involvement/indulgence of any director in Corruption, Fraud and Bribery directly or indirectly, or observes any action or activity on part of a director that falls within the ambit of Corruption, Fraud or Bribery is, to

report the same to the Chairman of Board of Directors or his authorized representative. A failure on part of the Board Member in fulfilling this obligation will be deemed as abetment/connivance in the offence and will be cognizable under this Policy.

#### **4.6 OBLIGATION OF EMPLOYEES, DIRECT AGENTS AND BUSINESS PARTNERS**

It will be the duty of every officer, employee, agent, Business Partner and other representatives of PSW, who comes to possess, receives, obtains or comes across any information regarding involvement/indulgence of any third party in Corruption, Fraud and Bribery directly or indirectly, or observe any action or activity on part of an employee that falls within the ambit of Corruption, Fraud or Bribery to report the same to the Chief Executive Officer or authorized representative. A failure on part of the employee in meeting this obligation will be deemed as abetment/connivance in the offense and will be cognizable under the Staff Service Regulations.

#### **4.7 CONFIDENTIALITY AND PROTECTION**

Anonymity of an individual who meets the above obligation is strictly maintained and appropriate protection shall be provided by the management in terms of his/her job and career.

#### **4.8 CORRUPTION AND CORRUPT PRACTICES MAY INCLUDE**

- (i) If an employee, director or officer of PSW accepts or obtains from any person or offers any gratification directly or indirectly, other than legal remuneration, as a motive or reward such as is specified in Section 161 of Pakistan Penal Court (Act XLV of 1860) for doing or for – bearing to do any official act, or for showing or for bearing to show, in the exercise of his official functions, favour or disfavour to any person, or for rendering or attempting to render any service or dis-service to any person; or
- (ii) If any employee, director, officer, employee, agent, Business Partner or director of PSW accepts or obtains or offers any valuable thing without consideration, or for a consideration which he knows to be inadequate, from any person whom he knows to have been, or likely be, concerned in any proceeding or business transacted or about to be transacted by him, or having any connection with his official functions or from any person whom he knows to be interested in or related to the persons so concerned; or
- (iii) If an employee, director, officer, agent, Business Partner or director of PSW, dishonestly or fraudulently misappropriates or otherwise converts for his own use, or for the use of any other person, any property entrusted to him, or under his control, or willfully allows any other person so to do; or
- (iv) If an employee, director, officer, agent, Business Partner of PSW by corrupt, dishonest, or illegal means, obtains or seeks to obtain for himself or for his spouse or dependents or any other person, any property, valuable things, or pecuniary advantage; or

- (v) If an employee, director, officer, agent, Business Partner of PSW misuses his authority so as to gain any benefit or favour for himself or any other person, or render or attempts to render or willfully fails to exercise his authority to prevent the grant, or rendition of any undue benefit or favour which he could have prevented by exercising his authority; or
- (vi) If an employee, director, officer, agent, Business Partner or director of PSW has issued any directive or policy or any other order which grants or attempts to grant any undue concession or benefit in any matter or law or otherwise so as to benefit himself or any relative or associate or any other person; or
- (vii) If an employee, director, officer, agent, Business Partner or director of PSW aids, assists, abets, attempts or acts in conspiracy with a person within or outside the Company accused of an offence as provided in above sub para (i-vii).

#### **4.9 GUIDING PRINCIPLES**

- (i) PSW shall act in an open, ethical and lawful manner towards all potential or existing customers, contractors, suppliers and public officials.
- (ii) PSW shall always perform its contractual obligations in accordance with the terms of the relevant contract, unless deviations are approved by the management and properly documented in PSW's records.
- (iii) Payments in cash or similar, or payments to unconfirmed receipts or account numbers shall not be accepted.
- (iv) All activities, coverage of third parties' expenses, payments and contract performance on behalf of PSW shall be open and transparent.
- (v) All expenses shall be approved under the company procedures, documented and recorded in accordance with appropriate accounting standards.
- (vi) Under no circumstances may any employee, officer, agent, Business Partner or director of PSW receive cash or any kind of improper benefit from a support business partner or public officials, including personal kickbacks.

#### **4.10 GIFTS/PROHIBITED PAYMENTS**

Exchanging gifts with Business Partners is a customary part of the business and is permissible as long as the gifts are kept within the confines of what is defined as "customary".

Under no circumstances shall the employees, directors, agents, Business Partners offer or accept gifts of cash. Gifts other than cash will normally be customary if they are:

- (i) Of negligible value
- (ii) Branding material/marked with a company logo;
- (iii) Must not be kept hidden from superiors/management, e.g gifts should be addressed to the recipient's working address, i.e company or public entity office address.

- (iv) Must not be provided or accepted in return for any benefit.
- (v) A Prohibited Payment shall not be made or received by any employee, director, agent or Business Partner of PSW and where any one's role requires this, the concerned individual should ask the line manager if he/she are unsure about this, but this should always be in a reasonable and proportionate manner.

#### **4.11 BRIBERY**

It is prohibited for PSW or its directors, officers, employees, agents and Business Partners to:

- (i) Give, promise to give, or offer a payment, gift or hospitality to a third party or otherwise engage in or permit a bribery offence to occur, with the expectation or hope that an advantage in business will be received, or to reward a business advantage already given.
- (ii) Give, promise to give, or offer a payment, gift or hospitality to a third party to "facilitate" or expedite a routine procedure.
- (iii) Accept a payment, gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by PSW in return.
- (iv) Threaten or retaliate against another employee who has refused to commit a bribery offence or who has raised concerns under this Policy or the Whistle Blowing Policy.
- (v) Engage in activity that might lead to a breach of this Policy.

#### **4.12 BOOKS & RECORDS**

- (i) PSW's books and records must be current and accurate, and its accounts must fairly reflect all of PSW's transactions and activities. PSW has a system of internal accounting and disclosure controls designed and maintained to provide accurate and legitimate financial and accounting records.
- (ii) PSW by this Policy requires adherence to the following accounting and record keeping prohibitions to ensure compliance with the Anti-Corruption Laws:
- (iii) No undisclosed or unrecorded funds or assets are to be established for any purpose.
- (iv) False, inflated or artificial entries must not be made in corporate books or records for any reason, and no person subject to this Policy shall engage in any arrangement that results in such entries.
- (v) No accounting record or document relating to any transaction shall be falsified in any manner which may obscure or disguise the true nature of the transaction.
- (vi) No payment on behalf of PSW shall be approved without sufficient supporting documentation or made with the intention or understanding that any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

#### **4.13 TRANSACTIONS WITH THIRD PARTIES**

- (i) PSW prohibits any payments or other financial benefits to persons, including Business Partners, with knowledge that all or a portion of such payment or thing of value will be offered, given or promised, directly or indirectly, to any person for an improper purpose.
- (ii) PSW's employees must conduct appropriate due diligence in the selection of Business Partners and appropriately structure the business relationship, especially with respect to third parties that may be used in any business dealings.
- (iii) PSW will take appropriate action to inform all third party representatives of this Policy and the requirement that such representatives adhere to this Policy and applicable laws when acting on PSW's behalf. Any suspected violation of Anti- Corruption, Fraud or Bribery by a third party should immediately be brought to the attention of the Company's Corporate Compliance Officer.

#### **4.14 REPORTING POTENTIAL VIOLATIONS AND QUESTIONS REGARDING PSW'S ANTICORRUPTION POLICY**

- (i) Any PSW employee, director, officer, agent or Business Partner who learns information about a suspected violation of this Policy or Anti-Corruption Laws must make a timely report to the Company's Corporate Compliance Officer. PSW firmly prohibits retaliation against an employee who makes a report of a suspected violation of this Policy or Anti-Corruption Laws in good faith. The Company will undertake to assure the anonymity, if requested, of any employee or agent who in good faith reports any such suspected violation to the Corporate Compliance Officer.
- (ii) The Board has to designate Corporate Compliance Officer to ensure compliance of anticorruption policy.
- (iii) Management and senior staff at all levels shall be responsible for ensuring those reporting to them are made aware of and understand this policy.

#### **4.15 PENALTIES AND COLLATERAL CONSEQUENCES OF NON-COMPLIANCE**

Violations of Anti-Corruption laws of Pakistan may result in severe civil and criminal penalties for PSW, and its individual employees, officers, directors, agents and Business Partners. In addition, noncompliance with this Policy shall be grounds for internal Company disciplinary action against any individual found to be in violation of its prohibitions or directions, up to and including dismissal from the Company.

#### **4.16 POINTS TO REMEMBER**

- (i) Never contribute PSW funds or assets for political purposes with intent to gain an improper advantage or benefit for the PSW. Any requests for such contributions should be reported immediately to the CEO or the Corporate Compliance Officer.

- (ii) Make sure business records are complete, timely and accurately reflect the true nature of any transaction.
- (iii) Be particularly skeptical of any proposed Business Partner who provides guarantees of success, or claims to be able to obtain licenses or other government approvals without providing a description of a legitimate manner by which those goals will be accomplished.
- (iv) This policy does not address every aspect of anti-corruption compliance. It is designed to provide guidance for PSW employees, officers, directors, agents, and Business Partners.
- (v) Employees should not accept tickets or invitations to entertainment when the prospective host will not be present at the event with the employee.
- (vi) This policy should be read in conjunction with the relevant HR policies and procedures of PSW.

#### **4.17 RED FLAGS**

The following is a list of “red flags” that may indicate the possible existence of corrupt practices and should be kept in mind by all those subject to this Policy:

- (i) A request to pay usually high or above-market commissions;
- (ii) A request to deposit commissions in multiple bank accounts, perhaps in offshore banks;
- (iii) It is learned that the Business Partner or one of its key employees is a close relative of a foreign official.
- (iv) A vendor, distributor or other Business Partner (or would-be Business Partner) refuses to accept an anti-bribery or anti-money laundering clause in a contract with PSW.
- (v) It is learned that the Business Partner has a reputation for offering bribes or violating other laws.
- (vi) Any third party refuses to cooperate with due diligence or to agree in writing to follow this Policy or applicable Anti-Corruption laws.
- (vii) The Business Partner has a desire to keep the representation secret.
- (viii) In any of these circumstances, the employees, agents, officers, contractors or other representatives are obliged to report the issue immediately to the Company’s Corporate Compliance Officer.

#### **4.18 CONTRACT MANAGEMENT**

- (i) While preparing contracts for purchase of goods or services, the contract management clause shall be inserted by keeping the interest of the PSW at first priority.
- (ii) Non-observance of contract clauses which cause losses to PSW in terms of monetary or goodwill shall evoke application of this anticorruption policy.

#### **4.19 ADMINISTRATION OF ANTI-CORRUPTION, FRAUD AND BRIBERY**

- (i) PSW management shall provide a corruption free environment for its employees to work for and engage itself with the corruption, fraud, bribery free organizations only.
- (ii) Any sort of actual or suspected corruption, fraud and bribery complaint shall be addressed to the Chief Executive Officer (CEO). If the actual suspected compliant is against the CEO, it shall be addressed to the Committee.
- (iii) Upon the receipt of corruption, fraud and bribery complaint, the CEO shall constitute a committee to investigate the matter in detail and submit the findings to the competent authority.
- (iv) Individuals involved in corruption, fraud or bribery may be subject to punishments and legal actions as per the laws of Pakistan. Often, individuals' superior will also be subject to proceedings if he/she knew they should have known that the corruptive act was conducted.
- (v) Exposed corruption, fraud and bribery results in negative publicity can do serious damage to PSW's reputation and business relationships. Therefore, PSW shall disengage itself from these sorts of organizations and personnel.
- (vi) For the purpose of PSW's Anti-Corruption Policy, the Company Secretary shall be the Corporate Compliance Officer.
- (vii) Violations of these laws may create liability for both individuals and the Company and are punishable at both the individual and corporate level. Depending on the jurisdiction, individuals themselves may be punished by fines and prison sentences, and corporate entities may incur fines. It is therefore a matter of the utmost importance both ethically and legally to comply fully with the Policy.
- (viii) Each employee, officer, director or Business Partner having responsibility for compliance with these laws within their area of authority must report any suspected violations to their immediate supervisor. It is the duty of any of the above to ensure that the information is reported immediately to the Company's Corporate Compliance Officer.

## 5. DIRECTORS' REPORT



Incorporated under section 42 of the Companies Act, 2017 / CUIN: 0150222

### DIRECTORS' REPORT

The Board of Directors and Members of Pakistan Single Window are pleased to present to the members the 2<sup>nd</sup> Directors' Report & Annual Report along with the Company's Audited financial statements for the year ended on June 30th, 2021.

Pakistan Single Window (PSW) was incorporated on 15th April 2020 under section 42 of the Companies Act 2017 a not for-profit, Public-Sector company with the aim to create a single digital platform for import and export trade facilitation while improving ease of doing business. PSW will make a single entry point accessible for all trade related documentation that may be required at different stages of the trade process.

The basic purpose of establishment of PSW is to create a center point or axis for all the different organizations directly or in-directly engaged in trade in Pakistan with the aim of sustainable growth, reducing time and cost, encouraging investment and creating an ideal atmosphere for business.

Despite the Covid-19 virus, PSW has achieved many milestones in the year 2020-2021 with some hindrances. The management is keen in removing these obstacles and successfully implementing the programme so that the entity may be fully operationalized. During the year different initiatives were undertaken and completed by the company under the supervision of PSW Program Management Office as detailed below.

### PSW SYSTEM DEVELOPMENT AND IMPLEMENTATION

- (i) The Pakistan Single Window Act 2021 was approved by the Parliament and promulgated and enacted by the President of Pakistan on 9th April 2021. The smooth passage of the Act through the Cabinet and Parliament required dedicated and sustained efforts by the company and the PMO.
- (ii) The company was notified as the operating entity for PSW by the Federal Board of Revenue after approval of the federal cabinet.
- (iii) Agreements/MOUs for integration of PSW services with different organizations and Government departments were signed.
- (iv) The trade related processes of five key OGAs including Department of Plant Protection, Animal Quarantine Department, Federal Seed Certification & Registration Department, Drug Regulatory Authority of Pakistan, and Pakistan Standards & Quality Control Authority were reviewed, reengineered, and aligned with the PSW system. Technical documents (Business Requirement Specification/Technical Requirement Specification) outlining the new processes were developed and shared with the stakeholders for validation and approval. In addition, the BRS for integration of trader accounts with PSW for elimination of Form 'E' and 'I' was developed and approved by the SBP.
- (v) Launched PSW's website ([www.psw.gov.pk](http://www.psw.gov.pk)).




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Incorporated under section 42 of the Companies Act, 2017 / CUIN: 0150222

- (vi) Transition plan for WeBOC was developed and submitted to Customs as well as the Board.
- (vii) Launched online subscription of PSW services for trial and user acceptance.
- (viii) Completed the Integrated Tariff Management System for Phase 1 OGAs.
- (ix) Initiated development on the Integrated Risk Management System.
- (x) Initiated development of the PSW Trade Information Portal in collaboration with M/s International Consulting Associates contracted by USAID-PREIA with a projected roll out date of March 2022
- (xi) Developed Universal Payment System.
- (xii) Developed Universal Registration System.
- (xiii) Initiated design activity of the Port Community System in collaboration with M/s IOS Partners contracted by USAID-PREIA
- (xiv) Engaged data center consultants with assistance from USAID-PREIA to evaluate various options for PSW's Data Centre
- (xv) Streamlined financing for PSW from ADB.

#### HR, ADMINISTRATION AND PROCUREMENTS

- (i) Head Office of company was operationalized at Islamabad along with Operational Office at Karachi.
- (ii) Hired Human Resources for the HR, Operations, Corporate Affairs and Accounts Department for proper functioning of the company.
- (iii) Procured relevant IT equipment for the offices.
- (iv) Planned Land Acquisition for PSW offices in Islamabad & Karachi.
- (v) Finalization of Procurement Plan for rolling out PSW-Lite.
- (vi) Completed hiring process for the top positions of PSW i.e., Chief Financial Officer (CFO), Chief Technology Officer (CTO), Company Secretary (CS) and HR Manager. Hiring of Chief Executive Officer (CEO) was also initiated.

The Company successfully complied with Public Sector Corporate Governance Rules for effective & Strong internal Controls. In this regard Corporate Affairs Department drafted Anti-Corruption Policy, Conflict of interest Policy and Internal Audit Charter which were approved by the Board. The Company also successfully completed the hiring of Legal Advisor and Statutory Auditors through competitive bidding process as desired by the Board.

Going forward, the company intends to accelerate its hiring process to provide adequate resources for the software development & implementation and develop a comprehensive communications and outreach strategy. It also intends to request secondment of customs and OGAs officers to help SW implementation and operations.

The Company intends to complete Phase 1 of PSW implementation by April 2022.



Incorporated under section 42 of the  
Companies Act, 2017 / CUIN: 0150222

## FINANCIAL REVIEW

The audited financial statements for the year ended 30<sup>th</sup> June 2021 state the following:

	2020	2021
Income	0	9,263,960
Expenditure	3,601,122	60,279,741
Operating Surplus / (Deficit)	(3,601,122)	(51,015,781)
<b>Net Surplus / (Deficit) for the year</b>	<b>(3,601,122)</b>	<b>(51,015,781)</b>

Chief Executive Officer, PSW

Director, PSW



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## 6. KEY FINANCIAL DATA

The Key financial data for the year ended 30<sup>th</sup> June 2021 is tabulated in the succeeding pages of the Annual Report of the company.

**PAKISTAN SINGLE WINDOW  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2021**

	Note	2021	2020
-----Rupees-----			
<b>FUNDS AND LIABILITIES</b>			
Funds (As per statement of changes in funds)		(53,616,903)	(3,601,122)
Sponsors' loan	5	800,155,359	-
		<u>746,538,456</u>	<u>(3,601,122)</u>
<b>Non current liabilities</b>			
Long term lease liability	6	96,898,181	-
Deferred grant	7	661	-
Deferred capital grant	8	10,874,234	-
Provident fund payable	9	546,118	-
		<u>108,319,194</u>	<u>-</u>
<b>Current liabilities</b>			
Accrued and other liabilities	10	60,081,484	3,601,122
Current portion of lease liability	6	29,191,140	-
		<u>89,272,624</u>	<u>3,601,122</u>
<b>Contingencies and commitments</b>	11	-	-
<b>TOTAL FUNDS &amp; LIABILITIES</b>		<u><u>944,130,274</u></u>	<u><u>-</u></u>
<b>ASSETS</b>			
<b>Non current assets</b>			
Property and equipment	12	28,623,814	-
Capital work in progress	13	723,750	-
Intangibles	14	118,519,442	-
Right of use asset	15	121,215,591	-
Long term deposits	16	5,695,760	-
		<u>274,778,357</u>	<u>-</u>
<b>Current assets</b>			
Advances, prepayments and other receivables	17	31,894,457	-
Cash and bank balances	18	637,457,460	-
		<u>669,351,917</u>	<u>-</u>
<b>TOTAL ASSETS</b>		<u><u>944,130,274</u></u>	<u><u>-</u></u>

The annexed notes 1 - 31 form an integral part of these financial statements.

  
Chief Executive

  
Chief Financial Officer

  
Director



**PAKISTAN SINGLE WINDOW  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED JUNE 30, 2021**

	2021	For the period from April 15, 2020 to June 30, 2020
Note	-----Rupees-----	
<b>INCOME</b>		
Amortization of grant	7	9,080,381
Deferred capital grant	8	44,724
Subscription income	19	64,000
Other income	20	74,855
		<u>9,263,960</u>
<b>EXPENDITURE</b>		
Operating expenses	21	14,172,913
Administrative expenses	22	46,059,654
Amortization of deferred capital grant	12	44,724
Finance cost	23	2,450
		<u>60,279,741</u>
Deficit for the year/ period - before tax		<u>(51,015,781)</u>
Taxation	24	-
<b>Deficit for the year/ period - after tax</b>		<u><u>(51,015,781)</u></u>

The annexed notes 1 - 31 form an integral part of these financial statements.

  
Chief Executive

  
Chief Financial Officer

  
Director




**PAKISTAN SINGLE WINDOW  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2021**

	2021	For the period from April 15, 2020 to June 30, 2020
Note	-----Rupees-----	
<b>Deficit for the year/ period - after tax</b>	<b>(51,015,781)</b>	<b>(3,601,122)</b>
Other comprehensive income for the year/ period	-	-
<b>Total comprehensive loss for the year/ period</b>	<b>(51,015,781)</b>	<b>(3,601,122)</b>

The annexed notes 1 - 31 form an integral part of these financial statements.

  
Chief Executive

  
Chief Financial Officer

  
Director



**PAKISTAN SINGLE WINDOW  
STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	Funds Rupees
Balance as on April 15, 2020		-
Total comprehensive loss for the period		(3,601,122)
<b>Balance as on June 30, 2020</b>		<b>(3,601,122)</b>
<b>Balance as on July 01, 2020</b>		<b>(3,601,122)</b>
Sponsors' contribution received during the year		1,000,000
Total comprehensive loss for the year		(51,015,781)
<b>Balance as on June 30, 2021</b>		<b>(53,616,903)</b>

The annexed notes 1 - 31 form an integral part of these financial statements.

  
Chief Executive

  
Chief Financial Officer

  
Director



**PAKISTAN SINGLE WINDOW  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021**

	2021	For the period from April 15, 2020 to June 30, 2020
Note	-----Rupees-----	
<b>A) Cash flows from operating activities</b>		
Deficit before tax	(51,015,781)	(3,601,122)
Adjustment of non-cash / non-operating activities		
Depreciation on property and equipment	4,218,445	-
Depreciation on right of use asset	15 7,086,800	-
Provident fund payable	9 546,118	-
Amortization of deferred capital grant	44,724	-
Finance cost	2,450	-
Deficit before working capital changes	(39,117,244)	(3,601,122)
Changes in working capital		
Advances, prepayments and other receivables	(31,894,457)	-
Accrued and other liabilities	56,480,362	3,601,122
	24,585,905	3,601,122
Cash used in operations	(14,531,339)	-
Finance cost paid	23 (2,450)	-
Lease rentals paid	(2,213,070)	-
Net cash used in operating activities	(16,746,859)	-
<b>B) Cash flows from investing activities</b>		
Acquisition of Property and equipment	12 (32,886,983)	-
Intangibles	14 (118,519,442)	-
Long term deposits	16 (5,695,760)	-
Capital work in progress	13 (723,750)	-
Deferred grant	7 661	-
Deferred capital grant	8 10,874,234	-
Net cash used in investing activities	(146,951,040)	-
<b>C) Cash flows from financing activities</b>		
Sponsors' loan received	5 800,155,359	-
Sponsors' contribution received	1,000,000	-
Net cash generated from financing activities	801,155,359	-
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at the beginning of the year / period	-	-
A) Cash flows from operating activities	(16,746,859)	-
B) Cash flows from investing activities	(146,951,040)	-
C) Cash flows from financing activities	801,155,359	-
Cash and cash equivalents at the end of the year / period	18 637,457,460	-

The annexed notes 1 - 31 form an integral part of these financial statements.

  
Chief Executive

  
Chief Financial Officer

  
Director



**PAKISTAN SINGLE WINDOW  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**1 The company and its operations**

Pakistan Single Window was incorporated on April 15, 2020 with Securities and Exchange Commission of Pakistan (SECP) under section 42 of the Companies Act, 2017. The objective of the company is to facilitate efficient imports, exports, international transit and matters ancillary thereto, across Pakistan's national territory and notified international borders.

Federal Board of Revenue - Pakistan Customs was operating the National Single Window project through Pakistan Revenue Automation Limited (PRAL) by providing funds for operational expenses to be incurred in implementing the project. Since there was no act for the project implementation, therefore Pakistan Single Window Act, 2021 was promulgated on 13<sup>th</sup> April 2021, and in so far as relevant to the intent and objects of this act, it was necessary that an autonomous body be established, thus Pakistan Single Window (PSW) became the operating entity of the project.

Geographical location and addresses of the business units are as under:

<b>Location</b>	<b>Purpose</b>
2nd Floor, NTC Building, Sector G-5/2 Islamabad Urban Islamabad Capital Territory (I.C.T.).	Registered office/ Head office
6th Floor, Bahria Complex-II M.T. Khan Road, Karachi	Branch office

**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's) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and the directives issued under the Companies Act, 2017.

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

**2.2 Initial application of standards, amendments or an interpretation to existing standards**

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

**2.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year**

Certain standards, amendments and interpretations to IFRS are effective for accounting period beginning on July 01, 2020 but are considered not to be relevant or to have any significant effect on the company's operations (although they may effect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

**2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company**

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after July 01, 2020, but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these financial statements, except for the following:

<b>Standards or interpretations</b>	<b>Effective date (accounting periods beginning on or after)</b>
Regarding Replacement Issues in Context of IBOR Reforms - Amendments in IFRS 7, IFRS 4, IAS 39	January 1, 2021
Exemption from COVID-19 Related Rent Concessions - Amendments in IFRS 16	January 1, 2021

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which will not be effective in the next financial year.

	<b>Effective date (accounting periods beginning on or after)</b>
Reference to the Conceptual Framework, Amendments in IFRS 3 - Business Combinations	January 1, 2022
Expiry date of Deferral Approach - Amendments in IFRS 4, Insurance Contract	January 1, 2023
Concerns and Implementations Challenges - Amendments in IFRS 17	January 1, 2023
Disclosure of Accounting Policies - Amendments in IAS 1, IAS 8	January 1, 2023
Deferred Taxes on Leases and Decommissioning Obligations - Amendments in IAS 12 - Income Taxes	January 1, 2023
Property, Plant and Equipment; Proceeds Before Intended Use - Amendments to IAS 16	January 1, 2022
Costs Related to Onerous Contracts - Amendments in IAS 37	January 1, 2022

The above amendments are not expected to have a material impact on the company's financial statements when they become effective.

### **3 Basis of measurement**

#### **3.1 Accounting convention**

These financial statements have been prepared under the "historical cost" convention. Moreover, these financial statements have been prepared, except for cash flows information on accrual basis.

#### **3.2 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the functional currency of the company.

#### **3.3 Significant estimates and judgements**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which they are revised if the revision affects only that period, and any future periods affected.

Significant areas requiring the use of management estimates in these financial statements relate to the capitalized development cost. However, assumptions and judgements made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

### **4 Summary of 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 during the period, unless otherwise stated.

#### **4.1 Property and equipment**

##### **(i) Owned assets**

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation is charged by applying straight-line method over the remaining useful life of the assets.

Depreciation on additions to property and equipment is charged from the month in which an asset is acquired/ capitalized, while no depreciation charged for the month in which asset is disposed off.

##### **(ii) Right of use assets**

The company recognizes the right of use assets at the commencement date of the lease (i.e the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less

any lease incentives received. Unless the company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets will be depreciated over the shorter of its estimated useful life or the lease term.

**(iii) Capital work in progress**

Capital work in progress is stated at cost less any identified impairment losses. It represents expenditure incurred on assets during construction, installation and development phase. Cost also include applicable borrowing costs under IAS 23 or other relevant IFRS, if and when applicable. These expenditures will be transferred to the relevant asset's category as and when assets are available for use.

**4.1.1 Impairment of assets**

Management assesses at each statement of financial position date whether there is any indication that assets are impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of income and expenditure. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

**4.1.2 Subsequent costs**

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 the asset will flow to the company and the cost of the asset can be measured reliably. All other repair and maintenance costs are charged to statement of income and expenditure during the period in which they are incurred.

**4.1.3 Gains or losses**

Gains or losses on disposal of assets, if any, are included in statement of income and expenditure as and when incurred.

**4.2 Intangible assets**

**Research and software development**

Research costs are expensed as incurred. 'Software Development' costs are expensed as incurred unless technical and commercial feasibility of the development is demonstrated, it is probable that future economic benefits will flow to the company, the company has an intention and ability to complete and use or sell the software and cost can be measured reliably.

There are two components of intangible assets:

- In-house developed intangible assets
- Intangible assets acquired from market

**(i) In-house developed intangible assets**

The costs incurred internally to create a software or to develop an enhancement to an existing software is charged to statement of income and expenditure when incurred as research and development expense until technological feasibility for the respective software is established. Thereafter, all software development costs are capitalized and reported at the lower of unamortized cost or recoverable amount. Capitalization ceases when the developed software or enhancement will be available for general commercial or in-house use. Amortization is charged

on straight line basis over the useful life of the intangible assets. All intangible assets with an indefinite useful life will be tested for impairment at each statement of financial position date.

**(ii) Intangible assets acquired from market**

Intangible assets acquired from market are stated at cost less accumulated amortization and impairment losses, if any. Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the company and the cost of the asset could be measured reliably. All other expenses are charged to statement of income and expenditure when they occur. Amortization is charged by applying straight-line method to write off the cost over the remaining useful life of the intangible assets unless such lives are indefinite. All intangible assets with an indefinite useful life are tested for impairment at each statement of financial position date.

**4.3 Income recognition**

The company follows IFRS-15 for the recognition of revenue for its revenue streams.

The company has following primary revenue stream:

- Subscription fee – a prescribed fee, fixed by the Governing Council and notified to management from time to time, shall be charged to the customer who submits an online application for subscription to the PSW electronic platform and related services.

The company determines revenue recognition using the following step-wise approach:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, a performance obligation is satisfied.

The company records the amount of revenue and related costs by considering whether the entity is a principal (gross presentation) or an agent (net presentation) by evaluating the nature of its promise to the customer. Revenue is presented net of sales, value-added and other taxes collected from customers and remitted to government authorities.

**4.3.1 Grants**

Grants are recognized when there is reasonable assurance that the grant will be received and all the attached conditions will be complied with. When the grant relates to an expense item, it is recognized as an income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognized as deferred income and released to income in amounts equal to depreciation over the expected useful life of related asset.

**4.3.2 Miscellaneous income**

Miscellaneous income is recognized in the period it relates to.

**4.4 Accrued and other liabilities**

Accrued and other liabilities are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

**4.5 Related party transactions**

Transactions with related parties are carried out at arm's length and priced at comparable uncontrolled market price.

Parties are said to be related when they meet the definition as provided in IAS 24.

**4.6 Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand and at current or remunerative accounts held with banks, fixed deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes

**4.7 Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amount and the company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

**4.8 Advances, prepayments, security deposits and other receivables**

These all will be shown at recoverable value and will also be adjusted to their estimated realizable value by means of the write down reserve, if any.

**4.9 Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings, if any, are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the statement of income and expenditure and 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 income and expenditure. Other financial liabilities are also subsequently measured at amortized cost using the EIR method. Interest expense and foreign exchange gains and losses are recognized in the statement of income and expenditure. Any gain or loss on de-recognition will also be recognized in the statement of income and expenditure.

**4.10 Lease liabilities**

At the commencement date of the lease, the company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities are increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the

carrying amount of lease liabilities are re-measured in case of a modification, a change in the lease term, in-substance fixed lease payments or the assessment to purchase the underlying asset.

#### **Short-term leases and leases of low-value assets**

The company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The lease of low-value assets recognition exemption also applies to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### **Significant judgement in determining the lease term of contracts with renewal options**

The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The company will apply judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g a change in business strategy).

#### **4.11 Creditors, accruals and provisions**

Liabilities for creditors and other amounts payable are carried at cost which will be the fair value of the consideration to be paid in future for the goods and / or services received, whether or not billed to the company. Liabilities for creditors and other amounts payable in foreign currency are revalued by applying the exchange rate applicable on statement of financial position date.

Provisions are recognized when the company has a present legal or constructive obligation as a result of past event and, it is probable that an outflow of resources embodying economic benefits are required to settle the obligation and reliable estimate of the amount could be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

#### **4.12 Fair value**

The fair value of financial instruments that are actively traded in organized financial markets are determined but reference to quoted market bid prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transaction; reference to the current market value of another instrument, which has substantially similar characteristics, discounted cash flow analysis or other valuation models.

#### **4.13 Contingencies and commitments**

##### **Contingencies**

Contingency represents a condition, situation or set of circumstances involving a possible loss that will ultimately be resolved when one or more future events occur or fail to occur e.g. litigation, disallowances, performance bond, credit guarantee, actual or possible claims or assessments etc.

These determinations are frequently very difficult to make and require an informed judgement on the best information available before the release of the financial statements. Information considered in making these determinations includes the views of legal counsel and other experts, past experience of the State or others in similar situations, qualitative factors relevant to the entity that has issued the guaranteed obligations, and intentions of the company (whether, for example, an appeal of an adverse court decision will be made). Disclosure generally is not required when the likelihood of a loss is remote, unless there is extreme materiality or unusual circumstances involved warranting the disclosure of such.

#### **Commitments**

The Board understands that certain liabilities may not exist as of the statement of financial position date, but due to an agreement or contractual obligation, may arise as commitments to certain revenue expenses for future fiscal year or projected capital expenditures over a period of time at a future date.

#### **4.14 Employees' provident fund**

##### **Defined contributory plan (Provident fund)**

The company operates a defined contribution provident fund for all eligible employees, for whom equal monthly contribution are made to the fund by the company and the employees at the rate of 8.33% of the basic pay of each eligible employee. The company's contribution is charged to statement of income and expenditure.

#### **4.15 Taxation**

The company has been established as a non-profit organization under section 42 of the Companies Act, 2017 and is in the process of obtaining the status of Non Profit Organization under the section 2(36) of the Income Tax Ordinance 2001. The company fulfils criteria for exemption from levy of tax under section 100(c) of Income Tax Ordinance, 2001 therefore, there will be no provision for taxation for the company.

##### **4.15.1 Current tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management evaluates position taken in tax matters with respect to the respective situations in which applicable tax regulation is subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

##### **4.15.2 Deferred tax**

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

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#### **4.16 Financial Instruments - Initial recognition and subsequent measurement**

##### **4.16.1 Recognition**

Financial assets and liabilities are recognized at the time the company becomes a party to contractual provisions of the instrument.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

##### **4.16.2 Classification of financial assets**

The company classifies its financial instruments in the following categories:

- at fair value through profit or loss (FVTPL),
- at fair value through other comprehensive income (FVTOCI), or
- at amortized cost.

The company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the company's business model for managing the financial assets and their contractual cash flow characteristics.

##### **Financial assets that meet the following conditions are subsequently measured at amortised cost**

- 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.

##### **Financial assets that meet the following conditions are subsequently measured at FVTOCI**

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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.

By default, all other financial assets are subsequently measured at FVTPL.

##### **Classification of financial liabilities**

The company classifies its financial liabilities in the following categories:

- at fair value through profit or loss (FVTPL); or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the company has opted to measure them at FVTPL.

##### **4.16.3 Subsequent measurement**

##### **Financial assets at FVTOCI**

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs.

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**Financial assets and liabilities at amortised cost**

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

**Financial assets and liabilities at FVTPL**

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

**4.16.4 De-recognition**

Financial assets and liabilities are derecognized when the company loses control of the contractual rights that comprise the financial asset. The company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the company surrenders those rights. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

**4.16.5 Off-setting**

Financial assets and liabilities are off set when the company has a legally enforceable right to offset and intends to settle either on a net basis and to realize the asset or settle the liability simultaneously.

**4.16.6 Impairment**

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an "incurred loss" event) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be readily estimated.

	2021	2020
Note	-----Rupees-----	
<b>5 Sponsors' loan</b>		
Balance as at July 01	-	-
Sponsors' loan received during the year	5.1 800,155,359	-
Balance as at June 30	<u>800,155,359</u>	<u>-</u>
<b>5.1</b> This represents unconditional, unsecured and interest free loan from Pakistan Customs (sponsor) - related party, which will be payable on the discretion of the company.		
<b>6 Long term lease liability</b>		
Pakistan Customs had earlier paid advances to Pakistan Revenue Automation Limited on behalf of Pakistan Single Window for the rental payments of Islamabad and Karachi office. Subsequently Pakistan Revenue Automation Limited had made rent agreements with National Telecommunication Headquarters and Bahria Foundation for renting Islamabad and Karachi office buildings respectively for 3 years with an option to extend the lease agreement for further 3 years. After the completion of service level agreement with Pakistan Revenue Automation Limited, name of lessee in the lease agreement was changed to Pakistan Single Window.		
At the date of transfer of the agreement to Pakistan Single Window's name, the liability was measured at the present value of the lease payments, discounted using the lessee's incremental borrowing rate as of March 01, 2021 and June 01, 2021 for Islamabad and Karachi office respectively. The lessee's incremental borrowing rate (Kibor rate) applied to the lease liabilities was 8%. The lease rentals are payable quarterly in advance for Karachi office and semi annually in advance for Islamabad office.		
Balance as at July 01	-	-
Addition to lease liability	128,302,391	-
Rentals paid	2,213,070	-
	<u>126,089,321</u>	<u>-</u>
Current portion shown under current liabilities	29,191,140	-
Long term lease liability	96,898,181	-
Balance as at June 30	<u>126,089,321</u>	<u>-</u>
<b>6.1 Maturity analysis</b>		
Gross lease liabilities - minimum lease payments	29,191,140	-
Not later than 12 months	-	-

	2021	2020
Note	-----Rupees-----	
<b>8 Deferred capital grant</b>		
Opening balance as at July 01	-	-
Transferred from deferred grants	10,918,958	-
Amortization charge for the year representing depreciation on related items of property and equipment	(44,724)	-
Closing balance as at June 30	<u>10,874,234</u>	<u>-</u>
<b>9 Provident fund payable</b>		
Opening balance as at July 01	-	-
Employee contribution	273,059	-
Employer contribution	273,059	-
Closing balance as at June 30	<u>546,118</u>	<u>-</u>
<b>9.1</b> Provident fund is deducted from the basic salaries of employees at 8.33% and same contribution is paid by the employer.		
<b>10 Accrued and other liabilities</b>		
Payable to PRAL - related party	54,423,432	3,451,667
Accrued expenses	5,141,726	-
Incorporation expenses payable	-	50,855
Income tax payable	150,962	-
Sales tax payable	168,164	-
Audit fee payable	197,200	98,600
	<u>60,081,484</u>	<u>3,601,122</u>

**11 Contingencies and commitments****11.1 Contingencies**

**11.1.1** The company is in dispute with Pakistan Revenue Automation Limited - (service provider). Statement of affairs prepared by Pakistan Revenue Automation Limited shows Rs. 17,849,485/- in respect of PRAL's PSW project employees' salaries, incurred during the period June-2019 to June-2021. Management of the company is in disagreement with the amount billed by Pakistan Revenue Automation Limited as there is no agreement between the companies showing the payment of salaries. Further this issue will be resolved on board level due to common directorship/control in both the entities. Hence, no provision has been made in accounts as the outflow of the above amount is not probable.

**11.1.2** The Company has made contraventions of the Public Sector Companies (Corporate Governance) Rules, 2013 [hereinafter "CGR Rules 2013"]. Any contravention of the CGR Rules 2013 is punishable under the Companies Act, 2017, with fine which may extend to five million rupees and where the contravention is a continuing one, with a further penalty which may extend to one hundred thousand rupees for every day. Since the company was incorporated on April 15, 2020 and there is no provision in the "CGR Rules 2013" regarding time period for fulfillment of all the "CGR Rules 2013" for a newly incorporated company hence the management of the company is of the view that the likelihood of the imposition of fine in the form of penalty is low and the non-compliance of the CGR Rules 2013 was not a deliberate act, rather non-compliance was caused due to circumstances beyond the reasonable control of the company. No provision has been made in the financial statements on the said grounds as the amount and timing of the penalty is not reasonably certain.

**11.2 Commitments**

There were no commitments as at the end of the financial year (2020: Nil).

12 Property and equipment

Particulars	Furniture and Fixtures	Computers and IT Equipments	Leasehold Improvement	Electric Equipments	Total
<b>Cost</b>					
Balance as at July 01, 2020	-	-	-	-	-
Addition during the year	5,357,777	15,512,390	8,195,340	3,821,476	<b>32,886,983</b>
Disposals during the year	-	-	-	-	-
Balance as at June 30, 2021	<u>5,357,777</u>	<u>15,512,390</u>	<u>8,195,340</u>	<u>3,821,476</u>	<b>32,886,983</b>
<b>Depreciation/ amortization</b>					
Balance as at July 01, 2020	-	-	-	-	-
Charge for the year	(483,684)	(2,689,403)	(682,945)	(407,137)	<b>(4,263,169)</b>
On disposals	-	-	-	-	-
Balance as at June 30, 2021	<u>(483,684)</u>	<u>(2,689,403)</u>	<u>(682,945)</u>	<u>(407,137)</u>	<b>(4,263,169)</b>
Carrying value as at June 30, 2021	<u><b>4,874,093</b></u>	<u><b>12,822,987</b></u>	<u><b>7,512,395</b></u>	<u><b>3,414,339</b></u>	<u><b>28,623,814</b></u>
Annual rate of depreciation/amortization	20	33	20	33	

*CA*

	Note	2021	2020
-----Rupees-----			
<b>13 Capital work in progress</b>			
Opening balance as at July 01		-	-
Additions during the year	13.1	<u>723,750</u>	-
Closing balance as at June 30		<u><u>723,750</u></u>	<u>-</u>

**13.1** This represents payment for interior designing consultancy services (preparation, presentation and supervision of interior design) for its Karachi Office.

#### 14 Intangibles

The company is internally generating software for the implementation of Pakistan Single Window Programme, which is in development phase. The following expenditures incurred on the software uptill now:

##### Development cost

Salaries	14.1	15,896,611	-
Services	14.2	59,125,564	-
Allowances to Other Government Agencies	14.3	26,786,298	-
Rent	14.4	14,787,141	-
Development tools	14.5	892,182	-
Boarding and lodging		281,517	-
Depreciation on right of use asset - Bahria Complex		<u>750,129</u>	-
		<u><u>118,519,442</u></u>	<u>-</u>

**14.1** This represents salaries paid to IT employees of the company, working on the internally generated software.

**14.2** This represents salaries paid to employees on payroll of Pakistan Revenue Automation Limited, working for implementation of Pakistan Single Window Programme.

**14.3** This represents allowances paid to Other Government Agencies, which are capitalized to development cost, as they are part of implementation of the Pakistan Single Window programme.

**14.4** This represent rent expenses related to Bahria Complex III Karachi office and A.A.Joyland for temporary space availability.

**14.5** This includes costs of Microsoft 365 Business Basic, Dot Access, Clickup Tools and Development Tools purchased online.

#### 15 Right of use asset

This represents right of use asset obtained on lease as referred to note 6. These are being depreciated over the lease term. Reconciliation of the carrying amount is as follows:

##### Cost

Opening balance July 01		-	-
Additions during the year		<u>128,302,391</u>	-
Balance as at June 30		<u><u>128,302,391</u></u>	<u>-</u>

##### Depreciation

Opening balance on July 01		-	-
Charge for the year - NTC building		6,336,671	-
Charge for the year - Bahria complex		<u>750,129</u>	-
Balance as at June 30		<u><u>7,086,800</u></u>	<u>-</u>
Carrying value as at June 30		<u><u>121,215,591</u></u>	<u>-</u>

		2021	2020
	Note	-----Rupees-----	
<b>16 Long term deposits</b>			
Security deposits - leases		4,595,200	-
Security deposits - others		1,100,560	-
		<u>5,695,760</u>	<u>-</u>
<b>17 Advances, prepayments and other receivables</b>			
Unsecured - considered good			
Advances to supplier	17.1	31,454,968	-
Insurance premium for employees		199,236	-
Income tax deducted at source		221,502	-
Prepaid softwares cost	17.2	16,374	-
Other receivables		2,377	-
		<u>31,894,457</u>	<u>-</u>
<b>17.1</b>	This includes amount paid to Pakistan Revenue Automation Limited in advance from Pakistan Customs for rent, renovation and TA/ DA of ITMS advisor.		
<b>17.2</b>	This represents costs of prepaid softwares balasmiq cloud, clickup tool and zoom account purchased, which are amortized over their monthly use.		
<b>18 Cash and bank balances</b>			
Cash in hand		158,030	-
Cash at bank			
-Current accounts		637,299,430	-
		<u>637,457,460</u>	<u>-</u>
		2021	For the period from April 15, 2020 to June 30, 2020
	Note	-----Rupees-----	
<b>19 Subscription income</b>			
Subscription income	19.1	64,000	-
		<u>64,000</u>	<u>-</u>
<b>19.1</b>	Subscription income includes subscription amounting Rs. 500/- received from 128 persons each in company's bank account, which is net of commission expense amounting Rs. 10/- per transaction charge to 1 link.		
<b>20 Other income</b>			
Other income	20.1	74,855	-
		<u>74,855</u>	<u>-</u>
<b>20.1</b>	This includes tender document fee received for hiring of legal advisory services on retainership basis, amounting Rs. 2,000/- from each bidder.		
<b>21 Operating expenses</b>			
Training and capacity building		61,250	-
Consultancy fee		8,856,783	-
Meeting fee	21.1	1,633,257	-
Recruitment expenses		508,200	-
Subscription and licenses		421,035	-
Entertainment expenses		178,430	-
Printing and stationery		591,926	-

		2021	For the period from April 15, 2020 to June 30, 2020
	Note	Rupees	Rupees
Travelling and conveyance		275,439	-
Courier and postage		16,225	-
Taxes, fee and penalties		25,136	-
Others		1,280	-
Tendering cost		1,315,059	-
Repair and maintenance		288,893	-
		<u>14,172,913</u>	<u>-</u>
<b>21.1 Meeting fee</b>	<b>Number</b>		
Chief executive	1	100,000	-
Directors	5	1,533,257	-
		<u>1,633,257</u>	<u>-</u>
<b>22 Administrative expenses</b>			
Salaries and other benefits	22.1	20,269,812	-
Rent expense		11,717,500	3,451,667
Boarding and lodging		33,000	-
Vehicle fuel		17,390	-
Incorporation expenses		-	50,855
Sales tax expense		66,392	-
Depreciation expense	22.2	10,555,116	-
Office expenses		2,123,709	-
Utility expenses		1,160,135	-
Auditors' remuneration	22.3	116,600	98,600
		<u>46,059,654</u>	<u>3,601,122</u>
<b>22.1</b>	Salaries and other benefits includes provident fund, deducted from the basic salaries of employees at 8.33% and same contribution is paid by the employer.		
<b>22.2 Depreciation expense</b>			
Depreciation on Property and equipment		4,218,445	-
Depreciation on right of use asset - NTC building		6,336,671	-
Depreciation charged to administrative expenses		<u>10,555,116</u>	<u>-</u>
<b>22.3 Auditors' remuneration</b>			
Audit fee		98,600	98,600
Out of pocket expenses		18,000	-
		<u>116,600</u>	<u>98,600</u>
<b>23 Finance cost</b>			
Bank charges		2,450	-
		<u>2,450</u>	<u>-</u>
<b>24 Taxation</b>			

-Income of non-profit organizations is allowed a tax credit equal to one hundred percent of the tax payable under section 100C of the Income Tax Ordinance, 2001. The Organization is in process to get approval under section 2(36) of the Income Tax Ordinance, 2001. Accordingly, no provision for taxation has been made in these financial statements.

-Deferred tax asset for the financial year 2021 has not been recognized as it is not probable that the entity will have sufficient taxable profits in future against which these deductible temporary differences can be utilized.

## 25 Financial Instrument and related disclosures

### 25.1 Financial risk factors and management policies

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

#### (a) Market risk

##### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rate. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The company is not exposed to currency risk.

##### (ii) Other price risk

Other price risk represents the risk that the fair value of 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 instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to commodity price risk.

##### (iii) Interest rate risk

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

#### (b) 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. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	2021	2020
		-----Rupees-----	
Long term deposits	16	5,695,760	-
Advances, prepayments and other receivables	17	31,894,457	-
Cash and bank balances	18	637,457,460	-

#### (c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity'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 without incurring unacceptable losses.

**Contractual maturity of financial liabilities as at June 30, 2021**

	Carrying amount	Within one year	From one to five years	More than five years
Lease liability	126,089,321	29,191,140	96,898,181	-
Accrued and other liabilities	60,081,484	60,081,484	-	-

**Contractual maturity of financial liabilities as at June 30, 2020**

	Carrying amount	Within one year	From one to five years	More than five years
Accrued and other liabilities	3,601,122	3,601,122	-	-

**Fair values of financial assets and liabilities**

The carrying values of all financial assets and liabilities reflected in financial instruments approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

**Financial instruments by categories**

**Financial assets as per statement of financial position**

	Note	2021	2020
-----Rupees-----			
Long term deposits	16	5,695,760	-
Advance to suppliers	17	31,473,719	-
Insurance premium for employees	17	199,236	-
Income tax deducted at source	17	221,502	-
Cash and bank balances	18	637,457,460	-

**Financial liabilities as per statement of financial position**

	Note	2021	2020
Lease liability	6	126,089,321	-
Accrued and other liabilities	10	59,762,358	3,601,122
Income tax payable	10	150,962	-
Sales tax payable	10	168,164	-

**26 Transactions with related parties**

The related party comprises the chief executive/ director and associated undertakings of the company. Further, Pakistan Single Window and its Lead agency - Pakistan Customs are related party to each other. The company in the normal course of business carried out transactions with related party. Remuneration of chief executive, directors and key management personnel's are disclosed in note 27.

Entity	Relationship	Nature of transactions	2021	For the period from April 15, 2020 to June 30, 2020
Pakistan Customs	Sponsor	Debt received during the year	800,155,359	-
Public Sector Development Programme - Government of Pakistan	Associate	PSDP funds/ grants received during the year	20,000,000	-
Pakistan Revenue Automation (Private) Limited	Associated company	Rent paid on behalf of the company	24,615,833	3,451,667
		Expenses incurred on behalf of the company	56,422,660	-
		Expenses incurred, capitalized to intangibles	80,111,905	-
		Property and equipment purchased for the company	31,475,060	-

**27 Remuneration of directors, chief executive (CEO) and key management personnel**

The aggregate amount charged in the financial statements for remuneration, including all benefits to CEO, directors and executives of the Company are as follows:

	2021				2020			
	CEO	Directors	Executives	Total	CEO	Directors	Executives	Total
-----Rupees-----								
Meeting fee	100,000	1,533,257	-	1,633,257	-	-	-	-
Managerial remuneration	-	-	20,136,323	20,136,323	-	-	-	-
Medical allowance	-	-	2,855,068	2,855,068	-	-	-	-
Fuel/ conveyance allowance	-	-	206,246	206,246	-	-	-	-
Connectivity allowance	-	-	38,065	38,065	-	-	-	-
EOBI	-	-	21,975	21,975	-	-	-	-
Provident fund	-	-	273,058	273,058	-	-	-	-
	100,000	1,533,257	23,530,735	25,163,992	-	-	-	-
Number of persons	1	5	5	11	1	5	-	6

**28 Number of employees**

Number of persons employed as on the year end  
Average number of persons employed for the year

2021 Numbers	2020 Numbers
59	-
8	-

**29 Impact of COVID - 19 (Corona Virus)**

During the year ended June 30, 2020, the World Health Organization (WHO) declared the outbreak of the novel strain of Corona virus (Covid -19) a global pandemic and recommended containment and mitigation measures worldwide. The Federal and Provincial governments of Pakistan also took various measures, including imposition of lockdown, from the end of March, 2020 to contain the spread of the Covid -19, afterthat, smart lockdown was imposed by the government in the second and third wave of Covid-19, in which various sectors of the economy were restricted. This caused an overall economic slowdown and varying degree of disruption to various businesses. However, based on the entity's management's assessment, there is no material impact on the entity's operations since the project is fully funded by Federal Board of Revenue (FBR) - Pakistan Customs.

**30 Date of authorization**

These financial statements were approved and authorized for issue on 28 OCT 2021 by the board of directors.

**31 General**

31.1 Figures have been rounded off to the nearest Pakistani rupee.

31.2 Figures have been reclassified wherever necessary, however, no material reclassification have been made during the year.

  
Chief Executive

  
Chief Financial Officer

  
Director

CE

## 7. ATTENDANCE OF THE BOARD MEETINGS HELD DURING THE YEAR 2020-21

S.No.	Directors	BOD Meetings Attended
1.	<b>Syed Muhammad Tariq Huda</b> Member (Customs-Operations), Federal Board of Revenue (Since 21/05/2020)	2 <sup>nd</sup> , 3 <sup>rd</sup> , 4 <sup>th</sup> , 5 <sup>th</sup> , 6 <sup>th</sup> & 7 <sup>th</sup>
2.	<b>Mr. Muhammad Ashfaq</b> Joint Secretary (EXIM), Ministry of Commerce (Since 07/04/2021)	6 <sup>th</sup> & 7 <sup>th</sup>
3.	<b>Mr. Mukarram Jah Ansari</b> Additional Secretary, Board of Investment (Since 15/04/2020)	2 <sup>nd</sup> , 3 <sup>rd</sup> , 4 <sup>th</sup> , 5 <sup>th</sup> , 6 <sup>th</sup> & 7 <sup>th</sup>
4.	<b>Mr. Muhammad Anees</b> Nominee of Pakistan Business Council (Since 15/04/2020)	2 <sup>nd</sup> , 3 <sup>rd</sup> , 4 <sup>th</sup> , 5 <sup>th</sup> , 6 <sup>th</sup> & 7 <sup>th</sup>
5.	<b>Mr. Wajid Ali</b> Director General Reform & Automation (Customs), Federal Board of Revenue (Since 26/10/2020)	4 <sup>th</sup> , 5 <sup>th</sup> , 6 <sup>th</sup> & 7 <sup>th</sup>
6.	<b>Mr. Khurram Ijaz</b> Vice President, Federation of Pakistan Chambers of Commerce & Industry (Since 23/02/2021)	6 <sup>th</sup> & 7 <sup>th</sup>
7.	<b>Mr. Gul Rehman</b> Director General Reform & Automation (Customs), Federal Board of Revenue (15/04/2020 – 26/10/2020)	2 <sup>nd</sup> & 3 <sup>rd</sup>
8.	<b>Mr. Muhammad Usman Qureshi</b> Joint Secretary (EXIM), Ministry of Commerce (09/04/2020 – 07/04/2021)	4 <sup>th</sup> & 5 <sup>th</sup>

## 8. HUMAN RESOURCE MANAGEMENT

A total of **53** employees were employed by PSW as on **30<sup>th</sup> June 2021**. The departmental segregation of employees is as under:

<b>Overall Staff of PSW</b>		
<b>Sr. No.</b>	<b>Department</b>	<b>No. of Employees</b>
1	Corporate Affairs	2
2	Human Resource & Administration	7
3	Finance	4
4	Procurement	2
5	Marketing & Strategy	2
6	Information Technology	36
<b>Total</b>		<b>53</b>

## **9. KEY PERFORMING INDICATORS OF THE COMPANY**

The sole objective for establishment of PSW is to create a single electronic platform to efficiently meet requirements of regulation for trade in the country i.e., imports, exports and transit trade while supporting simplification, harmonization, and digitization of related processes to improve ease of doing business and compliance.

The detailed KPIs of the company are as follows:

- (i) Reduce time, cost, and complexity for cross border trade
- (ii) Improving and simplifying the regulation process
- (iii) Increase ease of doing business
- (iv) Adopt international best practices for trade regulations
- (v) Develop & continuously update electronic platform for cross border trade
- (vi) Support government agencies in adopting an Integrated Risk Management approach for efficient enforcement of cross border trade related controls
- (vii) Record trade data for use by the Government
- (viii) Comply with commitments under agreement with World Trade Organization
- (ix) Hire & train Human Resource to operate the electronic platform of PSW
- (x) Develop Integrated Risk Management System IRMS
- (xi) Develop Applications for integration of Other Government Agencies with PSW electronic platform
- (xii) Establish a monitoring framework for continuous improvement PSW services

## 10. COMPLIANCE STATEMENT WITH THE PUBLIC SECTOR COMPANIES RULES 2013



Incorporated under section 42 of the Companies Act, 2017 / CUIN: 0150222

### SCHEDULE I [See paragraph 2(1)]

#### Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

Name of company: **Pakistan Single Window**

Name of the line ministry: **Ministry of Finance** – Lead Agency: **Pakistan Customs**

For the year ended: **30<sup>th</sup> June 2021**

I. This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called “the Rules”) issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.

II. The company has complied with the provisions of the Rules in the following manner:

S. No.	Provision of the Rules	Rule No.	Y	N																		
			Tick the relevant box																			
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	Y																			
2.	The Board has the requisite percentage of independent directors. At present the board includes: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Category</th> <th>Names</th> <th>Date of appointment</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Independent Directors</td> <td>1. Mr. Muhammad Anees</td> <td>15<sup>th</sup> April 2020</td> </tr> <tr> <td>2. Mr. Khurram Ijaz</td> <td>23<sup>rd</sup> February 2021</td> </tr> <tr> <td>Executive Directors</td> <td>1. Syed Muhammad Tariq Huda</td> <td>21<sup>st</sup> May 2020</td> </tr> <tr> <td rowspan="3">Non-Executive Directors</td> <td>1. Mr. Mukarram Jah Ansari</td> <td>15<sup>th</sup> April 2020</td> </tr> <tr> <td>2. Mr. Wajid Ali</td> <td>26<sup>th</sup> October 2020</td> </tr> <tr> <td>3. Mr. Muhammad Ashfaq</td> <td>7<sup>th</sup> April 2021</td> </tr> </tbody> </table>	Category	Names	Date of appointment	Independent Directors	1. Mr. Muhammad Anees	15 <sup>th</sup> April 2020	2. Mr. Khurram Ijaz	23 <sup>rd</sup> February 2021	Executive Directors	1. Syed Muhammad Tariq Huda	21 <sup>st</sup> May 2020	Non-Executive Directors	1. Mr. Mukarram Jah Ansari	15 <sup>th</sup> April 2020	2. Mr. Wajid Ali	26 <sup>th</sup> October 2020	3. Mr. Muhammad Ashfaq	7 <sup>th</sup> April 2021	3(2)	Y	
Category	Names	Date of appointment																				
Independent Directors	1. Mr. Muhammad Anees	15 <sup>th</sup> April 2020																				
	2. Mr. Khurram Ijaz	23 <sup>rd</sup> February 2021																				
Executive Directors	1. Syed Muhammad Tariq Huda	21 <sup>st</sup> May 2020																				
Non-Executive Directors	1. Mr. Mukarram Jah Ansari	15 <sup>th</sup> April 2020																				
	2. Mr. Wajid Ali	26 <sup>th</sup> October 2020																				
	3. Mr. Muhammad Ashfaq	7 <sup>th</sup> April 2021																				
3.	A casual vacancy occurring on the board was filled up by the directors within ninety days.	3(4)	Y																			
4.	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	Y																			



# PSW

PAKISTAN SINGLE WINDOW

Incorporated under section 42 of the  
Companies Act, 2017 / CUIN: 0150222

5.	The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as board members under the provisions of the Ordinance.	3(7)	Y	
6.	The chairman of the board is working separately from the chief executive of the Company.	4(1)	Y	
7.	The chairman has been elected from amongst the independent directors.	4(4)	N/A	
8.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.	5(2)	Y	
9.	(a) 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, including posting the same on the company's website. (Address of website to be indicated <a href="http://www.psw.gov.pk">www.psw.gov.pk</a> )  (b) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	(a) Y  (b) Y	
10.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety, objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	Y	
11.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b) (ii)	Y	
12.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5)(b) (vi)		N
13.	(a) The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.  (b) A Committee has been formed to investigating deviations from the company's code of conduct.	5(5)(c) (ii)	(a) Y  (b) Y	
14.	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender	5(5)(c) (iii)	Y	



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Near State Bank of Pakistan, Islamabad, 44000



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PAKISTAN SINGLE WINDOW

Incorporated under section 42 of the Companies Act, 2017 / CUIN: 0150222

	regulations, and purchasing and technical standards, when dealing with suppliers of goods and services <sup>1</sup> .			
15.	The board has developed a vision or mission statement, corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.	5(6)	Y	
16.	The board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	N/A	
17.	(a) The board has met at least four times during the year. (b) Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	(a) Y  (b) Y  (c) Y	
18.	The board has carried out performance evaluation of its members, including the chairman and the chief executive, on the basis of a process, based on specified criteria, developed by it. The board has also monitored and assessed the performance of senior management on annual/half-yearly/quarterly basis*. * Strike out whichever is not applicable	8	N/A	
19.	The board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	Y	
20.	The board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end, and has placed the annual financial statements on the company's website. Monthly accounts were also prepared and circulated amongst the board members.	10		N
21.	All the board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11	Y	

<sup>1</sup> The words "in accordance with the PPRA Rules" omitted in terms of the approval granted by the Commission on September 22, 2015




PAKISTAN SINGLE WINDOW																						
22.	<p>(a) The board has formed the requisite committees, as specified in the Rules.</p> <p>(b) The committees were provided with written term of reference defining their duties, authority and composition.</p> <p>(c) The minutes of the meetings of the committees were circulated to all the board members.</p> <p>(d) The committees were chaired by the following non-executive directors:</p> <table border="1" data-bbox="459 685 1129 1155"> <thead> <tr> <th>Committee</th> <th>Number of members</th> <th>Name of Chair</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>2</td> <td>Mr. Khurram Ijaz</td> </tr> <tr> <td>Risk Management Committee</td> <td>N/A</td> <td></td> </tr> <tr> <td>Human Resources Committee</td> <td>3</td> <td>Mr. Muhammad Anees</td> </tr> <tr> <td>Procurement Committee</td> <td>2</td> <td>Mr. Muhammad Ashfaq</td> </tr> <tr> <td>Nomination Committee</td> <td>3</td> <td>Mr. Muhammad Anees</td> </tr> </tbody> </table>	Committee	Number of members	Name of Chair	Audit Committee	2	Mr. Khurram Ijaz	Risk Management Committee	N/A		Human Resources Committee	3	Mr. Muhammad Anees	Procurement Committee	2	Mr. Muhammad Ashfaq	Nomination Committee	3	Mr. Muhammad Anees	12	(a) Y	
Committee	Number of members	Name of Chair																				
Audit Committee	2	Mr. Khurram Ijaz																				
Risk Management Committee	N/A																					
Human Resources Committee	3	Mr. Muhammad Anees																				
Procurement Committee	2	Mr. Muhammad Ashfaq																				
Nomination Committee	3	Mr. Muhammad Anees																				
			(b) Y																			
			(c) Y																			
23.	The board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment, and as per their prescribed qualifications.	13/14	Y																			
24.	The company has adopted International Financial Reporting Standards notified by the Commission under clause (i) of sub-section (3) of section 234 of the Ordinance.	16	Y																			
25.	The directors' report for this year has been prepared in compliance with the requirements of the Ordinance and the Rules and fully describes the salient matters required to be disclosed.	17	Y																			
26.	The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.	18	N/A																			
27.	A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place. The annual report of the company contains criteria and details of remuneration of each director.	19	N/A																			
28.	The financial statements of the company were duly endorsed by the chief executive and chief financial officer, before approval of the board.	20	Y																			



Incorporated under section 42 of the  
Companies Act, 2017 / CUIN: 0150222

PAKISTAN SINGLE WINDOW			21	Y	
29. The board has formed an audit committee, with defined and written terms of reference, and having the following members:					
Name of member	Category <sup>i</sup>	Professional background <sup>ii</sup>			
Mr. Khurram Ijaz (Chairman)	(Non-executive Independent Director)				
Mr. Mukarram Jah Ansari	(Non-executive Director)				
The chief executive and chairman of the Board are not members of the audit committee.					
30.	The board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee, and which worked in accordance with the applicable standards.		22		N
31.	The company has appointed its external auditors in line with the requirements envisaged under the Rules.		23	Y	
32.	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.		23(4)	Y	
33.	The external auditors have not been appointed to provide non-audit services and the auditors have confirmed that they have observed applicable guidelines issued by IFAC in this regard.		23(5)	Y	
34.	The company has complied with all the corporate and financial reporting requirements of the Rules.			Y	

  
Chief Executive Officer, PSW

  
Director, PSW

**SCHEDULE II****See Paragraph 2(3)****Explanation for Non-Compliance with the Public Sector Companies  
(Corporate Governance) Rules, 2013**

We confirm that all other material requirements envisaged in the Rules have been complied with [except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year]:<sup>iii</sup>

Sr. No.	Rule/sub-rule no.	Reasons for non-compliance	Future course of action
12	5(5)(b)(vi)	The process for preparation/approval of draft Anti-Corruption Policy was initiated during the FY 2020-21.	<b>Anti-corruption policy has been duly approved by the Board on 9<sup>th</sup> July 2021.</b>
20	10	<p>External Auditor has been engaged on 10<sup>th</sup> June 2021.</p> <p>Immediately thereafter, Audit for the first accounting period from 15<sup>th</sup> April 2020 to 30<sup>th</sup> June 2020 has been completed and approved by the Board/AGM on 12<sup>th</sup> August 2021.</p> <p>Audit of FY 2020-21 is being finalized shortly, indispensable for opening accounts' balances for the next period.</p> <p>Henceforth, quarterly un-audited accounts in continuation of audited accounts shall be placed before the Audit Committee &amp; the Board for approval regularly.</p>	<p><b>Quarterly Accounts are being maintained by the PSW Office now.</b></p> <p><b>It will be shared with the Board in due course of time.</b></p>
30	22	<p>The Board approved the TORs/JD of Chief Internal Auditor during the FY 2020-21. The HR department of the company started the hiring process of Chief Internal Auditor.</p> <p>The Audit Charter of the company was approved by the Board during the year under review.</p>	<b>The Chief Internal Auditor has joined PSW and has taken over charge on 20<sup>th</sup> August 2021.</b>



**Chief Executive Officer, PSW**



**Director, PSW**



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## 11. AUDITORS REPORT TO THE MEMBERS



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### INDEPENDENT AUDITORS' REPORT

#### TO THE MEMBERS OF PAKISTAN SINGLE WINDOW

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **PAKISTAN SINGLE WINDOW**, which comprise the statement of financial position as at **JUNE 30, 2021** and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in funds, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in funds 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 deficit, other comprehensive income, the changes in funds 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.

#### Information other than the Financial Statements and Auditor's report thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, on other information obtained prior to the date of this auditor's report, 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.



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### **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.

### **Auditors' Responsibilities for the Audit of 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 auditors' 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 misstatements 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 controls.
- 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 auditors' 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 auditors' 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.

**Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in funds 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, expenditures incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is **Mr. Muhammad Masood Shahid - FCA.**



**CHARTERED ACCOUNTANTS  
ISLAMABAD  
OCTOBER 28, 2021**



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**Review Report to the Board of Directors**  
**On the Statement of Compliance with the Public Sector Companies**  
**(Corporate Governance)**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of **Pakistan Single Window (the “Company”)** for the year ended June 30, 2021.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company’s compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. 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 Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director’s 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 Rules 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm’s length transactions and transactions which are not executed at arm’s length price and recording proper justification for using such alternate pricing mechanism. 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 determine whether the related party transactions were undertaken at arm’s length price or not.

Based on our review, except for the instances mentioned in Schedule-II (Explanation for Non-Compliance), nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended June 30, 2021.

**Chartered Accountants**

Place: Islamabad

Date: October 28, 2021



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## 12. COMPANY'S INFORMATION

### 12.1 REGISTERED OFFICE (AS ON 30<sup>th</sup> JUNE 2021)

The registered head office of the company is situated at NTC Center, 2<sup>nd</sup> floor, Sector G-5/2, Islamabad & operational office at 15th Floor, BRR Tower, I.I chundrigar Road, Karachi

Telephone No: (051) 9245605

Website: www.psw.gov.pk

### 12.2 BANKS

National Bank of Pakistan.

### 12.3 LEGAL ADVISER (AS ON 30<sup>th</sup> JUNE 2021)

CKR and Z1A (Attorneys and Legal Consultants).

### 12.4 AUDITORS (AS ON 30<sup>th</sup> JUNE 2021)

Parker Russell A.J.S. Chartered Accountants.

### 12.5 COMPANY OFFICERS (AS ON 30<sup>th</sup> JUNE 2021)

- |      |                                 |                              |
|------|---------------------------------|------------------------------|
| i.   | <b>Chief Executive Officer</b>  | Syed Muhammad Tariq Huda     |
| ii.  | <b>Company Secretary</b>        | Mr. Muhammad Moin ul Arfeen  |
| iii. | <b>CFO</b>                      | Mr. Muhammad Mubashar Bashir |
| iv.  | <b>Head of HR &amp; Admin</b>   | Mr. Salman Bashir            |
| v.   | <b>Chief Technology Officer</b> | Mr. Azeem Afzal              |

## 13. ACKNOWLEDGEMENTS

The Board wishes to place on record its appreciation for the Government of Pakistan and the Federal Board of Revenue for their financial and administrative support to PSW. The Board also acknowledges dedication of staff members.

The Board authorized the Chief Executive Officer of PSW to sign the annual Report on behalf of the Board.

For and on behalf of the Board.



**Chief Executive Officer, PSW**