

**Faisalabad Garment City Company**

**FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**Independent Auditors' Report to the Members of Faisalabad Garment City Company**  
**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of **Faisalabad Garment City Company** (the Company), which comprise the statement of financial position as at June 30, 2020, and the income and expenditure statement, 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 income or expenditure statement, 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, 2020 and of the surplus, 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 Auditors' Report Thereon**

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of

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

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

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

### **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 income and expenditure statement, 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, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980)

The engagement partner on the audit resulting in this independent auditor's report is Mr. Khan Muhammad-FCA.

Date: 02 OCT 2020  
Place: Faisalabad

  
*Kreston Hyder Bhimji & Co.*  
**KRESTON HYDER BHIMJI & CO.**  
**CHARTERED ACCOUNTANTS**

**FAISALABAD GARMENT CITY COMPANY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

ASSETS	NOTE	2020 RUPEES	2019 RUPEES
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	7	181,838,064	152,982,767
Investment property	8	377,462,438	388,188,647
Advance for purchase of land	9	7,111,835	7,111,835
Long term advances	10	311,822	336,658
Long term deposits	11	8,340,560	9,622,056
		575,064,719	558,241,963
<b>CURRENT ASSETS</b>			
Store inventory	12	490,381	-
Advances, prepayments and other receivables	13	6,269,763	2,229,146
Accrued income	14	2,808,540	2,139,006
Short term investments	15	40,000,000	50,000,000
Tax refunds due from government	16	5,567,675	-
Cash and bank balances	17	120,706,153	85,413,686
		175,842,512	139,781,838
		<u>750,907,231</u>	<u>698,023,801</u>
<b>FUNDS AND LIABILITIES</b>			
<b>FUNDS</b>			
Public sector development fund		690,929,000	690,929,000
Accumulated surplus / (deficit)		1,174,573	(28,485,011)
		692,103,573	662,443,989
<b>NON CURRENT LIABILITIES</b>			
Deferred income	18	37,152,805	1,630,000
Deferred liabilities	19	8,489,276	7,019,549
		45,642,081	8,649,549
<b>CURRENT LIABILITIES</b>			
Trade and other payables	20	1,586,225	335,229
Security deposits	21	11,575,352	11,575,352
Provision for taxation		-	15,019,682
		13,161,577	26,930,263
<b>CONTINGENCIES</b>			
	22	-	-
		<u>750,907,231</u>	<u>698,023,801</u>

The annexed notes 1 to 34 form an integral part of these financial statements.

  
**CHAIRMAN**

  
**DIRECTOR**

  
**CHIEF ACCOUNTANT**

**FAISALABAD GARMENT CITY COMPANY  
INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2020**

	NOTE	2020 RUPEES	2019 RUPEES
<b>Revenue</b>	<b>23</b>	<b>55,701,781</b>	51,151,946
<b>Less:</b>			
Operating and other expenses	24	28,635,631	20,705,967
Depreciation on property, plant and equipment	7.3	8,791,552	9,292,195
Depreciation on investment property	8.1	14,784,881	15,465,363
		<u>52,212,064</u>	<u>45,463,525</u>
		3,489,717	5,688,421
Other income	25	19,733,559	9,631,153
<b>Surplus before taxation</b>		<u>23,223,276</u>	<u>15,319,574</u>
Taxation	26	(6,436,308)	13,719,807
<b>Surplus after taxation</b>		<u>29,659,584</u>	<u>1,599,767</u>
Other comprehensive income for the year		-	-
<b>Total comprehensive surplus for the year</b>		<u><u>29,659,584</u></u>	<u><u>1,599,767</u></u>

The annexed notes 1 to 34 form an integral part of these financial statements.

  
CHAIRMAN

  
DIRECTOR

  
CHIEF ACCOUNTANT

**FAISALABAD GARMENT CITY COMPANY**

**STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Public Sector Development Fund</b>	<b>Accumulated Surplus / (Deficit)</b>	<b>Total</b>
	[ R	U P E E	S ]
<b>Balance as at July 01, 2018</b>	690,929,000	(30,084,778)	662,070,157
Total comprehensive surplus for the year	-	1,599,767	1,599,767
<b>Balance as at June 30, 2019</b>	<u>690,929,000</u>	<u>(28,485,011)</u>	<u>663,669,924</u>
Total comprehensive surplus for the year	-	29,659,584	29,659,584
<b>Balance as at June 30, 2020</b>	<u><u>690,929,000</u></u>	<u><u>1,174,573</u></u>	<u><u>693,329,508</u></u>

The annexed notes 1 to 33 form an integral part of these financial statements.

  
CHAIRMAN

  
DIRECTOR



  
CHIEF ACCOUNTANT

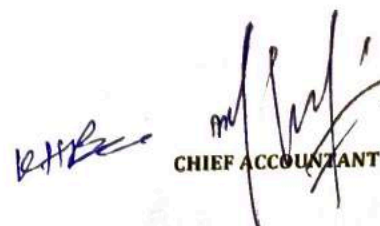
**FAISALABAD GARMENT CITY COMPANY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	NOTE	2020 RUPEES	2019 RUPEES
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Surplus before taxation</b>		23,223,276	15,319,574
<b>Adjustments for non cash and other items:</b>			
Depreciation on property, plant and equipment		11,457,850	9,292,195
Depreciation on investment property		14,784,881	15,465,363
Provision for gratuity		1,469,727	1,412,129
Finance cost		7,784	1,041
Profit on bank deposits		(11,774,943)	(3,299,184)
Profit on short term investments		(5,623,522)	(6,099,564)
Interest income on deposit with SNGPL		(127,500)	(84,405)
Balance written off		-	84,240
Workers welfare fund		1,196,288	-
Grant from PSDF		1,195,233	-
Amortization of grant		(3,944,389)	-
Insurance income		(1,107,016)	-
Grant for SMOT - III project		300,000	(136,000)
<b>Operating cash flows before working capital changes</b>		31,057,669	31,955,389
<b>Changes in working capital</b>			
<b>(Increase)/decrease in current assets</b>			
Advances, prepayments and other receivables		(3,224,129)	3,393,035
Store inventory		(31,054)	-
Tax refunds due from government		(5,567,675)	-
<b>Increase/(decrease) in current liabilities</b>			
Trade and other payables		54,708	(1,168,742)
		(8,768,150)	2,224,293
<b>Cash generated from operations</b>		22,289,519	34,179,682
Finance cost paid		(7,784)	(1,041)
Gratuity paid		-	(203,272)
Income tax paid		(8,583,374)	(12,990,405)
Interest income on deposit with SNGPL		-	75,225
Profit on bank deposits		11,357,767	2,022,518
Long term advances		(791,652)	(27,174)
Grant from PSDP		(1,195,233)	-
Insurance Income		1,107,016	-
Grant for SMOT - III project		(300,000)	136,000
<b>Net cash generated from operating activities</b>		23,876,259	23,191,533
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition in property, plant and equipment		(951,650)	(897,775)
Addition in investment property		(3,130,806)	-
Changes in short term investments		10,000,000	36,030,000
Profit on short term investments		5,498,664	6,199,518
<b>Net cash generated from investing activities</b>		11,416,208	41,331,743
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Day care establishment fund		-	1,630,000
<b>Net cash generated from financing activities</b>		-	1,630,000
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(a+b+c)	35,292,467	66,153,276
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		85,413,686	19,260,410
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	17	120,706,153	85,413,686

The annexed notes 1 to 34 form an integral part of these financial statements.

  
**CHAIRMAN**

  
**DIRECTOR**

  
**CHIEF ACCOUNTANT**



**FAISALABAD GARMENT CITY COMPANY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**1. STATUS AND ACTIVITIES**

Faisalabad Garment City Company (the Company) was incorporated on 8th May, 2006 under Section 42 of the repealed Companies Ordinance, 1984 (new Companies Act, 2017) as a Company Limited by Guarantee without the addition of word "Limited" to its name. The registered office of the Company is situated at Value Addition City, 1-1/2 km Khurrianwala Sahianwala Road, Khurrianwala, Faisalabad. The principal object of the Company is to promote, finance, establish, run, manage, maintain and develop state of art facilities for garments, home textiles, hosiery made-ups, accessories and allied industry in Textile City of Faisalabad by providing necessary infrastructure to manufacturers, designers and exporters, after necessary approvals/sanctions of the Government of Pakistan.

**1.1** The present Board of Directors was reconstituted by the Prime Minister of Pakistan vide notification No.1(9)TID/14-D-II, dated 23rd June 2017 of Ministry of Textile Industry. The tenure of present Board of Directors was expired on 22nd June 2020 in terms of Rule 3A of the Public Sector Companies (Corporate Governance) Rules, 2013 read with Section 161 of the Companies Act, 2017 which inter alia provide the tenure of three (3) years being the office holding period of directors of Public Sector Company. However, regarding status of present Board, the legal advisor of the company has given his opinion which categorically affirms the validity of the Board in the following words; *"The Director/Board of Directors of the Company have been reconstituted by the Prime Minister of Pakistan and no tenure has since been given in the said notification for the said directors/Board of Directors. Moreover, the provisions of Section 158, 159, 161, 162 and 163 are not applicable to this company (FGCC). The concerned Ministry or the Prime Minister of Pakistan has neither passed any notification to restrain the present BODs for working nor has reconstituted any fresh BODs. In these circumstances we are of the opinion that under Section 165 (3) of the Companies Act, 2017 the present Directors/Board of Directors of the Company shall hold office during the pleasure of the nominating body."*

**1.2** Under rule 5(2) of the Public Sector Companies (Corporate Governance) Rules, 2013, the Board of Directors are required to evaluate and recommend possible candidates for the position of Chief Executive Officer to the Government for its concurrence for appointment as Chief Executive of the Company. The company was granted approval for relaxation from the appointment of chief executive separate from the chairman, by the Securities and Exchange Commission of Pakistan (SECP) as required under Rule 4(l) of Public Sector Companies (Corporate Governance) Rules, 2013 for one year i.e., 2019. An application for relaxation/exemption for the appointment of chief executive officer (CEO) has been submitted to SECP for a period of two years i.e., upto 2021. The approval of application is still pending.

The board has approved chairman and one director to authorize these financial statements, at present the company is not in a position to fulfill the requirements of section 227(5) and 232 of Company Act 2017, which inter alia require endorsement by Chief Executive Officer on director's report, statement of compliance with requirements of Public Sector Companies (Corporate Governance) Rules, 2013, and financial statements.

**2. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS**

In March 2020, the COVID-19 has spread throughout the country and measures were taken to reduce the spread of the COVID-19 that include lockdown of businesses, suspension of flight operations, intercity movement, cancellation of major events etc. These measures have resulted in an overall economic slowdown and disruptions to various businesses. The Government of Pakistan and State Bank of Pakistan have announced several monetary and fiscal policy measures to mitigate the adverse economic impacts of COVID-19.

However, the management has evaluated and concluded that there are no material implications of COVID-19 that require specific disclosure in the financial statements.

**3. BASIS OF PREPARATION**

**3.1 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 (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (Accounting standard for NPOs) issued by the Institute of Chartered Accounts of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

**3.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective policy notes.

**3.3 Functional and presentation currency**

These financial statements are presented in Pakistani Rupee which is also the Company's functional currency.

#### 4. NEW AND REVISED STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

##### 4.1 Standards, interpretations and amendments to approved accounting standards which became effective during the

###### - Amendment to IAS 19 'Employee Benefits, - Plan Amendment, Curtailment or Settlement':

The amendments to IAS 19 specify that an entity must;

- (i) determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event and determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using:
  - (a) the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and
  - (b) the discount rate used to remeasure that net defined benefit liability (asset).
- (ii) determine any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is to be recognized in income and expenditure statement. An entity then determine the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in net interest, is recognized in other comprehensive income.

The amendments do not have any significant impact on these financial statements .

###### - Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long term Investment in Associates and Joint Ventures:

The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments does not have any impact on these financial statements .

###### - Amendment to IFRS 9 'Financial Instrument'- prepayment Features with Negative Compensation and modifications of financial liabilities:

The amendment allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. The amendment also clarified that gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognized in the income and expenditure statement. The amendments do not have any impact on these financial statements .

###### - IFRS 16, 'Leases':

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 supersedes IAS 17 - Leases, IFRIC 4 - Determining whether an Arrangement contains a Lease, SIC 15 - Operating Leases-Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact on these financial statements as the company is the lessor.

###### - IFRIC 23 'Uncertainty over Income Tax Treatments':

IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The interpretation does not have any impact on these financial statements.

###### - Annual Improvements to IFRS Standards 2015-2017 Cycle. The new cycle of improvements addresses improvements to following approved accounting standards (effective for annual period beginning on or after January 1, 2019):

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements. The amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes. The amendment clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profit.
- IAS 23 Borrowing Costs. The amendment clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The improvements do not have a significant impact on these financial statements.

The other amendments to published standards and interpretations that are mandatory for the financial year are considered not to be relevant or to have any significant impact on the Company's financial reporting and operations and are therefore not disclosed in these financial statements .

**4.2 Standards, Interpretations and amendments to approved accounting standards that are issued but not yet effective and have not been early adopted by the Company**

- **Amendment to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use (effective for annual period beginning on or after January 01, 2022):**

The amendment prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in income and expenditure statement. The amendment is not likely to have an impact on the Company's financial statements.

- **Amendments to IFRS 9, 'Financial Instruments'; IAS 39, 'Financial Instruments: Recognition and Measurement, and IFRS 7, ' Financial Instruments: Disclosures' - Interest Rate Benchmark Reform (effective for the Company's annual period beginning on January 1, 2020):**

The changes in Interest Rate Benchmark Reform

- modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform;
- are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform;
- are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required);
- and require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.

The amendment is not likely to have an impact on the Company's financial statements.

- **Amendment to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of Fulfilling a Contract (effective for annual period beginning on or after January 01, 2022):**

The amendment specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment is not likely to have an impact on the Company's financial statements .

- **Amendment to IFRS 16, 'Leases' - Covid-19-Related Rent Concessions (effective for annual period beginning on or after 1 June 2020):**

The changes in Covid-19-Related Rent Concessions (Amendment to IFRS 16) amend IFRS 16 to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification; require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications; require lessees that apply the exemption to disclose that fact; and require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures. The interpretation is not expected to have significant impact on the Company's financial statements .

- **Amendments to IFRS 3, 'Business Combinations' - Reference to the Conceptual Framework (effective for the Company's annual period beginning on January 1, 2022):**

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989 with a reference to the Conceptual Framework for Financial Reporting, that was issued in March 2018, without significantly changing its requirements. In addition, the Board added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities and it clarified existing guidance in IFRS 3 for contingent assets. The amendment is not likely to have an impact on the Company's financial statements .

- **Amendments to IAS 1, 'Presentation of financial statements' - Classification of Liabilities as Current or Non-current (effective for the Company's annual period beginning on January 1, 2022):**

The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. Management expectations about events after the reporting date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant. The amendments clarify the situations that are considered settlement of a liability.

- **Amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors' (effective for the Company's annual period beginning on January 1, 2020):**

These amendments and consequential amendments to other IFRSs:

- use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- clarify the explanation of the definition of material; and
- incorporate some of the guidance in IAS 1 about immaterial information.

These amendments are not expected to have a significant impact on the Company's future financial statements .

- **Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020):**

The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- **Annual Improvements to IFRS Standards 2018-2020 Cycle. The new cycle of improvements addresses improvements to following approved accounting standards (effective for annual period beginning on or after January 01, 2022):**

- **IFRS 1 First-time Adoption of International Financial Reporting Standards.** This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts IFRS Standards later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards.
- **IFRS 9 Financial Instruments.** The amendment clarifies which fees an entity includes when it applies the '10 percent' test in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- **IAS 41 Agriculture.** The amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13 - Fair Value Measurement.

There are other amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

**Further, the following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purposes of their applicability in Pakistan:**

IFRS - 1 'First time adoption of International Financial Reporting Standards'.

IFRS - 17 'Insurance Contracts'.

## 5. USE OF ESTIMATES AND JUDGMENTS

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

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

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- Estimate of useful life of property, plant and equipment - note 6.1
- Impairment of non financial assets - note 6.7
- Taxation - note 6.11
- Provisions - note 6.12
- Contingencies - note 6.13

## 6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated in the respective notes.

### 6.1 Property, Plant and equipment

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment, if any. Cost in relation to fixed assets signifies historical cost. Historical cost includes expenditures that are directly attributable to the acquisition or construction of assets.

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 such costs will flow to the entity and such costs can be reliably measured. Cost incurred to replace a component of an item of the fixed assets is capitalized and the asset so replaced is retired from use. Normal repair and maintenance costs are charged to statement of income and expenditure during the period in which these are incurred.

Depreciation is charged to income and expenditure statement applying the reducing balance method so as to write off the historical cost / depreciable amount of the assets over their expected useful life at the rates mentioned in note 7.

Depreciation on additions during the year is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off. The residual values and useful lives of assets are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.

Any gain or loss on disposal of assets is included in statement of income and expenditure in the year in which the assets are derecognized.

## **6.2 Investment property**

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment property of the Company comprises of land and building and is valued using the cost model i.e. at cost less accumulated depreciation and identified impairment loss, if any, except for land which is stated at cost.

Depreciation is charged to income and expenditure statement by applying the reducing balance method at the rates specified in note 8.1 to the financial statements so as to write off the depreciable amount over its estimated useful life. Depreciation on additions during the year is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

The residual values and useful lives of investment property are reviewed at each financial year end and adjusted if impact on depreciation is significant.

The gain or loss on disposal of investment property represented by the difference between the sale proceeds and the carrying amount of asset is recognized as income or expense in the year in which the asset is disposed off.

## **6.3 Capital work in progress**

Capital work in progress is stated at cost less accumulated impairment in value, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These specific assets are transferred to operating fixed assets as and when these assets are available for intended use.

## **6.4 Store inventory**

Inventory is valued at moving average cost, except items in transit which are stated at cost, comprising invoice values plus other charges paid thereon. Provision is made for slow moving and obsolete store items when so identified.

## **6.5 Loans, advances, prepayments and other receivables**

Loans, advances, prepayments and other receivables are initially recognized at fair value and subsequently carried at amortized cost which approximate fair value of the consideration receivable, less any allowance for expected credit losses.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance.

Loans, advances, prepayments and other receivables considered irrecoverable are written off.

## **6.6 Cash and cash equivalents**

Cash and cash equivalents comprise of cash and cheques in hand and at banks and include short term highly liquid investments. The cash and cash equivalents are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

## **6.7 Impairment of non financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognized in statement of income and expenditure. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets of the unit on a pro-rata basis. Impairment losses on goodwill shall not be reversed.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

## **6.8 Deferred income**

Amounts received as grant in aid from Government and other agencies for the development of specific assets are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Grants relating to costs are deferred and recognised in the income and expenditure over the period necessary to match them with the costs that they are intended to compensate. Grants relating to the fixed assets are included in noncurrent liabilities as deferred income and are credited to income and expenditure on a straight-line basis over the expected lives of the related assets.

## 6.9 Staff retirement benefits

### Defined Benefit Plan

The Company operates an unfunded gratuity scheme for its employees who have completed the qualifying period as defined under the respective scheme. The amount of liability for each employee at year end is computed by number of years completed multiplied by the last drawn monthly salary. The difference between the current and the previous liability net of payment made during the year is charged to income as an expense for the year.

## 6.10 Trade and other payables

Liabilities for trade and other payables are carried at their amortized cost, which approximate fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

## 6.11 Taxation

Provision for current tax is based on the taxable income for the period determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the surplus for the period if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the period for such years.

Deferred tax is accounted for using the statement of financial position method, where applicable.

## 6.12 Provisions

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 economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

## 6.13 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities, which may differ on the occurrence/ non- occurrence of the uncertain future event(s).

## 6.14 Revenue recognition

- Rental income is recognized as revenue on accrual basis.
- Profit on bank deposits is accounted for on time proportionate basis using effective rate of interest method.
- Other revenues are recorded on accrual basis.

## 6.15 Related party transactions

Transactions with related parties are executed at arms' length basis under the pricing method approved by the Board of Directors.

## 6.16 Financial instruments

### 6.16.1 Financial assets

A financial asset is measured at amortized cost if it is held in order to collect contractual cash flows which arise on specified dates and that are 'solely payment of principal and interest (SPPI)' on the principal amount outstanding. A debt investment is measured at fair value through other comprehensive income (FVOCI) if it is held in order to collect contractual cash flows which arise on specified dates that are solely principal and interest and as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss (FVPL) unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at FVPL to reduce the effect of, or eliminate, an accounting mismatch.

#### A. Classification and measurement of financial assets

##### Investments and other financial assets

##### Classification:

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through income and expenditure), and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows.

For assets measured at fair value, gains and losses will either be recorded in income and expenditure statement or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

### **Measurement:**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at PVPL are expensed in income and expenditure statement.

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

### **Debt instruments**

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

#### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in income and expenditure statement and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income and expenditure statement.

#### **Fair value through other comprehensive income (FVOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in income and expenditure statement. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to income and expenditure statement and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Impairment losses are presented as separate line item in the income and expenditure statement.

#### **Fair value through profit or loss (FVPL)**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through income and expenditure statement, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the income and expenditure statement.

### **B. Derecognition:**

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

The rights to receive cash flows from the asset have expired, or

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### **C. Impairment:**

The Company record an allowance for a forward-looking expected credit loss (ECL) approach for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 985 (I)/2019 dated 02 September 2019 has deferred the requirements of IFRS 9 with respect to application of 'Expected Credit Loss Method' in respect of companies holding financial assets due from the Government of Pakistan till 30 June 2021. In this regard, the companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' during the exemption period.

### **6.16.2 Financial liabilities**

#### **A. Classification and measurement:**

Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at FVPL are initially recognized at fair value and transaction costs are expensed in the income and expenditure.

Financial liabilities, other than those at FVPL, are subsequently measured at amortized cost using the (EIR) effective interest rate method.

#### **B. Derecognition:**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income and expenditure statement.

### **6.16.3 Offsetting of financial assets and liabilities**

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



7. PROPERTY, PLANT AND EQUIPMENT

	NOTE	2020 RUPEES	2019 RUPEES
Operating fixed assets	7.1	144,967,073	152,982,767
Assets from grants	7.2	36,870,991	-
		<u>181,838,064</u>	<u>152,982,767</u>

7.1 Operating fixed assets

DESCRIPTION	2020 COST			DEPRECIATION			W.D.V As at June 30, 2020	Rate %
	As at July 01, 2019	Additions	As at June 30, 2020	As at July 01, 2019	For the Year	As at June 30, 2020		
	[	R	U	P	E	E	S	]
<b>Owned</b>								
Building	158,200,339	-	158,200,339	20,410,704	6,889,482	27,300,186	130,900,153	5
Furniture and fixtures	4,595,620	-	4,595,620	1,643,769	295,185	1,938,954	2,656,666	10
Computers and accessories	1,582,711	-	1,582,711	1,375,260	62,235	1,437,495	145,216	30
Office equipment	6,357,698	95,000	6,452,698	2,811,489	364,121	3,175,610	3,277,088	10
Electric equipment	5,979,281	273,800	6,253,081	1,825,573	442,751	2,268,324	3,984,757	10
Electric installations	1,659,622	353,630	2,013,252	535,238	147,801	683,039	1,330,213	10
Vehicles	4,073,188	-	4,073,188	1,917,228	431,192	2,348,420	1,724,768	20
Generators	1,681,412	-	1,681,412	627,843	105,357	733,200	948,212	10
<b>Grand total</b>	<b>184,129,871</b>	<b>722,430</b>	<b>184,852,301</b>	<b>31,147,104</b>	<b>8,738,124</b>	<b>39,885,228</b>	<b>144,967,073</b>	

7.2 Assets from grants

DESCRIPTION	2020 COST			DEPRECIATION			W.D.V As at June 30, 2020	Rate %
	As at July 01, 2019	Additions	As at June 30, 2020	As at July 01, 2019	For the Year	As at June 30, 2020		
	[	R	U	P	E	E	S	]
<b>Owned</b>								
<b>Day Care Assets</b>								
<b>Punjab Day Care Fund Society (PDCF Society)</b>								
Furniture and fixtures	-	87,000	87,000	-	7,975	7,975	79,025	10
Electric equipment	-	495,850	495,850	-	45,453	45,453	450,397	10
<b>Sub total</b>	<b>-</b>	<b>582,850</b>	<b>582,850</b>	<b>-</b>	<b>53,428</b>	<b>53,428</b>	<b>529,422</b>	
<b>Female Exclusive Training Institute (FETI)</b>								
<b>Public Sector Development Programme (PSDP)</b>								
Furniture and fixtures	-	826,000	826,000	-	55,067	55,067	770,933	10
Computers and accessories	-	177,700	177,700	-	35,540	35,540	142,160	30
Electric equipment	-	1,255,950	1,255,950	-	83,730	83,730	1,172,220	10
Electric installations	-	51,930	51,930	-	3,462	3,462	48,468	10
Tools & Equipment	-	228,800	228,800	-	15,253	15,253	213,547	10
<b>Sub total</b>	<b>-</b>	<b>2,540,380</b>	<b>2,540,380</b>	<b>-</b>	<b>193,052</b>	<b>193,052</b>	<b>2,347,328</b>	
<b>Japan International Cooperation Agency (JICA)</b>								
Machinery	-	36,151,887	36,151,887	-	2,410,126	2,410,126	33,741,761	10
Computers and accessories	-	315,600	315,600	-	63,120	63,120	252,480	30
<b>Sub total</b>	<b>-</b>	<b>36,467,487</b>	<b>36,467,487</b>	<b>-</b>	<b>2,473,246</b>	<b>2,473,246</b>	<b>33,994,241</b>	
<b>Grand total</b>	<b>-</b>	<b>39,590,717</b>	<b>39,590,717</b>	<b>-</b>	<b>2,719,726</b>	<b>2,719,726</b>	<b>36,870,991</b>	

DESCRIPTION	2019						W.D.V As at June 30, 2019	Rate %
	COST			DEPRECIATION				
	As at July 01, 2018	Additions	As at June 30, 2019	As at July 01, 2018	For the Year	As at June 30, 2019		
[ R U ]			P E E S					
Owned								
Building	157,796,764	403,575	158,200,339	13,171,681	7,239,023	20,410,704	137,789,635	5
Furniture and fixtures	4,582,120	13,500	4,595,620	1,316,035	327,734	1,643,769	2,951,851	10
Computers and accessories	1,582,711	-	1,582,711	1,286,353	88,907	1,375,260	207,451	30
Office equipment	6,351,998	5,700	6,357,698	2,417,466	394,023	2,811,489	3,546,209	10
Electric equipment	5,504,281	475,000	5,979,281	1,364,050	461,523	1,825,573	4,153,708	10
Electric installations	1,659,622	-	1,659,622	410,306	124,932	535,238	1,124,384	10
Vehicles	4,073,188	-	4,073,188	1,378,238	538,990	1,917,228	2,155,960	20
Generators	1,681,412	-	1,681,412	510,780	117,063	627,843	1,053,569	10
<b>Total</b>	<b>183,232,096</b>	<b>897,775</b>	<b>184,129,871</b>	<b>21,854,909</b>	<b>9,292,195</b>	<b>31,147,104</b>	<b>152,982,767</b>	

7.3 Depreciation charge for the year has been allocated as under:

Depreciation on property, plant and equipment

- Operating fixed assets
- Day care assets

Depreciation on FETI assets

7.3.1 Depreciation on FETI assets is charged in FETI expenses.

8. INVESTMENT PROPERTY

Investment property

Capital work in progress

8.1 Investment property

	2020 Rupees	2019 Rupees
	8,738,124	9,292,195
	53,428	-
	8,791,552	9,292,195
7.3.1	2,666,298	-
	11,457,850	18,584,390
8.1	374,331,632	388,188,647
8.2	3,130,806	-
	377,462,438	388,188,647

DESCRIPTION	2020						W.D.V As at June 30, 2020	Rate %
	COST			DEPRECIATION				
	As at July 01, 2019	Additions	As at June 30, 2020	As at July 01, 2019	For the Year	As at June 30, 2020		
[ R U ]			P E E S					
Owned								
Land	94,346,760	-	94,346,760	-	-	-	94,346,760	-
Buildings	443,761,624	-	443,761,624	149,919,737	14,692,094	164,611,831	279,149,793	5
Electric installations	-	927,866	927,866	-	92,787	92,787	835,079	10
<b>Total</b>	<b>538,108,384</b>	<b>927,866</b>	<b>539,036,250</b>	<b>149,919,737</b>	<b>14,784,881</b>	<b>164,704,618</b>	<b>374,331,632</b>	

DESCRIPTION	2019						W.D.V As at June 30, 2019	Rate %
	COST			DEPRECIATION				
	As at July 01, 2018	Additions	As at June 30, 2019	As at July 01, 2018	For the Year	As at June 30, 2019		
[ R U ]			P E E S					
Owned								
Land	94,346,760	-	94,346,760	-	-	-	94,346,760	-
Buildings	443,761,624	-	443,761,624	134,454,374	15,465,363	149,919,737	293,841,887	5
<b>Total</b>	<b>538,108,384</b>	<b>-</b>	<b>538,108,384</b>	<b>134,454,374</b>	<b>15,465,363</b>	<b>149,919,737</b>	<b>388,188,647</b>	

	NOTE	2020 RUPEES	2019 RUPEES
<b>8.2</b>			
This amount relates to the project related consultancy fee for the development of investment property, i.e. buildings for rent, and CWIP as required research on the development of investment property has not yet been approved at the reporting date.			
<b>9. ADVANCE FOR PURCHASE OF LAND</b>			
Advance for purchase of land	<b>9.1</b>	<u>7,111,835</u>	<u>7,111,835</u>
<b>9.1</b>	This represents the amount paid to Faisalabad Industrial Estate Development and Management Company (FIEDMC) for purchase of land measuring 10.825 Acres. The land has already been occupied by the Faisalabad Garment City Company whereas the title of land has not been transferred to the Company. The matter is pending due to legal formalities with the Government departments at FIEDMC end.		
<b>10. LONG TERM ADVANCES</b>			
<b>Considered good - Secured</b>			
Advance to employees	<b>10.1 &amp; 10.2</b>	<u>311,822</u>	<u>336,658</u>
<b>10.1</b>	These are secured against staff retirement benefits.		
<b>10.2</b>	Advance to employees		
		<u>1,914,340</u>	<u>1,122,688</u>
		<u>(1,602,518)</u>	<u>(786,030)</u>
		<u>311,822</u>	<u>336,658</u>
<b>11. LONG TERM DEPOSITS</b>			
Security deposits with / for:			
FESCO		<u>5,787,560</u>	<u>7,069,056</u>
SNGPL	<b>11.1</b>	<u>2,550,000</u>	<u>2,550,000</u>
Supply of water		<u>3,000</u>	<u>3,000</u>
		<u>8,340,560</u>	<u>9,622,056</u>
<b>11.1</b>	This represents deposit with Sui Northern Gas Pipelines Limited for supply of natural gas to the Company. It is subject to mark up at the rate of 1 year KIBOR minus 3% per annum or Fixed rate of 5% per annum whichever is lower receivable in arrears.		
<b>12. STORE INVENTORY</b>			
FETI store		<u>208,567</u>	<u>-</u>
Loose tools	<b>12.1</b>	<u>281,814</u>	<u>-</u>
		<u>490,381</u>	<u>-</u>
<b>12.1</b>	This represent the inventory received as non monetary grant of Rs. 134,862/- from PSDP for Female Exclusive Training Institute (FETI).		
<b>13. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Considered good</b>			
<b>Advances:</b>			
Current portion of advance to employees	<b>10</b>	<u>1,602,518</u>	<u>786,030</u>
<b>Prepayments:</b>			
Prepaid insurance		<u>480,549</u>	<u>309,820</u>
Others		<u>5,175</u>	<u>7,500</u>
<b>Other receivables:</b>			
Rent receivable- secured		<u>3,911,376</u>	<u>283,582</u>
Others - secured		<u>270,145</u>	<u>842,214</u>
		<u>6,269,763</u>	<u>2,229,146</u>
<b>14. ACCURED INCOME</b>			
Interest on deposits with SNGPL	<b>11.1</b>	<u>230,265</u>	<u>102,765</u>
Accrued profit on bank deposits		<u>1,966,253</u>	<u>1,549,077</u>
Profit on short term investments		<u>612,022</u>	<u>487,164</u>
		<u>2,808,540</u>	<u>2,139,006</u>
<b>15. SHORT TERM INVESTMENTS</b>			
<b>Term Deposit Receipts (TDRs) - Amortized cost:</b>			
Zarai Taraqlati Bank Limited	<b>15.1</b>	<u>40,000,000</u>	<u>50,000,000</u>
<b>15.1</b>	This represents investment in Zarai Taraqlati Bank Limited (ZTBL)'s PLS Term Deposit Receipts. Profit is receivable on quarterly basis at rates ranging from 7.55% to 14.00% (2019: 10.65%) per annum. These are maturing on various dates upto August 2020.		

	NOTE	2020 RUPEES	2019 RUPEES
<b>16. TAX REFUNDS DUE FROM GOVERNMENT</b>			
Income tax refundable		<u>5,567,675</u>	-
<b>17. CASH AND BANK BALANCES</b>			
Cash in hand		55,206	43,877
Cash at banks			
in current accounts		9,984	21,875
in deposit accounts	17.1	<u>120,640,963</u>	<u>85,347,934</u>
		<u>120,706,153</u>	<u>85,413,686</u>
17.1	Rate of return on deposit accounts ranges from 6.50% to 12.00% (2019: 10.25% to 11.75%) per annum.		
<b>18. DEFERRED INCOME</b>			
Grants received			
Punjab Day Care Fund Society (PDCF Society)	18.1	1,630,000	1,630,000
Public Sector Development Programme (PSDP)	18.2	2,999,707	-
Japan International Cooperation Agency (JICA)		36,467,487	-
		<u>41,097,194</u>	<u>1,630,000</u>
Amortization of grant			
Day care assets		(53,428)	-
Day care expenses		(1,047,150)	-
Female Exclusive Training Institute (FETI) assets		(2,666,298)	-
Female Exclusive Training Institute (FETI) inventory		(177,513)	-
		<u>(3,944,389)</u>	<u>-</u>
Closing balance		<u>37,152,805</u>	<u>1,630,000</u>
18.1	This represents grant received from Punjab Day Care Fund Society (PDCF Society), Directorate of Women Development, Lahore. The purpose of the fund is establishment of day care center to support working women by making workplace woman friendly through availability of quality and convenient child care. The PDCF Society assist in establishment of day care center by providing financial support to the Company for establishment of day care center. The amount of funds transferred had been initially recognized in non-current liabilities as a deferred grant income. There are no unfulfilled conditions or other contingencies attaching to these grants (Refer note 7.2).		
18.2	This represents non-monetary grants received from Public Sector Development Programme (PSDP) and Japan International Cooperation Agency (JICA) for establishment of Female Exclusive Training Institute (FETI). According to PC-1 (training center) JICA had to provide necessary machinery and PSDP to born all the expenses and also to supervise the project for two years. The project FETI had been handed over to the Company on November 15, 2019. The amount of non-monetary assets transferred (refer note no 7.2 and note 12) had been initially recognized in non-current liabilities as a deferred grant income. There are no unfulfilled conditions or other contingencies attaching to these grants.		
<b>19. DEFERRED LIABILITIES</b>			
Staff retirement gratuity	19.1	<u>8,489,276</u>	<u>7,019,549</u>
19.1	Reconciliation of staff retirement benefits is as follows:		
Opening balance		7,019,549	5,810,692
Add: Provision for the year		<u>1,469,727</u>	<u>1,412,129</u>
		<u>8,489,276</u>	<u>7,222,821</u>
Less: Payments made during the year		-	(203,272)
Closing balance		<u>8,489,276</u>	<u>7,019,549</u>
19.1.1	This is an unfunded gratuity scheme, which provides retirement benefits for all employees of the company who attain the minimum qualifying period.		
<b>20. TRADE AND OTHER PAYABLES</b>			
Advance for SMOT Project		10,000	10,000
Accrued expenses		379,937	325,229
Workers welfare fund		<u>1,196,288</u>	<u>-</u>
		<u>1,586,225</u>	<u>335,229</u>
<b>21. SECURITY DEPOSITS</b>	21.1	<u>11,575,352</u>	<u>11,575,352</u>
21.1	This represents securities received from tenants under cancelable lease arrangements. These are interest free and kept in separate bank account maintained for that purpose as required under Section 217(2) of the Companies Act, 2017. It has not been utilized and kept intact.		
<b>22. CONTINGENCIES AND COMMITMENTS</b>			
During the year, an ex-employee has filed a suit against the Company for his reinstatement, which is pending litigation in the Punjab Labour Appellate Tribunal, Lahore. The legal advisor of the Company is of the view that there is every likely hood of success of the case and management is expecting favourable outcome so no provision is made in the books of accounts. The next hearing date is 23.09.2020.			

	NOTE	2020 RUPEES	2019 RUPEES
<b>23. REVENUE</b>			
Rental income - building	23.1	<u>55,701,781</u>	<u>51,151,946</u>
<b>23.1</b>	The buildings are rented according to the Public Procurement Rules (PPR), under cancellable lease arrangement.		
<b>24. OPERATING AND OTHER EXPENSES</b>			
Salaries and benefits	24.1	17,465,873	13,842,059
Electricity and power		935,722	695,226
Postage and telecommunication		249,618	230,851
Water and sewerage		65,260	88,740
Entertainment		169,534	231,057
Repairs and maintenance		482,896	602,195
Printing and stationery		136,288	131,095
Vehicle running and maintenance		158,729	161,534
Travelling and conveyance		863,491	1,011,940
Horticulture/ gardening		258,514	836,780
Director training expense		561,000	-
Fee and taxes		166,180	67,510
Legal and professional charges		1,627,573	1,499,600
Auditors' remuneration	24.2	120,000	110,000
Insurance		881,941	821,259
Meeting expenses		95,943	123,827
Advertisement		68,501	63,020
Inauguration expenses		-	76,055
Bank charges		7,784	1,041
Office utilities		47,005	21,640
Balance written off		-	84,240
Workers welfare fund		1,196,288	-
Others		451,948	6,298
FETI expenses - net	24.3	<u>2,625,543</u>	<u>-</u>
		<u>28,635,631</u>	<u>20,705,967</u>
<b>24.1</b>	It includes Rs. 1,469,727 (2019: Rs. 1,412,129) in respect of staff retirement benefits.		
<b>24.2 Auditors' remuneration</b>			
Annual audit fee		90,000	90,000
Tax consultancy		30,000	20,000
		<u>120,000</u>	<u>110,000</u>
<b>24.3 FETI Expenses - net</b>			
FETI store consumed	24.3.1	287,046	-
Salaries and benefits		2,673,404	-
Travelling expenses		492,693	-
Student's uniform		47,000	-
Electricity and power		112,068	-
Repairs and maintenance		296,500	-
Printing and stationery		19,121	-
Vehicle running and maintenance		55,780	-
Depreciation on FETI assets	7.3	2,666,298	-
Other expenses		314,677	-
		6,964,587	-
<b>Less: FETI Grants</b>			
Grant for SMOT-III project		(300,000)	-
Grant from Punjab Skills Development Fund (PSDF)		(1,195,233)	-
Amortization of deferred income	18	(2,843,811)	-
		(4,339,044)	-
<b>Net Expenses</b>		<u>2,625,543</u>	<u>-</u>
<b>24.3.1 FETI store consumed</b>			
Material purchased		318,100	-
Transferred from PSDP		177,513	-
		495,613	-
Closing balance		(208,567)	-
		<u>287,046</u>	<u>-</u>

	NOTE	2020 RUPEES	2019 RUPEES
<b>25. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on bank deposits		11,774,943	3,299,184
Profit on short term investments	15	5,623,522	6,099,564
Interest income on deposit with SNGPL		127,500	84,405
<b>Income from non-financial assets</b>			
Sale of tender documents		-	12,000
Grant for SMOT-III project		-	136,000
Amortization of deferred income - Day care	18	1,100,578	-
Insurance income		1,107,016	-
		<u>19,733,559</u>	<u>9,631,153</u>
<b>26. TAXATION</b>			
Current	26.1	17,346,172	13,719,807
Prior year	26.2	(23,782,480)	-
		<u>(6,436,308)</u>	<u>13,719,807</u>

**26.1** The provision for current taxation is made using prevailing tax rates under Income tax ordinance, 2001, after incorporating tax credits and rebates, if any. Provision for deferred tax is not required as there are no temporary differences that are expected to arise in the foreseeable future.

**26.2** This represents reversal of provision for taxation made by management in the financial year 2016 on account of tax liabilities from financial year 2011 to 2015 in the light of assessment made by tax department for the financial year 2015 and up till 2014 the years barred by time limitation.

## 27. REMUNERATION OF CHAIRMAN AND EXECUTIVES

	NOTE	30 June 2020		30 June 2019	
		Chairman	Executives	Chairman	Executives
		[ R U P E E S ]		[ R U P E E S ]	
Vehicle running allowance	27.1	196,629	-	311,870	-
Number		<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

**27.1** It represents Rs. 10 per km (2019 : Rs. 10 per km) paid to the Chairman to meet running expenses of his car provided by the Company as well as repair and maintenance expenses of the car.

**27.2** During the year no employee of the Company falls in the definition of executive as per requirement of the Companies Act, 2017.

## 28. NUMBER OF EMPLOYEES

Total number of employees as on June 30, 2020 are 39 (June 30, 2019: 24) and average number of employees during the year ended June 30, 2020 were 33 (June 30, 2019: 22).

## 29. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### Fair value hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs.

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	2020							
	Carrying Amount			Fair Value				
	Fair value	Amortized cost	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
[ R U P E E S ]								
<b>Financial assets measured at fair value</b>	-	-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>								
Long term advances	-	1,914,340	-	1,914,340	-	-	-	-
Long term deposits	-	8,340,560	-	8,340,560	-	-	-	-
Other receivables	-	4,181,521	-	4,181,521	-	-	-	-
Accrued income	-	2,808,540	-	2,808,540	-	-	-	-
Short term investment	-	40,000,000	-	40,000,000	-	-	-	-
Cash and bank balances	-	120,706,153	-	120,706,153	-	-	-	-
	-	<b>177,951,114</b>	-	<b>177,951,114</b>	-	-	-	-
<b>Financial liabilities measured at fair value</b>	-	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Trade and other payables	-	-	389,937	389,937	-	-	-	-
Security deposits	-	-	11,575,352	11,575,352	-	-	-	-
	-	-	<b>11,965,289</b>	<b>11,965,289</b>	-	-	-	-
	2019							
	Carrying Amount			Fair Value				
	Fair value	Amortized cost	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
[ R U P E E S ]								
<b>Financial assets measured at fair value</b>	-	-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>								
Long term advances	-	1,122,688	-	1,122,688	-	-	-	-
Long term deposits	-	9,622,056	-	9,622,056	-	-	-	-
Other receivables	-	1,125,796	-	1,125,796	-	-	-	-
Accrued income	-	2,139,006	-	2,139,006	-	-	-	-
Short term investment	-	50,000,000	-	50,000,000	-	-	-	-
Cash and bank balances	-	85,413,686	-	85,413,686	-	-	-	-
	-	<b>149,423,232</b>	-	<b>149,423,232</b>	-	-	-	-
<b>Financial liabilities measured at fair value</b>	-	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Trade and other payables	-	-	335,229	335,229	-	-	-	-
Security deposits	-	-	11,575,352	11,575,352	-	-	-	-
	-	-	<b>11,910,581</b>	<b>11,910,581</b>	-	-	-	-

### 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company finances its operations through a mix of funds received from Government and working capital management with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The Company's finance department oversees the management of these risks and provide assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and risk appetite.

The Company has exposures to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

#### 30.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk and other price risk such as equity risk. The sensitivity analysis in the following sections relate to the position as at June 30, 2020 and 2019.

##### 30.1.1 Interest rate risk:

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from deposit with SNGPL, investments in term deposit receipts and balances in deposit accounts.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2020	2019
<b>Fixed rate instruments</b>		
Short term investments (Rupees)	40,000,000	50,000,000
<b>Variable rate instruments</b>		
Security deposit with SNGPL (Rupees)	2,550,000	2,550,000
Effective interest rate in percentage	5.00	4.03
Bank balances in deposit accounts (Rupees)	120,640,963	85,347,934
Effective interest rate in percentage	9.25	11.00

##### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at FVPL. Therefore, a change in interest rate at the reporting date would not affect income and expenditure statement of the Company.

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

If interest rates on balances in deposit accounts and deposit with SNGPL at the year end date, fluctuate by 100 bps higher / lower with all other variables, in particularly foreign exchange rates held constant, profit before taxation for the year 2020 and 2019 would have been affected as follows:

	2020 RUPEES	2019 RUPEES
Effect on income and expenditure of an increase in interest rate for deposit with SNGPL	24,990	25,500
Effect on income and expenditure of an increase in interest rate for balances in deposit accounts	1,247,507	299,926
	<u>1,272,497</u>	<u>325,426</u>

Decrease in interest rates at June 30 would have had the equal but opposite effect of these amounts. Sensitivity analysis has been prepared on symmetric basis.

##### 30.1.2 Currency risk / Foreign Exchange risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument, will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. The Company is not exposed to any currency risk as there are no receivables and payables denominated in foreign currencies.

##### 30.1.3 Other price risk:

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. However, the Company is not exposed to any significant price risk.



### 30.2 Credit risk:

Credit risk is the risk representing accounting loss that would be recognized at the reporting date if one party to a financial instrument will fail to discharge an obligation or its failure to perform duties under the contract as contracted. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations that is susceptible to changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The maximum exposure to credit risk at the reporting date is as follows :

	2020 RUPEES	2019 RUPEES
Long term advances	1,914,340	1,122,688
Long term deposits	8,340,560	9,622,056
Other receivables	4,181,521	1,125,796
Accrued income	2,808,540	2,139,006
Short term investment	40,000,000	50,000,000
Bank balances	120,650,947	85,369,809
	<u>177,895,908</u>	<u>149,379,355</u>

Long term advances are given to employee of the Company and are secured against employees' retirement benefits. Therefore, Company is not exposed to any significant credit risk on these advances.

Long term deposits have been mainly placed with utility companies, i.e. FESCO and SNGPL. Considering the financial position and credit quality of the institutions, Company's exposure to credit risk is not significant.

Other receivables constitute rent and other receivables from tenant of buildings. For receivables, credit quality of parties is assessed taking into consideration their financial position, previous dealings and security deposits against rent agreements. So, the Company is not exposed to any significant credit risk on these receivables.

Accrued income constitute profit receivable on deposit with SNGPL, bank deposits and short term investments. Considering the credit quality of the counter parties i.e. banks and SNGPL, Company's exposure to credit risk is not significant.

Short term investment is investment in TDRs. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The credit quality of Company's bank balances can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

Name of Bank	Date	Long term	Short term	Outlook	Agency
Habib Metropolitan Bank Limited	26-Jun-20	AA+	A1+	Stable	PACRA
Zarai Taraqati Bank Limited	6-Jun-20	AAA	A-1+	Stable	JCR-VIS

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

### 30.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's approach to manage liquidity risk is to maintain sufficient level of liquidity by holding highly liquid assets and the availability of funds. This also includes maintenance of financial position liquidity ratios through working capital management. The management believes that the Company is not exposed to any liquidity risk.

The following are the contractual maturity analysis of financial liabilities as at June 30, 2020 and 2019:

	2020				
	Carrying amount	Contractual cash flows	Within 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 years
	[ R U P E E S ]				

#### Financial Liabilities :

Trade and other payables	389,937	389,937	389,937	-	-
Security deposits	11,575,352	11,575,352	11,575,352	-	-
	<u>11,965,289</u>	<u>11,965,289</u>	<u>11,965,289</u>	-	-

	2019				
	Carrying amount	Contractual cash flows	Within 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 years
	[ R U P E E S ]				

#### Financial Liabilities :

Trade and other payables	335,229	335,229	335,229	-	-
Security deposits	11,575,352	11,575,352	11,575,352	-	-
	<u>11,910,581</u>	<u>11,910,581</u>	<u>11,910,581</u>	-	-

### 31. FUND MANAGEMENT

The primary objective of the Company's fund management is to safeguard the Company's ability to continue as a going concern and to maintain a strong fund base to support the sustained development of its operations and to ensure ample availability of finance for its existing and potential investment projects, so that it can continue to provide returns for stakeholders thereby maximizing their wealth and reduce the cost of funds.

### 32. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of entities under common directorship, directors, their close family members and other key management personnel. The outstanding balances with related parties, significant transactions carried out with them during the year and remuneration to chairman, directors and others have been disclosed in the relevant notes to these financial statements.

### 33. DATE OF AUTHORIZATION FOR ISSUE

02 OCT 2020

The financial statements were authorized for issue on ----- by the Board of Directors of the Company.

### 34. GENERAL

#### 34.1 Corresponding figures

Corresponding figures have been rearranged, wherever necessary, for the purpose of better presentation and comparison. However, during the year no significant reclassifications are made in the corresponding figures.

Particulars	From	To	Rupees
Electric installations - 'Operating fixed assets - cost'	Electric installation and equipment	Electric installations	1,659,622
Electric installations - 'Operating fixed assets - Accumulated depreciation'	Electric installation and equipment	Electric installations	410,306
Cars - 'Operating fixed assets - cost'	Cars	Vehicles	3,939,917
Cars - 'Operating fixed assets - Accumulated depreciation'	Cars	Vehicles	1,340,219
Motor cycle - 'Operating fixed assets - cost'	Motor cycles	Vehicles	133,271
Motor cycle - 'Operating fixed assets - Accumulated depreciation'	Motor cycles	Vehicles	38,019
Day care establishment fund - 'Funds'	Day care establishment fund	Deferred income	1,630,000
Interest on deposits with SNGPL - 'Other receivables'	Advances, prepayments and other receivables - 'Other receivable'	Accrued income	102,765
Accrued profit on bank deposits - 'Other receivables'	Advances, prepayments and other receivables - 'Other receivable'	Accrued income	1,549,077
Profit on short term investments - 'Other receivables'	Advances, prepayments and other receivables - 'Other receivable'	Accrued income	487,164

#### 34.2 Following nomenclatures have been changed during the year

##### Previous year nomenclature

Computers  
Depreciation on operating fixed assets

##### Current year nomenclature

Computers and accessories  
Depreciation on property, plant and equipment

#### 34.3 Rounding

Figures have been rounded off to the nearest Rupee.

  
CHAIRMAN  
DIRECTOR  
CHIEF ACCOUNTANT