

# FAISALABAD GARMENT CITY COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

### 1. STATUS AND ACTIVITIES

1.1 Faisalabad Garment City Company (the Company) was incorporated on 8th May, 2006 under Section 42 of the repealed Companies Ordinance, 1984 (new Companies Act, 2017) as a Company Limited by Guarantee without the addition of word "Limited" to its name.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 Company is owned and controlled by the Federal Government. 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.

1.2 The Board of Directors (the Board) 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 the Board 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 in consonance with clause 30 of Articles of Association of the Company. Upon expiry of the tenure, no notification for reconstitution of the Board was issued by the Federal Government. However, regarding status of the Board, the legal advisor of the Company has given his opinion which categorically affirms the validity of the Board in the following words; "The Directors/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." Based on the opinion of the legal advisor of the Company, the Board remained functional and hold their offices for a further period exceeding three years after the expiry of tenor of the Board.

However, vide notification no. 15(1)/2023-AOs-HR dated: 08-08-2023, the Federal Government, has reconstituted the Board of Directors for a period of three years, in exercise of powers conferred under Section 1(d)&(e), Section 3, Section 10(2)(a)&(b), Section 12 and Section 13 of the State-Owned Enterprises (Governance and Operation) Act, 2023 (the Act).

After promulgation of State-Owned Enterprises (Governance and Operations) Act, 2023 ("the Act"), the Federal Government is held responsible for appointment of the Chairman of the Board of State-Owned Enterprises in terms of clause 15(2) of the Act. The appointment of Chairman was not confirmed by the Federal Government in above cited notification, therefore, it was not implemented and the previous Board is administering the affairs of the Company.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- 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 IFRS Standards or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 2.2 Basis of measurement

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

*H. B. Khan*

### 2.3 Functional and presentation currency

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

## 3. NEW AND REVISED STANDARDS, INTERPRETATIONS, PRONOUNCEMENTS AND APPLICATION GUIDANCES

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

There are certain amendments to the accounting and reporting standards which became effective during the year and are adopted by the Company for the financial year beginning on July 01, 2023. However, these amendments do not have any significant impact on the Company's financial reporting, and therefore have not been presented in these financial statements, except for the following:

- **IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes', Issued by the Institute of Chartered Accountants of Pakistan (ICAP):**

This guidance is issued in the context of provisions of Income Tax Ordinance, 2001 and should be applied by Companies obliged to use accounting and reporting standards as applicable in Pakistan. This application guidance describes the accounting treatment for minimum taxes and final taxes.

Before the issuance of this guidance, minimum taxes and final taxes are accounted for and presented as income taxes within the scope of IAS 12, "Income Taxes". As required under this guidance, the minimum taxes and final taxes are not calculated on the 'taxable profits' as defined in IAS 12 but calculated on turnover or other basis (as per relevant sections of Income Tax Ordinance, 2001), it should be accounted for under IAS 37/IFRIC 21 as levies and not under IAS 12 as income taxes.

The companies will apply the requirements of this guidance retrospectively which will result in reclassification of amounts previously classified as 'current income tax' in the statement of profit or loss to 'levy' and 'final taxes'.

The application of this guidance has no impact on the measurement and recognition of income taxes under the provisions of the Income Tax Ordinance, 2001 except for the presentation of amounts into levy, final taxes and income tax in these financial statements.

### 3.2 Standards, interpretations and amendments to approved accounting standards that are issued but not yet effective and have not been early adopted by the Company

The following standards, amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below and have not been early adopted by the Company:

Standards	Standards, Interpretations and Amendments	Effective date (Annual periods beginning on or after)
IAS 1	'Presentation of financial statements', Classification of liabilities as current or non-current — (Amendments)	01 January 2024
IAS 7	'Statement of cash flows', Changes regarding supplier finance arrangements — (Amendments)	01 January 2024
IAS 21	'The effects of changes in foreign exchange rates', Lack of exchangeability — (Amendments)	01 January 2025
IFRS 7	'Financial instruments: Disclosures', Changes regarding supplier finance arrangements — (Amendments)	01 January 2024
IFRS 9	'Financial instruments: Disclosures', To address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 — (Amendments)	01 January 2026
IFRS 16	Leases', Sale and leaseback transactions — (Amendments)	01 January 2024
IFRS 17	'Insurance contracts'	01 January 2026

Further, the following new standards have been issued by IASB and ISSB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:

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## **Standard**

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IFRS 1	First-time adoption of International Financial Reporting Standards
IFRS 18	Presentation and Disclosure in financial statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures
IFRS S1	General requirements for disclosure of Sustainability-related Financial Information
IFRS S2	Climate-related disclosures

The management expects that the adoption of above standards and amendment will not have any material impact on the Company's financial statements except for presentation and disclosures.

#### **4. 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 5.1
- Impairment of non financial assets - note 5.7
- Taxation - note 5.11
- Provisions - note 5.12
- Contingencies - note 5.13

#### **5. MATERIAL ACCOUNTING POLICY INFORMATION**

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2 'Making Materiality Judgements') from July 1, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that user need to understand other information in the financial statements.

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

##### **5.1 Property and equipment**

Operating 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 6.1 of these financial statements.

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.

## **5.2 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 7.1 to these 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.

## **5.3 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.

## **5.4 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.

## **5.5 Advances, deposit, prepayments and other receivables**

Advances, deposit, 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.

Advances, deposit, prepayments and other receivables considered irrecoverable are written off.

## **5.6 Cash and cash equivalents**

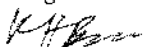
Cash and cash equivalents comprise of cash and cheques in hand and at banks and include short term highly liquid investments. The cash and cash equivalents are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

## **5.7 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.

#### **5.8 Deferred income**

Amounts received as grant in aid from Government and other agencies for the development of specific assets are recognized 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 recognized 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 non current liabilities as deferred income and are credited to income and expenditure on a straight-line basis over the expected lives of the related assets.

#### **5.9 Staff retirement benefits**

##### **Defined benefit plan**

The Company operates an funded 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.

#### **5.10 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.

#### **5.11 Taxation**

##### **Income tax**

The charge for current income tax is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any. The charge for current tax also includes adjustments, where considered necessary, and the tax assessed from assessments framed during the year for such years is over/under the provision of tax then made.

The Company designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognize it as current income tax expense. Any excess over the amount designated as income tax, is then recognized as a levy falling under the scope of IFRIC 21/IAS 37.

##### **Levies**

The Company recognize the charge for minimum and final taxes, calculated under the provisions of the Income Tax Ordinance, 2001, as levies. The charge for levies are not based on 'taxable profit' as defined in IAS 12 but calculated on turnover or other basis as per provisions and applicable tax rates under minimum and final tax regime. The charge for levies also includes adjustments, where considered necessary, and the tax assessed from assessments framed during the year for such years is over/under the provision of tax then made.

##### **Deferred tax**

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. Deferred tax is calculated by using the tax rates enacted at the reporting date.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and unused tax credits, if any, to the extent that it is probable that future taxable profit will be available against which these can be utilized.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

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## 5.12 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.

## 5.13 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).

## 5.14 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.

## 5.15 Related party transactions

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

## 5.16 Financial instruments

### 5.16.1 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.

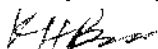
**B. Derecognition:**

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.

**5.16.2 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.

**5.16.3 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.





6.2 Assets from grants

DESCRIPTION	2024										Rate %	
	COST					DEPRECIATION						W.D.V As at June 30, 2024
	As at July 01, 2023	Additions	As at June 30, 2024	As at July 01, 2023	For the Year	As at June 30, 2024	As at June 30, 2024	As at June 30, 2024	As at June 30, 2024			
I	R	U	P	E	S	J						
<b>Owned</b>												
<b>Day Care Assets</b>												
<b>Punjab Day Care Fund Society (PDCF Society)</b>												
Furniture and fixtures	87,000	-	87,000	29,391	5,761	35,152					51,848	10
Electric equipment	495,850	-	495,850	167,511	32,834	200,345					295,505	10
<b>Sub total</b>	<b>582,850</b>	<b>-</b>	<b>582,850</b>	<b>196,902</b>	<b>38,595</b>	<b>235,497</b>					<b>347,353</b>	
<b>Female Exclusive Training Institute (FETI)</b>												
<b>Public Sector Development Programme (PSDP)</b>												
Furniture and fixtures	826,000	-	826,000	263,990	56,201	320,191					505,809	10
Computers and accessories	177,700	-	177,700	128,939	14,628	143,567					34,133	30
Electric equipment	1,255,950	-	1,255,950	401,402	85,455	486,857					769,093	10
Electric installations	51,930	-	51,930	16,597	3,533	20,130					31,800	10
Tools & Equipment	228,800	-	228,800	73,124	15,568	88,692					140,108	10
<b>Sub total</b>	<b>2,540,380</b>	<b>-</b>	<b>2,540,380</b>	<b>884,052</b>	<b>175,385</b>	<b>1,059,437</b>					<b>1,480,943</b>	
<b>Japan International Cooperation Agency (JICA)</b>												
Machinery	36,151,887	-	36,151,887	11,554,144	2,459,774	14,013,918					22,137,969	10
Computers and accessories	315,600	-	315,600	229,000	25,980	254,980					60,620	30
<b>Sub total</b>	<b>36,467,487</b>	<b>-</b>	<b>36,467,487</b>	<b>11,783,144</b>	<b>2,485,754</b>	<b>14,268,898</b>					<b>22,198,589</b>	
<b>Grand total</b>	<b>39,590,717</b>	<b>-</b>	<b>39,590,717</b>	<b>12,864,098</b>	<b>2,699,734</b>	<b>15,563,832</b>					<b>24,026,885</b>	

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DESCRIPTION	2023										Rate %		
	COST					DEPRECIATION						W.D.V	
	As at July 01, 2022	Additions	As at June 30, 2023	As at July 01, 2022	For the Year	As at June 30, 2023	As at June 30, 2023	As at June 30, 2023	As at June 30, 2023	As at June 30, 2023			
<b>Owned</b>													
<b>Day Care Assets</b>													
Punjab Day Care Fund Society (PDCF Society)													
Furniture and fixtures	87,000	-	87,000	22,990	6,401	29,391	29,391	29,391	29,391	57,609	10	10	
Electric equipment	495,850	-	495,850	131,029	36,482	167,511	167,511	167,511	167,511	328,339	10	10	
<b>Sub total</b>	<b>582,850</b>	<b>-</b>	<b>582,850</b>	<b>154,019</b>	<b>42,883</b>	<b>196,902</b>	<b>196,902</b>	<b>196,902</b>	<b>196,902</b>	<b>385,948</b>			
<b>Female Exclusive Training Institute (FETI)</b>													
<b>Public Sector Development Programme (PSDP)</b>													
Furniture and fixtures	826,000	-	826,000	201,544	62,446	263,990	263,990	263,990	263,990	562,010	10	10	
Computers and accessories	177,700	-	177,700	103,042	20,897	128,939	128,939	128,939	128,939	48,761	30	30	
Electric equipment	1,255,950	-	1,255,950	306,452	94,950	401,402	401,402	401,402	401,402	854,548	10	10	
Electric installations	51,930	-	51,930	12,671	3,926	16,597	16,597	16,597	16,597	35,333	10	10	
Tools & Equipment	228,800	-	228,800	55,827	17,297	73,124	73,124	73,124	73,124	155,676	10	10	
<b>Sub total</b>	<b>2,540,380</b>	<b>-</b>	<b>2,540,380</b>	<b>684,536</b>	<b>199,516</b>	<b>884,052</b>	<b>884,052</b>	<b>884,052</b>	<b>884,052</b>	<b>1,656,328</b>			
<b>Japan International Cooperation Agency (JICA)</b>													
Machinery	36,151,887	-	36,151,887	8,821,061	2,733,083	11,554,144	11,554,144	11,554,144	11,554,144	24,597,743	10	10	
Computers and accessories	315,600	-	315,600	191,885	37,115	229,000	229,000	229,000	229,000	86,600	30	30	
<b>Sub total</b>	<b>36,467,487</b>	<b>-</b>	<b>36,467,487</b>	<b>9,012,946</b>	<b>2,770,198</b>	<b>11,783,144</b>	<b>11,783,144</b>	<b>11,783,144</b>	<b>11,783,144</b>	<b>24,684,343</b>			
<b>Grand total</b>	<b>39,590,717</b>	<b>-</b>	<b>39,590,717</b>	<b>9,851,501</b>	<b>3,012,597</b>	<b>12,864,098</b>	<b>12,864,098</b>	<b>12,864,098</b>	<b>12,864,098</b>	<b>26,726,619</b>			
<b>6.3 Depreciation charge for the year has been allocated as under:</b>													
Depreciation on property and equipment													
- Operating fixed assets													
- Day care assets													
Depreciation on FETI assets													
6.3.1 Depreciation on FETI assets is charged in FETI expenses.													
<b>7. INVESTMENT PROPERTY</b>													
Investment property													
Capital work in progress													

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

Depreciation on property and equipment

- Operating fixed assets

- Day care assets

Depreciation on FETI assets

6.3.1 Depreciation on FETI assets is charged in FETI expenses.

**7. INVESTMENT PROPERTY**

Investment property

Capital work in progress

*[Signature]*

7.1 Investment property

DESCRIPTION	2024						W.D.V As at June 30, 2024	Rate %		
	COST			DEPRECIATION						
	As at July 01, 2023	Additions	As at June 30, 2024	As at July 01, 2023	For the Year	As at June 30, 2024				
<b>Owned</b>		I	R	U	P	E	S	J		
Land	101,458,595	-	-	101,458,595	-	-	-	-	101,458,595	-
Buildings	443,761,624	-	-	443,761,624	204,425,570	11,966,803	216,392,373	-	227,369,251	5
Electric installations	927,866	-	-	927,866	319,093	60,877	379,970	-	547,896	10
<b>Total</b>	<b>546,148,085</b>	<b>-</b>	<b>-</b>	<b>546,148,085</b>	<b>204,744,663</b>	<b>12,027,680</b>	<b>216,772,343</b>	<b>-</b>	<b>329,375,742</b>	

DESCRIPTION	2023						W.D.V As at June 30, 2024	Rate %		
	COST			DEPRECIATION						
	As at July 01, 2023	Additions	As at June 30, 2024	As at July 01, 2023	For the Year	As at June 30, 2024				
<b>Owned</b>		I	R	U	P	E	S	J		
Land	94,346,760	7,111,835	-	101,458,595	-	-	-	-	101,458,595	-
Buildings	443,761,624	-	-	443,761,624	191,828,936	12,596,634	204,425,570	-	239,336,054	5
Electric installations	927,866	-	-	927,866	251,452	67,641	319,093	-	608,773	10
<b>Total</b>	<b>539,036,250</b>	<b>7,111,835</b>	<b>-</b>	<b>546,148,085</b>	<b>192,080,388</b>	<b>12,664,275</b>	<b>204,744,663</b>	<b>-</b>	<b>341,403,422</b>	

7.1.1 The land includes 10.825 Acres, valuing Rs. 7,111,835/- not in the name of the Company. The land has already been occupied by the 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.

7.1.2 This property is held for earning rental income and not for capital appreciation. The Company carries investment property under cost model as its fair value cannot be reliably determined because there is no active market for this property and a recent comparable transaction for identical property is also not available. Further, the application of valuation techniques is not supposed to provide a reliable measure of fair value.

7.2 Capital work in progress represents payments made as consultancy fee for development of layout for construction of phase II (A3, B2) and phase III (B3) buildings. Payment are made to the followings;

Name	2024 RUPEES	2023 RUPEES
M/s Pervain Iqbal Consultant	4,557,379	4,557,379
M/s HA Consultant	3,766,828	3,766,828
IQ Capital Plus	616,000	-
Arif Habib Dolmen REIF Management Limited	456,000	-
Nawaz Hussain Sikander	427,000	-
Public Private Partnership Authority, Islamabad	1,000,000	-
	<b>10,823,207</b>	<b>8,324,207</b>

	NOTE	2024 RUPEES	2023 RUPEES
<b>8. LONG TERM ADVANCES</b>			
<b>Considered good - Secured</b>			
Advances to employees	8.1	<u>1,581,934</u>	<u>2,578,661</u>
<b>8.1 Advances to employees</b>			
Opening balance		6,039,100	3,290,615
Disbursed during the year		6,418,961	6,865,000
Received during the year		<u>(5,492,242)</u>	<u>(4,116,515)</u>
		6,965,819	6,039,100
Current portion of advances to employees	12	<u>(5,383,885)</u>	<u>(3,460,439)</u>
		<u>1,581,934</u>	<u>2,578,661</u>
<b>8.1.1</b> These are secured against staff retirement benefits.			
<b>9. LONG TERM DEPOSITS</b>			
<b>Security deposits - considered good:</b>			
Faisalabad Electric Supply Company (FESCO)		5,787,560	5,787,560
Sui Northern Gas Pipelines Limited (SNGPL)	9.1	3,572,000	3,572,000
Atlantis Water		3,000	3,000
Nayatel		10,200	10,200
		<u>9,372,760</u>	<u>9,372,760</u>
<b>9.1</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.			
<b>10. STORE INVENTORY</b>			
FETI store		377,732	327,160
Loose tools	10.1	<u>281,814</u>	<u>281,814</u>
		<u>659,546</u>	<u>608,974</u>
<b>10.1</b> This represents the inventory received as non monetary grant from PSDP for Female Exclusive Training Institute (FETI).			
<b>11. RECEIVABLES FROM TENANT</b>			
Receivables from Masood Textile Mills Limited - Tenant			
Rent receivable		<u>30,727,036</u>	<u>10,087,906</u>
<b>12. ADVANCES, DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Considered good</b>			
<b>Advances:</b>			
Current portion of advances to employees	8	5,383,885	3,460,439
<b>Deposit:</b>			
Employee claim	12.1	164,187	164,187
<b>Prepayments:</b>			
Prepaid insurance		482,549	479,827
Others		73,597	16,410
		556,146	496,237
<b>Other receivables:</b>			
<b>Receivables from Masood Textile Mills Limited - Tenant</b>			
Security guard salary		513,337	233,335
Road cleaning charges		313,773	119,523
Withholding tax deducted but not yet deposited		4,265,431	-
Receivable against profit on deposit with SNGPL	12.2	245,034	-
Receivable against FIEDMC expenses		-	412,500
Miscellaneous		713	-
		5,338,288	765,358
		<u>11,442,506</u>	<u>4,886,221</u>

12.1 This represents amount deposited in the Court of "Authority" Payment of Wages Act 1936, Faisalabad (East) against claim of compensation/ retirement dues of ex-employee.

12.2 This represents profit accrued on deposit with SNGPL received by the tenant through monthly sui gas bills.

	NOTE	2024 RUPEES	2023 RUPEES
<b>13. ACCRUED INCOME</b>			
Interest on deposits with SNGPL	9.1	221,981	288,415
Accrued profit on bank deposits		1,457,315	2,114,438
Profit on short term investments		31,799,758	23,625,000
		<u>33,479,054</u>	<u>26,027,853</u>

**14. SHORT TERM INVESTMENTS**

**Term Deposit Receipts (TDRs) - Amortized cost:**

Habib Metropolitan Bank Limited	14.1	-	150,000,000
Zarai Tarqati Bank Limited	14.2	180,000,000	-
		<u>180,000,000</u>	<u>150,000,000</u>

14.1 This represented investment in Habib Metropolitan Bank Limited (HMBL)'s PLS Term Deposit Receipts under Time deposit for one year. Profit is received on maturity basis at the rate of 15.75% per annum.

14.2 This represents investment in Zarai Tarqati Bank Limited (ZTBL)'s Term Deposit Receipts having maturity period of one year. Profit is receivable on maturity of receipts at the rate of 21.25% & 22.25% per annum.

**15. CASH AND BANK BALANCES**

Cash in hand		21,313	1,818
Cash at banks			
in current accounts		9,984	7,084
in deposit accounts	15.1 & 15.2	43,356,220	58,006,475
		<u>43,366,204</u>	<u>58,013,559</u>
		<u>43,387,517</u>	<u>58,015,377</u>

15.1 Rate of return on deposit accounts ranges from 20.05% to 21.50% per annum (2023: 12.25% to 20.05% per annum).

15.2 It includes amount of Rs. 19.52 million (2023: Rs. 15.20 million) in represents of staff gratuity fund account.

**16. DEFERRED INCOME**

Grant balance as at 01, July			
Punjab Day Care Fund Society (PDCF Society)	16.1	1,015,948	1,058,831
Public Sector Development Programme (PSDP)	16.2	1,938,142	2,137,658
Japan International Cooperation Agency (JICA)		24,684,343	27,454,541
		27,638,433	30,651,030
Amortization of grant			
Day care assets	6.3	(38,595)	(42,883)
Female Exclusive Training Institute (FETI) assets	6.3	(2,661,139)	(2,969,714)
		<u>(2,699,734)</u>	<u>(3,012,597)</u>
Closing balance		<u>24,938,699</u>	<u>27,638,433</u>

16.1 This represents grant received from Punjab Day Care Fund Society (PDCF), 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 6.2).

16.2 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 6.2 and note 10) 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.

*[Handwritten signature]*

	NOTE	2024 RUPEES	2023 RUPEES
<b>17. DEFERRED LIABILITIES</b>			
Staff retirement gratuity	17.2	<u>25,944,608</u>	<u>19,516,155</u>
17.1 The Company operates an unfunded gratuity scheme, which provides retirement benefits for all employees of the Company who attain the minimum qualifying period.			
17.2 Reconciliation of staff retirement benefits is as follows:			
Opening balance		19,516,155	15,200,182
Add: provision for the year	17.3	<u>6,428,453</u>	<u>4,315,973</u>
		25,944,608	19,516,155
Less: payments made during the year		-	-
Closing balance		<u>25,944,608</u>	<u>19,516,155</u>
17.3 Provision for the year has been allocated as under:			
Operating and other expenses	22	5,040,146	3,323,683
FETI expenses	22.2	<u>1,388,307</u>	<u>992,290</u>
		<u>6,428,453</u>	<u>4,315,973</u>
<b>18. TRADE AND OTHER PAYABLES</b>			
Accrued expenses		658,660	590,089
Other payables		<u>353,391</u>	<u>394,504</u>
		<u>1,012,051</u>	<u>984,593</u>
<b>19. SECURITY DEPOSITS</b>			
Security deposits against rented buildings	19.1	<u>14,093,922</u>	<u>11,575,352</u>
19.1 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>20. CONTINGENCIES AND COMMITMENTS</b>			
20.1 Contingencies			
An ex-employee of the Company instituted application on 18.09.2020 against the Company for his outstanding dues including gratuity, bonus, overtime and annual leaves amounting to Rs.1,266,590/- in the Court of "Authority" Payment of Wages Act, 1936 (East). During the year, the Court has partially accepted the claim of the employee vide order dated 03.05.2023 and directed the Company to deposit the decretal amount of Rs. 164,187/- in the Court so that it could be distributed to the applicant employee. Accordingly, the Company has deposited the said amount with the Court.			
However, the Company being dissatisfied, filed appeal dated 29.05.2023 in the Punjab Labour Court No. IV, Faisalabad, praying to set aside the impugned order of the Court of "Authority" Payment of Wages Act, 1936 which is pending adjudication. The legal advisor is of the view that interest of the company are safe. The management is expecting favorable outcome so the amount deposited with the Court of "Authority" Payment of Wages Act, 1936 has been recorded as employee claim receivable under note. 12 of these financial statements.			
20.2 Commitments			
There are no commitments at the reporting date which need to be disclosed in these financial statements.			
<b>21. REVENUE</b>			
Rental income - building	21.1	<u>78,365,799</u>	<u>71,949,473</u>
21.1 The buildings are rented out according to the Public Procurement Rules (PPR), under cancellable lease arrangement.			

*KHB*

	NOTE	2024 RUPEES	2023 RUPEES
<b>22. OPERATING AND OTHER EXPENSES</b>			
Salaries and benefits		28,660,029	20,864,544
Staff retirement gratuity	17.3	5,040,146	3,323,683
Electricity and power		775,374	1,395,641
Postage and telecommunication		515,544	459,143
Water and sewerage		96,620	87,540
Entertainment		201,132	205,616
Repairs and maintenance		597,764	744,798
Printing and stationery		86,160	246,500
Vehicle running and maintenance		281,066	520,625
Travelling and conveyance		1,437,899	1,807,796
Horticulture/ gardening		501,196	398,361
Fee and taxes		92,486	131,815
Legal and professional charges		2,015,261	2,071,987
Auditors' remuneration	22.1	146,287	142,223
Insurance		1,044,749	1,050,381
Meeting expenses		74,441	112,864
Advertisement		221,983	-
Bank charges		12,186	15,496
Office utilities		49,900	46,799
Others		50,850	11,260
FETI expenses - net	22.2	18,139,927	18,538,122
		<b>60,041,000</b>	<b>52,175,194</b>
<b>22.1 Auditors' remuneration</b>			
Annual audit fee		101,588	101,588
Tax consultancy		44,699	40,635
		<b>146,287</b>	<b>142,223</b>
<b>22.2 FETI Expenses - net</b>			
FETI store consumed	22.2.1	890,720	283,137
Salaries and benefits		10,816,800	11,680,452
Staff retirement gratuity	17.3	1,388,307	992,290
Travelling expenses		3,433,194	2,206,309
Student's uniform & stipend		1,057,000	1,289,952
Electricity and power		700,625	1,639,306
Repairs and maintenance		92,570	261,796
Legal Expenses		56,188	-
Printing and stationery		61,442	47,890
Vehicle running and maintenance		121,941	-
Advertisement		12,000	132,000
Depreciation on FETI assets	6.3	2,661,139	2,969,714
Office Utilities		19,000	-
Other expenses		3,740	4,990
		<b>21,314,666</b>	<b>21,507,836</b>
<b>Less: FETI Grants</b>			
Income from PSDF		(285,600)	-
Income from SMOT project		(228,000)	-
Amortization of deferred income	16	(2,661,139)	(2,969,714)
		<b>(3,174,739)</b>	<b>(2,969,714)</b>
<b>Net Expenses</b>		<b>18,139,927</b>	<b>18,538,122</b>
<b>22.2.1 FETI store consumed</b>			
Opening balance		327,160	122,372
Material purchased		941,292	487,925
		1,268,452	610,297
Closing balance		(377,732)	(327,160)
		<b>890,720</b>	<b>283,137</b>

*K. H. S. S.*

	NOTE	2024 RUPEES	2023 RUPEES
<b>23. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on bank deposits		16,131,436	9,524,896
Profit on short term investments	14.2	34,245,836	23,625,000
Interest income on deposit with SNGPL		178,600	171,880
<b>Income from non-financial assets and others</b>			
Amortization of deferred income - Day care	16	38,595	42,883
Income from vocational training		-	75,000
Balance written back		-	9,278
		<u>50,594,467</u>	<u>33,448,937</u>
<b>24. TAXATION</b>			
Current	24.1	<u>31,861,194</u>	<u>25,464,007</u>

**24.1** 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.

## 25. REMUNERATION OF CHAIRMAN AND EXECUTIVES

	NOTE	30 June 2024		30 June 2023	
		Chairman	Executives	Chairman	Executives
		[ R U P E E S ]	[ R U P E E S ]	[ R U P E E S ]	[ R U P E E S ]
Vehicle running allowance	25.1	1,019,520	-	1,087,660	-
<b>Number</b>		<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

**25.1** It represents Rs. 10 per km (2023: 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.

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

## 26. NUMBER OF EMPLOYEES

	2024	2023
Average number of employees during the year	<u>39</u>	<u>39</u>
Number of employees at end of the year	<u>39</u>	<u>39</u>

## 27. 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.

	2024								
	Fair value	Carrying Amount			Level 1	Fair Value			
		Amortized cost	Cash and cash equivalents			Level 2	Level 3	Total	
				R					U
		E	E	S					
<b>Financial assets measured at fair value</b>	-	-	-	-	-	-	-	-	
<b>Financial assets not measured at fair value</b>									
Long term advances	-	6,965,819	-	-	-	-	-	-	
Long term deposits	-	9,372,760	-	-	-	-	-	-	
Receivables from tenant	-	36,065,324	-	-	-	-	-	-	
Other receivables	-	5,338,288	-	-	-	-	-	-	
Accrued income	-	33,479,054	-	-	-	-	-	-	
Short term investments	-	180,000,000	-	-	-	-	-	-	
Cash and bank balances	-	-	43,387,517	-	-	-	-	-	
	-	<b>271,221,245</b>	<b>43,387,517</b>	<b>314,608,762</b>	-	-	-	-	
<b>Financial liabilities measured at fair value</b>	-	-	-	-	-	-	-	-	
<b>Financial liabilities not measured at fair value</b>									
Trade and other payables	-	1,012,051	-	-	-	-	-	-	
Security deposits	-	14,093,922	-	-	-	-	-	-	
	-	<b>15,105,973</b>	-	<b>15,105,973</b>	-	-	-	-	
	2023								
	Fair value	Carrying Amount			Level 1	Fair Value			
		Amortized cost	Cash and cash equivalents			Level 2	Level 3	Total	
				R					U
		E	E	S					
<b>Financial assets measured at fair value</b>	-	-	-	-	-	-	-	-	
<b>Financial liabilities not measured at fair value</b>									
Long term advances	-	6,039,100	-	-	-	-	-	-	
Long term deposits	-	9,372,760	-	-	-	-	-	-	
Receivables from tenant	-	10,853,264	-	-	-	-	-	-	
Other receivables	-	765,358	-	-	-	-	-	-	
Accrued income	-	26,027,853	-	-	-	-	-	-	
Short term investments	-	150,000,000	-	-	-	-	-	-	
Cash and bank balances	-	-	58,015,377	-	-	-	-	-	
	-	<b>203,058,335</b>	<b>58,015,377</b>	<b>261,073,712</b>	-	-	-	-	
<b>Financial liabilities measured at fair value</b>	-	-	-	-	-	-	-	-	
<b>Financial liabilities not measured at fair value</b>									
Trade and other payables	-	984,593	-	-	-	-	-	-	
Security deposits	-	11,575,352	-	-	-	-	-	-	
	-	<b>12,559,945</b>	-	<b>12,559,945</b>	-	-	-	-	

## 28. 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

### 28.1 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, 2024 and 2023.

#### 28.1.1 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:

	2024 RUPEES	2023 RUPEES
<b>Fixed rate instruments</b>		
Short term investments	180,000,000	150,000,000
<b>Variable rate instruments</b>		
Security deposit with SNGPL	3,572,000	3,572,000
Bank balances in deposit accounts	43,356,220	58,006,475

#### 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

The following analysis demonstrates the sensitivity to a change in interest rates of 1%, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting date were outstanding for the whole year.

	2024 RUPEES	2023 RUPEES
Effect on income and expenditure of an increase in interest rate for deposit with SNGPL	35,720	35,720
Effect on income and expenditure of an increase in interest rate for balances in deposit accounts	433,562	580,065
	<u>469,282</u>	<u>615,785</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.

#### 28.1.2 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.

#### 28.1.3 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.

## 28.2 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 :

	2024 RUPEES	2023 RUPEES
Long term advances	6,965,819	6,039,100
Long term deposits	9,372,760	9,372,760
Receivables from tenant	36,065,324	10,853,264
Other receivables	5,338,288	765,358
Accrued income	33,479,054	26,027,853
Short term investments	180,000,000	150,000,000
Bank balances	43,366,204	58,013,559
	<u>314,587,449</u>	<u>261,071,894</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.

Receivables from tenant and other receivables constitute rental income and reimbursements of expenses from tenant. For these receivables, credit quality of tenant 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 investment. 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	24-Jun-24	AA+	A1+	Stable	PACRA
Zarai Taraqati Bank Limited	27-Jun-24	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.

## 28.3 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, 2024 and 2023:

	2024				
	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 ]				
<b>Financial Liabilities :</b>					
Trade and other payables	1,012,051	1,012,051	1,012,051	-	-
Security deposits	14,093,922	14,093,922	14,093,922	-	-
	<u>15,105,973</u>	<u>15,105,973</u>	<u>15,105,973</u>	-	-

2023				
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 ]				
<b>Financial Liabilities :</b>				
Trade and other payables	984,593	984,593	984,593	-
Security deposits	11,575,352	11,575,352	11,575,352	-
<b>12,559,945</b>	<b>12,559,945</b>	<b>12,559,945</b>	<b>-</b>	<b>-</b>

**29. 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.

**30. 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

**31. DATE OF AUTHORIZATION FOR ISSUE**

03 OCT 2024

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

**32. GENERAL**

**32.1 Corresponding figures**

Corresponding figures have been rearranged, wherever necessary, for the purpose of better presentation and comparison. During the year following reclassifications are made in the corresponding figures.

Particulars	From	To	2023 Rupees
Rent and dues from tenant - Other receivables	Other receivables	Trade receivables	10,087,906
Employee claim - Other receivables	Other receivables	Deposits	164,187

**32.2 Rounding**

Figures in these financial statements have been rounded off to the nearest Rupee.

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*[Handwritten signature]*  
CHIEF EXECUTIVE OFFICER

*[Handwritten signature]*  
DIRECTOR

*[Handwritten signature]*  
CHIEF ACCOUNTANT