

AGRO FOOD PROCESSING (AFP)
FACILITIES Multan

ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2019

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ShineWing

SHINEWING HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS

a member firm of *ShineWing* international



DIRECTORS' REPORT TO THE MEMBERS

The Directors of AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN are pleased to present their report together with Audited Financial Statements for the year ended June 30, 2019.

OPERATING FINANCIAL RESULTS AND FUTURE PROSPECTS

Financial results of the Company for the year under review are summarized below along with comparative data of last year:

Particulars	2019 (Rupees)	2018 (Rupees)
Income from operations	107,221,491	93,418,530
Other Income	11,439,182	6,030,504
Operating expenses	(66,604,238)	(55,979,128)
Administrative & General expenses	(17,105,514)	(14,160,658)
Surplus for the period	34,950,921	29,309,248

The Company is committed to promote agro food sector by providing processing facilities for grading & pulp extraction of fruits and vegetables and helping growers to have value addition to their agro food products. Financial results of current year are quite encouraging and the Company is targeting 4,840 tons of pulp extraction and 300 tons of grading of different fruits & vegetables for the next year ending on June 30, 2020. The Company will also arrange awareness and orientation courses for growers and processor of pulp extraction and fruit grading. The Company does not charge any processing or other fee from growers and all its revenue streams are originated from processors / representatives of juice industry. Once such awareness and orientation course for growers is completed, it will fetch improved results for the Company in future and support the Company to meet the growing demand of the market in the long-run.

EARNING PER SHARE

Total shares of the Company are 10,005 and surplus per share for the year ended June 30, 2019 is Rs. 3,493. However, the Company is an association not for profit and its reserves are not distributable among its members.

AGRO FOOD PROCESSING (AFP) FACILITIES

"A Company set up under Section 42 of the Companies Act 2017"

Plot # 30-33, Industrial Estate Phase-II, Multan

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REMARKS ON AUDITOR'S OBSERVATION

Auditors have added an 'Emphasis of Matter' paragraph on the financial statements is based on the fact that the title / ownership of land and building under the use of the Company have not yet been transferred in its name. However, the management of the Company is striving hard to get the land and building transferred in the name of the Company after complying with legal formalities at the earliest, for which all the concerned authorities have given their consents. Furthermore, it is added that the Company is in process of constant follow-up and has taken up the matter to respective authorities to expedite the process of transfer of title.

INTERNAL CONTROL

The system of internal control is sound in design and has been effectively implemented and monitored. The Company is making efforts to further strengthen the internal financial controls and the implementation of the Internal Audit Charter in true letter and spirit.

MATERIAL CHANGES AND COMMITMENTS SUBSEQUENT TO THE YEAR END

There are no material changes and commitments, which may affect the financial position of the Company, from the year end till the issuance of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed various risks and uncertainties owing to the sectors in which it operates. Many risks exist in a company's operating environment and they emerge on a regular basis. The Company's Risk Management process focusses on ensuring that these risks are identified on a timely basis and addressed.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The accounts department of the Company assists the Board in developing and monitoring the Company's risk management policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The risk management policies of the Company are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. The Company is not engaged in the trading of financial assets for speculative purposes nor does it write options.

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The Company's management oversees and monitors compliance with the Company's risk management policies, procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Directors are assisted in oversight role by the management. Management undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

STATEMENT IN COMPLIANCE WITH THE CORPORATE GOVERNANCE RULES

We also state that:

- the Board has complied with the relevant principles of corporate governance, and has identified the rules that have not been complied with, the period in which such non-compliance continued, and reasons for such non-compliance;
- the financial statements, prepared by the management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- proper books of accounts of the Company have been maintained;
- appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments; and
- we recognize our responsibility to establish and maintain sound system of internal control, which is regularly reviewed and monitored.

PATTERN OF SHAREHOLDING:

The pattern of share holding of the Company as at June 30, 2019 is annexed.

NO. OF BOARD MEETINGS HELD DURING THE YEAR:

During the year ended June 30, 2019; four meetings of the Board of Directors were held. Below is detail of meetings attended by each director during the year:

Sr.	Director Name	Director nominated by	No. of Meetings attended
1	Mr. Nadeem Ahmad Malik Mr. Mushtaq Ahmed Mr. Nadeem Ahsan	Ministry of Industries and Production	04
2	Mr. Fuad Hashim Rabbani	SMEDA	02
3	Mr. Ashfaq Ahmed	SMEDA	03
4	Mr. Ghulam Nabi	PSIC	04
5	Mr. Atta Ullah Qureshi	PSIC	04

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AUDITORS:

The external auditors M/s ShineWing Hameed Chaudhri & Co; Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Audit Committee and Board of Directors recommended the appointment of ShineWing Hameed Chaudhri & Co., Chartered Accountants as external auditors of the Company for the year ending June 30, 2020.

ACKNOWLEDGEMENTS:

On behalf of directors of the Company, I would also like to express appreciation for the services, loyalty and efforts being continuously rendered by the executives, staff members and workers of the Company and hope that they will continue to do so in future.

Niaz Muhammad Khan
Chairman

Zafar Ahmad
Chief Executive

Dated: October 04, 2019

AGRO FOOD PROCESSING (AFP) FACILITIES

"A Company set up under Section 42 of the Companies Act 2017"

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AGRO FOOD PROCESSING (AFP)
FACILITIES MULTAN**

Report on Audit of Financial Statements

Opinion

We have audited the annexed financial statements of **Agro Food Processing (AFP) Facilities Multan** (the Company), which comprise the statement of financial position as at June 30, 2019, the statement of Income and expenditure, statement of comprehensive income, the statement of changes in Capital and accumulated 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 purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income & expenditure, the statement of comprehensive income, the statement of changes in Capital and accumulated funds and the statement of cash flows together with the notes forming part thereof conform with the international financial reporting standard (IFRSs) 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, 2019 and of the surplus and other comprehensive income, the changes in capital and accumulated 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 6.6 to the financial statements which describes the matter regarding the title of land and ownership of building which is still owned by Punjab Small Industries Corporation (PSIC) and have not yet been transferred in name of the Company. Our report is not qualified in respect of this matter.

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 Director's Report to the Members, but does not include the financial statements and auditors' 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.

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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 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 the 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 misstatements, 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 misstatements, 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk 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 omission, 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 the 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 Company's ability to continue as a going concern. If we conclude that 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.

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

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

Report on Other Legal and Regulatory Requirements:

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

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

Other matter

The financial statements of the Company for the year ended June 30, 2018, were audited by another firm of Chartered Accountants who expressed a qualified opinion on those financial statements dated September 19, 2018.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Talat Javed.

ShineWingHameed Chaudhri & Co

Chartered Accountants

Multan

Date: October 04, 2019

**Review Report to the Members of Agro Food Processing (AFP) Facilities
Multan**

**On statement of compliance with the Public Sector Companies (Corporate Governance)
Rules, 2013**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of Agro Food Processing (AFP) Facilities Multan (the Company) for the year ended June 30, 2019.

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

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

The Rules require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transaction which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to determine the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, except for the non-compliances attached with the said statement, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended June 30, 2019.

Shinewing Hameed Chaudhri & Co.
Chartered Accountants
(Talat Javed)

Date: October 04, 2019

Multan

FORM 34

THE COMPANIES ACT, 2017
THE COMPANIES (GENERAL PROVISIONS AND FORMS) REGULATIONS, 2018
 [Section 227(2)(f)]

PATTERN OF SHAREHOLDING

1. Incorporation Number 0080470
2. Name of the Company Agro Food Processing (AFP) Facilities Multan
3. Pattern of holding of the shares held by the shareholders as at 3 0 0 6 2 0 1 9

4. No. of shareholders	Shareholdings	Total shares held
1	Shareholding 1 and from 6 to 2005 shares	2,001
1	Shareholding 2 and from 2006 to 4005 shares	2,001
1	Shareholding 3 and from 4006 to 6005 shares	2,001
1	Shareholding 4 and from 6006 to 8005 shares	2,001
1	Shareholding 5 and from 8006 to 10005 shares	2,001
5	Total	10,005

5. Categories of shareholders	Share held	Percentage
5.1 Directors nominated by Government departments, Chief Executive Officer, and their spouse and minor children.	10,005	100 %
5.2 Associated Companies, undertakings and related parties.	--	--
5.3 NIT and ICP	--	--
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	--	--
5.5 Insurance Companies	--	--
5.6 Modarabas and Mutual Funds	--	--
5.7 General Public		
a. Local	--	--
b. Foreign	--	--
5.8 Others-Individuals	--	--
Total	10,005	100 %

Share holders holding 10% or more

Sr. #	Folio	Name	CNIC #	Total number of shares held	Percentage of total capital
1	1	Mr. Nadeem Ahsan	35202-9912577-9	2,001	20
2	2	Mr. Fuad Hashim Rabbani	35201-1335540-5	2,001	20
3	3	Mr. Ashfaq Ahmed	37301-2310247-3	2,001	20
4	4	Mr. Ghulam Nabi	35202-2710539-3	2,001	20
5	5	Mr. Atta Ullah Qureshi	36101-0551973-9	2,001	20
TOTAL				10,005	100

6. Signature of Chief Executive/ Secretary



7. Name of Signatory

Muhammad Latif

8. Designation

Company Secretary

9. CNIC Number

36201-6346930-7

10. Date

Day		Month		Year			
3	0	0	6	2	0	1	9

AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN
(A Company set up under Section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	263,256,988	269,693,126
Intangible assets	7	29,000	58,000
Long term deposits	8	7,699,000	7,699,000
		270,984,988	277,450,126
Current Assets			
Stores, spares and loose tools	9	9,749,968	8,289,454
Trade debts	10	9,401,886	10,361,674
Short term investments	11	85,500,000	77,560,000
Deposits, prepayments and other receivables	12	6,871,688	5,773,919
Tax refunds due from the Government	13	2,928,064	1,876,811
Cash and bank balances	14	57,051,027	29,467,592
		171,502,633	133,329,450
Total Assets		442,487,621	410,779,576
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized share capital			
32,100,000 ordinary shares of Rs. 10 each		<u>321,000,000</u>	<u>321,000,000</u>
Issued, subscribed and paid-up share capital	15	100,050	100,050
Contribution by the sponsors	16	400,000	400,000
Capital reserve			
Surplus on revaluation of property, plant and equipment	17	109,655,512	114,125,982
Revenue reserves			
General reserve	18	6,339,525	4,311,336
Accumulated fund		178,929,364	141,536,162
		295,424,451	260,473,530
Non-Current Liabilities			
Deferred Government grant	19	112,518,402	122,228,370
Current Liabilities			
Creditors, accrued and other liabilities	20	34,544,768	28,077,676
Contingencies And Commitments			
	21	-	-
Total Equity And Liabilities		442,487,621	410,779,576

The annexed notes from 1 to 36 form an integral part of these financial statements.


CHIEF EXECUTIVE


MANAGER FINANCE

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DIRECTOR

AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN
 (A Company set up under Section 42 of the Companies Act, 2017)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
Income from operations	22	107,221,491	93,418,530
Operating expenses	23	(66,604,238)	(55,979,128)
Gross surplus		<u>40,617,253</u>	<u>37,439,402</u>
Administrative and general expenses	24	(17,105,514)	(14,160,658)
		23,511,739	23,278,744
Other income	25	11,439,182	6,030,504
Net surplus for the year		<u><u>34,950,921</u></u>	<u><u>29,309,248</u></u>
Earnings per share (basic and diluted)	26	<u><u>3,493</u></u>	<u><u>2,929</u></u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

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CHIEF EXECUTIVE


MANAGER FINANCE


DIRECTOR

AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN
(A Company set up under Section 42 of the Companies Act, 2017)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
Net surplus for the year		34,950,921	29,309,248
<i>Other comprehensive income for the year</i>		-	-
<i>Total comprehensive income (net surplus) for the year</i>		<u><u>34,950,921</u></u>	<u><u>29,309,248</u></u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

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CHIEF EXECUTIVE


MANAGER FINANCE


DIRECTOR

AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN
(A Company set up under Section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers -	schedule attached	113,054,167	93,905,463
Cash paid to suppliers for goods -	schedule attached	(1,460,514)	(1,538,237)
Cash paid to creditors for expenses -	schedule attached	(68,532,126)	(54,643,726)
Cash inflow from operations		43,061,527	37,723,500
Decrease in sales tax adjustable		-	245,381
Income tax paid		(1,051,253)	(501,952)
Net cash inflow from operating activities		42,010,274	37,466,929
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to operating fixed assets	6.1	(18,863,675)	(31,791,474)
Capital work-in-progress - net	6.7	6,224,099	7,371,800
Short term investments acquired - TDRs	11	(7,940,000)	(8,743,658)
Profit on short term deposits		6,152,737	3,819,401
Profit on deposits with suppliers	25	-	14,828
Profit on deposit with SNGPL	25	-	206,895
Net cash outflow from investing activities		(14,426,839)	(29,122,208)
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash flow from financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		27,583,435	8,344,721
Cash and cash equivalents at beginning of the year		29,467,592	21,122,871
Cash and cash equivalents at end of the year	14	57,051,027	29,467,592

The annexed notes from 1 to 36 form an integral part of these financial statements.

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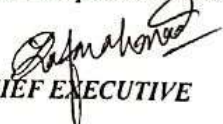

CHIEF EXECUTIVE


MANAGER FINANCE


DIRECTOR

SCHEDULE OF CASH FLOW FROM OPERATING ACTIVITIES

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
CASH RECEIVED FROM CUSTOMERS			
<i>Income from operations - net of sales tax</i>			
Fruit processing charges		103,437,648	89,009,965
Fruit grading charges		-	290,533
Cold storage charges		3,783,843	4,118,033
	22	107,221,491	93,418,530
<i>Other income</i>			
Sale of pulp waste		970,117	743,530
Packing Material Charges		-	1,232,350
Recovery on dissolution of provident fund		3,403,538	-
Tender fee		135,500	13,500
	25	4,509,155	1,989,380
Total income		111,730,646	95,407,910
Add: Opening balance of trade debts	10	18,573,704	10,692,128
Add: Closing balance of advances from customers	20.2	9,273,762	8,910,029
Less: Closing balance of trade debts	10	(17,613,916)	(18,573,704)
Less: Opening balance of advances from customers	20.2	(8,910,029)	(2,530,900)
Total cash receipts from customers		113,054,167	93,905,463
CASH PAID TO SUPPLIERS FOR GOODS			
Add: Opening balance of stores, spares and loose tools	9	8,289,454	6,751,217
Less: Closing balance of stores, spares and loose tools	9	(9,749,968)	(8,289,454)
Less: Opening balance of creditors relating to capital work in progress	20.1	(5,704,979)	(5,704,979)
Add: Closing balance of creditors relating to capital work in progress	20.1	5,704,979	5,704,979
Total cash paid to suppliers for goods		(1,460,514)	(1,538,237)
CASH PAID TO CREDITORS FOR EXPENSES			
Salaries, wages and other benefits	23 & 24	(42,703,963)	(32,708,089)
Travelling expenses	24	(1,391,143)	(1,569,023)
Communication expenses	24	(82,203)	(86,073)
Utilities	23 & 24	(18,501,773)	(16,547,562)
Advertisement and Promotional expenses	24	(311,752)	(263,340)
Entertainment	24	(345,419)	(352,245)
Security expenses	24	(553,302)	(518,906)
Repair and maintenance	23 & 24	(7,725,517)	(7,162,124)
Printing, stationery and newspapers	24	(53,949)	(31,990)
Legal and professional charges	24	(98,122)	(29,500)
Fee and subscription	24	(41,288)	(31,269)
Auditors' remuneration	24	(100,000)	(100,000)
Plant running expenses	23	(1,206,582)	(972,346)
Consultancy and certification fee	24	(466,975)	(485,500)
Stores consumed	23	(1,878)	(699,355)
Rent, rates and taxes	24	(17,715)	(3,100)
Janitorial Expenses	24	(129,577)	(125,345)
Others / miscellaneous expenses	23 & 24	(583,848)	(545,536)
Less: Opening Balance of creditors, accrued and other liabilities	20	(19,167,647)	(11,536,508)
Less: Closing balance of advances, deposits and other receivables	12	(5,211,230)	(4,905,579)
Add: Closing balance of creditors, accrued and other liabilities	20	25,271,006	19,167,647
Add: Opening balance of advances, deposits and other receivables	12	4,890,751	4,862,017
Total cash paid to creditors for expenses		(68,532,126)	(54,643,726)


CHIEF EXECUTIVE


MANAGER FINANCE

S.W.H.C.

DIRECTOR

AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN
 (A Company set up under Section 42 of the Companies Act, 2017)
STATEMENT OF CHANGES IN CAPITAL AND ACCUMULATED FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Share Capital	Contribution by sponsors	Capital Reserve	Revenue Reserves		Total
			Surplus on revaluation of property, plant and equipment	General Reserve	Accumulated Fund	
	----- (Rupees) -----					
Balance as at June 30, 2017	100,050	400,000	119,115,771	2,560,346	108,988,115	231,164,282
Total Comprehensive income for the year						
Surplus after taxation	-	-	-	-	29,309,248	29,309,248
Other comprehensive income	-	-	-	-	-	-
Transfer to General Reserve from Accumulated Fund	-	-	-	1,750,990	(1,750,990)	-
Transfer to accumulated fund on account of incremental depreciation	-	-	(4,989,789)	-	4,989,789	-
Balance as at June 30, 2018	100,050	400,000	114,125,982	4,311,336	141,536,162	260,473,530
Total Comprehensive income for the year						
Surplus after taxation	-	-	-	-	34,950,921	34,950,921
Other comprehensive income	-	-	-	-	-	-
Transfer to General Reserve from Accumulated Fund	-	-	-	2,028,189	(2,028,189)	-
Transfer to accumulated fund on account of incremental depreciation	-	-	(4,470,470)	-	4,470,470	-
Balance as at June 30, 2019	100,050	400,000	109,655,512	6,339,525	178,929,364	295,424,451

The annexed notes from 1 to 36 form an integral part of these financial statements. SWH 11


 CHIEF EXECUTIVE


 MANAGER FINANCE


 DIRECTOR

AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN
(A Company set up under Section 42 of the Companies Act, 2017)
NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Agro Food Processing (AFP) Facilities (the Company) is a Company set up under section 42 of the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The Company was registered as a Company limited by guarantee as on July 09, 2012. The main objectives of the Company are to provide consultancy services, support and exposure to growers about latest fruit and vegetables processing techniques, provide pulp extraction facilities at lower cost and help the growers to go for value addition and minimize the post-harvest losses. The registered office and processing facilities of the Company are situated at Plot no. 30-33, Industrial Estate, Multan.
- 1.2** Prior to incorporation of AFP as a limited Company, it was operating as a Project (the Project) managed by Small and Medium Enterprises Development Authority (SMEDA). The Project commenced operations in 2009 after its inauguration by the Prime Minister of Pakistan on 25th August, 2009. Lately, AFP Project was incorporated with SECP on 9th July, 2012 as a Public Company Limited by Guarantee. At the time of its incorporation as a Company under section 42 of the repealed Ordinance, all assets (including the land and building) and liabilities of the Project as per its Audited Financial Statements for the year ended June 30, 2012 were physically handed over to the newly formed Company - AFP.
- 1.3** A decision was made in the 5th meeting of Board of Directors (BoD) of this Company held on January 16, 2014 to formally get all assets and liabilities of the Project transferred to the Company. SMEDA formally transferred all assets of the Project including vehicles, computers, office equipments, furniture and fixtures, and plant and machinery to the Company vide its letter dated April 28, 2014.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved 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 (NPOs) issued by the Institute of Chartered Accountants of Pakistan, as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention without taking into account the effects of inflation or carrying values, except otherwise stated in the forthcoming policies and notes.

2.3 Functional and presentation currency

The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

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2.4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, 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 the judgments about the 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 estimates are 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.

Significant areas requiring the use of management estimates in these financial statements are detailed in forthcoming paragraphs. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities.

Property, plant and equipment

The Company reviews the rates of depreciation, useful lives, residual values and values of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Provision for doubtful debts

The Company reviews its receivable balances against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into account expected recoveries, if any.

Stores, spares and loose tools

The Company reviews the stores, spares and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores, spares and loose tools with a corresponding effect on the provision.

Provisions

The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. However, provisions are reviewed at each financial position date and adjusted to reflect current best estimates.

Impairment of assets

The management of the Company reviews carrying amounts of its assets including receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

Taxation

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Contingencies

The Company discloses its contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisor for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the financial position date.

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3 *New standards, interpretations and amendments to published approved accounting standards and local laws*

3.1 *New accounting standards / amendments to approved accounting standards for current year*

Standards, amendments and interpretations to IFRSs that are effective for accounting periods beginning on July 01, 2018 and are considered to be relevant and have significant effect on the Company's operations are as follows:

a) *IFRS 15 Revenue from contracts with customers*

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

b) *IFRS 9 Financial Instruments*

IFRS 9 replaces the guidance in International Accounting Standard ('IAS') 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

c) *IFRIC 22 Foreign currency transactions and advance consideration*

This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment / receipt is made as well as for situations where multiple payments / receipts are made. The guidance aims to reduce diversity in practice. The Company's accounting treatment is already in line with this interpretation.

3.2 *Standards, interpretations and amendments to approved accounting standards that are effective but not relevant*

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the accounting periods beginning on July 1, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and are, therefore, not detailed in these financial statements.

3.3 *Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company*

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2018 and have not been early adopted by the Company:

a) *IFRS 16 Leases*

Effective date: January 01, 2019

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the reporting date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the impact of this standard on its financial statements.

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- b) IAS 23** *Borrowing costs* *Effective date: January 01, 2019*
- The amendment is part of the annual improvement 2015-2017 cycle. The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale - or any non-qualifying assets - are included in that general pool. The amendments are not likely to have material impact on the Company's financial statements.
- c) IAS 19** *Employee Benefits* *Effective date: January 01, 2019*
- These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The Company is yet to assess the full impact of this amendment on its financial statements.
- c) IFRIC 23** *Uncertainty over Income Tax Treatments* *Effective date: January 01, 2019*
- This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. 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. The IFRIC 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 Company is yet to assess the full impact of the interpretation on its financial statements

There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

4 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies used in the preparation of these financial statements have been consistently applied by the Company for all periods presented except, a change in accounting policy as disclosed in note 5 to these financial statements. These accounting policies are set out below:

4.1 Property, plant and equipment

Property, plant and equipment except land and capital work-in-progress (CWIP) are stated at revalued amount being the fair value at the date of revaluation, less accumulated depreciation and any identified impairment in value. Land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses. Any revaluation increase arising on the revaluation of such assets is credited to 'Surplus on revaluation of property, plant and equipment', while decrease in the carrying amount arising on revaluation is charged to income and expenditure to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to a previous revaluation of that asset.

Depreciation on all items of property, plant and equipment, except land and CWIP is charged to income by applying reducing balance method so as to write-off the depreciable amounts over estimated remaining useful life of the assets. The useful life and depreciation method are consistent with the expected pattern to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of operating property, plant and equipment. Rates of depreciation are stated in note 6.1 to these financial statements.

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Depreciation is charged on additions from the month in which an asset is acquired or capitalized and no depreciation is charged for the month in which asset is disposed off. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

The assets' residual value and useful lives are reviewed at each financial year end and adjusted if expectations differ significantly from previous estimates and impact on depreciation is significant.

Residual values are determined by the management as the amount it expects it would receive currently for an item of property, plant and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives.

Useful lives are determined by the management based on the expected usage of assets, physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Capital work-in-progress is stated at cost accumulated to the financial position date. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to relevant categories of property, plant and equipment as and when these assets are available for use.

4.2 Impairment of non-financial assets

The Company assesses at each financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether these are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of income and expenditure. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined had no impairment loss been recognized for that asset. Reversal of impairment loss is recognized as income.

4.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognized as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets in the development phase are carried at cost accumulated to the financial position date. All intangible assets are estimated to have definite useful lives and are amortized using the straight line method over a period of five years. Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight line method (refer note 7).

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Useful lives of intangible operating assets are reviewed, at each date of statement of financial position and adjusted if the impact of amortization is significant. The effect of any adjustment to residual values and useful lives is recognized prospectively as a change in accounting estimate.

The carrying amount of the intangible is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the statement of income and expenditure for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversal of impairment losses are also recognized in the statement of income and expenditure, however, it is restricted to the original cost of the asset.

4.4 Stores, spares and loose tools

These are valued at the lower of cost and net realizable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost plus directly attributable expenses incidental thereto accumulated up to the date of statement of financial position. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for identified obsolete and slow moving items based on their condition at the reporting date depending upon the management's judgement.

Net realizable value specifies the estimated selling price in the ordinary course of business less the estimated cost of completion and cost necessarily to be incurred to make the sale.

4.5 Trade debts and other receivables

Trade debts are initially recognized at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less loss allowance, if any. The Company always measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Trade debts and other receivables considered irrecoverable are written off.

4.6 Deposits and prepayments

Deposits and prepayments are included in current assets, except for maturities greater than twelve months after the financial position date, which are classified as non-current assets and are stated at amortized cost. These are carried at cost less any estimate made for doubtful receivables based on review of outstanding balances and management estimates. Deposits considered bad and doubtful are charged to the statement of income and expenditure.

4.7 Taxation

The income of the Company is exempt from tax under section 2(36) of the Income Tax Ordinance, 2001, being a charitable and non-profit organization (NPO). The Company has obtained NTN and is in the process of applying to the Commissioner Inland Revenue for approval as NPO under the Income Tax Ordinance, 2001.

4.8 Employees' retirement benefits

a) Defined contribution plans

During the year, the Company dissolved the contributory provident fund. Previously, the Company operates a funded scheme of contributory provident fund for all its permanent and temporary managerial staff and other employees / workers. The Company had no legal or constructive obligations to pay contributions other than its fixed monthly contributions @ 10% of the basic salary of the respective employees, which were recognized as an expense in the period in which the employees' services were received.

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b) Defined benefit plans

Defined benefit plan is a post-employment benefit plan other than the defined contribution plan. Defined benefit plans define an amount of gratuity that an employee will receive on retirement, usually dependent on one or more factors such as age and years of service. The liability recognized in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

The Company has established separate funded gratuity schemes for its staff who completes qualifying period of service. Contributions under the schemes are made on the basis of actuarial valuation using Projected Unit Credit Method, related details of which are given in note 20.4 to the financial statements.

The amount arising as a result of remeasurements are recognized in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost are recognized immediately in statement of income and expenditure.

Previously the Company was operating a funded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. As per previous policy, the gratuity was fixed as equal to last month's salary for each respective completed year of service. No further contribution would be made and all actuarial risks would be borne by the employee and not by AFP.

The impact of above change in policy has been accounted for as past service cost as disclosed in note 20.4 to the financial statements.

4.9 Creditors, accrued and other liabilities

Liabilities for creditors and other amounts payable are initially recognized at fair value of consideration to be paid in future for the goods and services received, whether or not billed to the Company, which is normally the transaction cost.

4.10 Government grants

Government grants 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. Fair value signifies the amount received in cash.

Government grants, where there is primary condition to purchase, construct or otherwise acquire long-term assets, are accounted for as "deferred income" in statement of financial position and credited to the statement of income and expenditure on a systematic basis over the expected useful lives of the related long-term assets.

All other grants are recognized in the statement of income and expenditure in the year of receipt.

4.11 Related party transactions

Transactions and contracts with related parties are carried out at arm's length prices determined in accordance with comparable uncontrolled price method as approved by the Board of directors, except in rarely extreme circumstances, subject to the approval of the Board, where it is in the interests of the Company to do so. Parties are said to be related if they are able to influence the operating and financial decisions of the Company and vice versa.

4.12 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. If it is no longer probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation, the provisions are reversed. However, the provisions are adjusted at each financial position date to reflect the current best estimate.

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4.13 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise; cash in hand and balances with banks in current and deposit accounts. These also include highly liquid short term investments that are readily convertible to known amounts of cash and are subject to insignificant change in value.

4.14 Financial assets

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 or 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.

a) Initial recognition and measurement of financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss.

i) Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1).

For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

- Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

- Fair value through profit or loss (FVTPL)

Changes in the fair value of equity investments at fair value through income or expenditure are recognized in other income / (other expenses) in the statement of income and expenditure as applicable.

Dividends from such investments continue to be recognized in statement of income and expenditure as other income when the Company's right to receive payments is established.

ii) Debt instruments

Subsequent measurement of debt instrument depends on the Company's business model for managing the assets and the cash flows characteristics of the assets. Three categories in which the Company classifies its debt instruments are:

- 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.

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- *Fair value through other comprehensive income (FVTOCI)*

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 FVTOCI.

- *Fair value through profit or loss (FVTPL)*

Financial assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL.

Gains and losses arising on debt instrument measured at amortized cost and as FVTPL are recognized in statement of income and expenditure. Interest calculated under effective interest method, dividend, impairment and foreign exchange gains and losses on these debt instrument are also recognized in statement of income and expenditure. Gains and losses from changes in fair value of debt instruments measured as FVTOCI are recognized in other comprehensive income and are reclassified to statement of income and expenditure on derecognition or reclassification.

b) *Derecognition of financial assets*

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

4.15 *Financial liabilities*

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the statement of income and expenditure.

4.16 *Impairment of financial assets*

The Company recognizes a loss allowance for ECL on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets. The Company always recognizes lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

i) *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- a) The financial instrument has a low risk of default,
- b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily; reduce the ability of the borrower to fulfil its contractual cash flow obligations.

ii) Definition of default

The Company employs statistical models to analyze the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event (see (ii) above);
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organization;
- e) the disappearance of an active market for that financial asset because of financial difficulties.

iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

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4.17 Off setting of financial assets and financial liabilities

A financial asset and financial liability is off set and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set off the recognized amounts and indents either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.18 Capital and fund balances

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits, if any.

Accumulated fund balances include all current and prior period accumulated surplus/(deficit).

4.19 Earnings per share (EPS)

Basic EPS is calculated by dividing the surplus or deficit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in statement of income and expenditure attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4.20 Contingencies and commitments

These are not accounted for in the financial statements unless these are actual liabilities and are only disclosed when:

- a) there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- b) there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The assessment of 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 events.

4.21 Revenue recognition

Sale of Goods

The Company sold its products in separately identifiable contacts. The contracts entered into with the customers generally includes one performance obligation i.e. the provision of goods to the customer.

Revenue from sale of goods is recognized when the Company satisfies a performance obligation under a contract by transferring promised goods to the customer. Goods are considered to be transferred at the point in time when the customer obtains control over the goods (i.e. on dispatch of goods from the plant to the customer).

Rendering of Services

Revenue from contracts for provision of the services is recognized at the point in time when the services are rendered.

Return on Bank deposits

Return on bank deposits / interest income is recognized using applicable effective interest rate method. Income is accrued as and when the right to receive the income establishes.

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5 CHANGES IN ACCOUNTING POLICIES

The following changes in accounting policies have been adopted during the year:

5.1 IFRS 15 'Revenue from Contracts with Customers'

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entity to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. The above mentioned revised policy do not have any significant impact on these financial statements as the revised policy do not have an impact on the timing or the amount of revenue recognition from the contracts with customers.

Following the application of IFRS 15, the Company policy for revenue recognition under different contracts with customers stands amended as detailed in note 4.21 above.

5.2 IFRS 9 'Financial Instruments'

During the year, IAS-39 has been superseded by IFRS-9 which addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the related guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with irrevocable option at the inception to present changes in fair value in other comprehensive income, not recycling. There is now a new expected credit loss model that replaces the incurred loss impairment model of IAS 39. For financial liabilities, there are no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. Following the application of IFRS 9, the Company policy for financial instrument stands amended as detailed in note 4.14, 4.15 and 4.16 above

There is no change in the carrying amounts of financial assets and financial liabilities at the initial application date of IFRS-9 and hence no impact on current or prior periods financial statements.

	Note	2019 Rupees	2018 Rupees
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	6.1	252,101,934	252,313,973
Capital work-in-progress	6.7	11,155,054	17,379,153
		<u>263,256,988</u>	<u>269,693,126</u>

6.1 Operating fixed assets - tangible

Particulars	Cost / Revalued Amount			Accumulated Depreciation			Net Book Value as at June 30, 2019	Rate
	As at July 01, 2018	Additions / (Transfers)	As at June 30, 2019	As at July 01, 2018	Charge for the year	As at June 30, 2019		
	Rupees							
Freehold Land	80,000,000	-	80,000,000	-	-	-	80,000,000	-
Building	79,311,721	-	79,311,721	8,588,561	7,072,316	15,660,877	63,650,844	10%
Plant and machinery	104,794,519	18,863,675	123,658,194	12,939,299	10,757,495	23,696,794	99,961,400	10%
Electric Installations	1,960,000	-	1,960,000	256,505	170,349	426,854	1,533,146	10%
Gas installations	5,000,000	-	5,000,000	619,715	438,029	1,057,744	3,942,256	10%
Office equipments	723,920	-	723,920	82,590	64,133	146,723	577,197	10%
Furniture and fittings	600,000	-	600,000	75,148	52,485	127,633	472,367	10%
Computers and accessories	300,000	-	300,000	117,069	60,367	177,436	122,564	33%
Vehicles	2,665,326	-	2,665,326	362,626	460,540	823,166	1,842,160	20%
As at June 30, 2019	275,355,486	18,863,675	294,219,161	23,041,513	19,075,714	42,117,227	252,101,934	

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For comparative period

Particulars	Cost / Revalued Amount			Accumulated Depreciation			Net Book Value as at June 30, 2018	Rate
	As at July 01, 2017	Additions / (Transfers)	As at June 30, 2018	As at July 01, 2017	Charge for the year	As at June 30, 2018		
	Rupees							
Freehold Land	80,000,000	-	80,000,000	-	-	-	80,000,000	-
Building	49,311,721	30,000,000	79,311,721	1,285,988	7,302,573	8,588,561	70,723,160	10%
Plant and machinery	104,548,291	246,228	104,794,519	2,755,349	10,183,950	12,939,299	91,855,220	10%
Electric Installations	1,960,000	-	1,960,000	67,228	189,277	256,505	1,703,495	10%
Gas installations	5,000,000	-	5,000,000	133,017	486,698	619,715	4,380,285	10%
Office equipments	644,000	79,920	723,920	19,471	63,119	82,590	641,330	10%
Furniture and fittings	600,000	-	600,000	16,831	58,317	75,148	524,852	10%
Computers and accessories	300,000	-	300,000	26,968	90,101	117,069	182,931	33%
Vehicles	1,200,000	1,465,326	2,665,326	61,699	300,927	362,626	2,302,700	20%
<i>As at June 30, 2018</i>	<u>243,564,012</u>	<u>31,791,474</u>	<u>275,355,486</u>	<u>4,366,551</u>	<u>18,674,962</u>	<u>23,041,513</u>	<u>252,313,973</u>	

6.1.1 The Company had its land, buildings, plant & machinery, electric installations, gas installations, office equipments, furniture & fixtures, computer & accessories and vehicles situated at its factory premises revaluated through Messrs. Medallion Services (Pvt) Limited, an independent valuer approved by Pakistan Banks' Association (PBA) in any amount category, on March 31, 2017 in order to remove the audit qualification made by the external auditors in the year 2016 on the matter of valuation of fixed assets those were carried at cost. This exercise produced incremental surplus on revaluation of property, plant and equipment amounting to Rs. 120.397 million. The basis used for revaluation were as follows:

Land

Fair market value of land had been determined by obtaining current market data from the Punjab Industrial Estate, through inquiries to property brokers / dealers and real estate agents in near vicinity of land to ascertain the asking and selling price for properties of the same nature in the immediate neighborhood and adjoining areas. Neighboring properties which have been recently sold or purchased, have been investigated to determine a reasonable selling / buying price. Different valuation methods and exercises were adopted according to experience, location and other usage of land. Valuer had also considered all relevant factors as well.

Building

Survey of building was carried out for class and type of construction, quality of material used, standard of workmanship and finish. The price of building had been assessed according to the observations. The assessment of building was made on existing outlook, appearance, face value, individual merits, class and type of construction, quality and standard of material used for construction, finish of building and exercising all possible care and applying suitable price adjustments as existed on the day of survey. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

Plant and machinery

For valuation of plant and machinery, the valuer had contacted the supplier and different manufacturing consultants in and out of the country and have collected information regarding the current replacement value of plant and machinery. After determining current replacement values, fair depreciation factor for each item was applied according to their physical condition, usage, maintenance etc., to determine the fair market value.

All other assets

All assets other than land, building and plant & machinery were maintained in good condition and revalued at their present market value.

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The forced sale values of the above-mentioned operating fixed assets as at March 31, 2017 were as follows:

	<i>Rupees</i>
Freehold Land	68,000,000
Building	40,284,900
Plant and machinery	83,638,632
Electric Installations	2,000,000
Gas installations	4,000,000
Office equipments	515,200
Furniture and fittings	480,000
Computers and accessories	240,000
Vehicles	960,000
	<u>200,118,732</u>

6.2 The depreciation charge and amortization of Government grant for the year has been allocated as follows:

	<i>Note</i>	<i>Depreciation</i>		<i>Amortization of Government grant</i>		<i>Depreciation on assets other than grant</i>	
		<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
		<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Operating expenses	23	11,365,873	10,859,925	9,310,411	10,215,546	2,055,462	644,379
Administrative and general expenses	24	7,709,841	7,815,037	399,557	579,933	7,310,284	7,235,104
Total	6.3	<u>19,075,714</u>	<u>18,674,962</u>	<u>9,709,968</u>	<u>10,795,479</u>	<u>9,365,746</u>	<u>7,879,483</u>

6.3 The breakup of cost and depreciation related to grant assets, other assets and revaluation surplus is as follows:

<i>Note</i>	<i>2019</i>		<i>2018</i>	
	<i>Cost</i>	<i>Depreciation</i>	<i>Cost</i>	<i>Depreciation</i>
Grant assets	221,035,670	9,709,968	221,035,670	10,795,479
Elimination of accumulated depreciation	(100,526,650)	-	(100,526,650)	-
	<u>120,509,020</u>	<u>9,709,968</u>	<u>120,509,020</u>	<u>10,795,479</u>
Other Assets	53,313,560	4,895,276	34,449,885	2,889,694
Revaluation surplus on assets	120,396,581	4,470,470	120,396,581	4,989,789
	<u>173,710,141</u>	<u>9,365,746</u>	<u>154,846,466</u>	<u>7,879,483</u>
	<u>294,219,161</u>	<u>19,075,714</u>	<u>275,355,486</u>	<u>18,674,962</u>

6.4 Had the revaluations of these assets not been made, the carrying value of these assets as at June 30, 2019 would have been as under:

	<i>As at June 30, 2019</i>			<i>As at June 30, 2018</i>		
	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net book value</i>	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net book value</i>
	<i>Rupees</i>					
Land	9,800,000	-	9,800,000	9,800,000	-	9,800,000
Building	75,068,455	21,895,354	53,173,101	75,068,455	15,987,232	59,081,223
Plant and machinery	176,447,493	103,868,487	72,579,006	157,583,818	96,153,481	61,430,337
Electric Installations	2,408,997	1,008,302	1,400,695	2,408,997	852,669	1,556,328
Gas installations	5,000,904	1,883,865	3,117,039	5,000,904	1,537,528	3,463,376
Office equipments	1,036,237	431,864	604,373	1,036,237	364,711	671,526
Furniture and fittings	874,242	462,118	412,124	874,242	416,327	457,915
Computers and accessories	808,096	696,025	112,071	808,096	640,825	167,271
Vehicles	2,904,806	1,656,795	1,248,011	2,904,806	1,344,792	1,560,014
	<u>274,349,230</u>	<u>131,902,810</u>	<u>142,446,420</u>	<u>255,485,555</u>	<u>117,297,565</u>	<u>138,187,990</u>

6.5 There are no major spare parts and stand by equipments qualifying as property, plant and equipment.

6.6 The title of land and ownership of building which are owned by Punjab Small Industries Corporation (PSIC) have not yet been legally transferred in name of the Company. Formal requests for such transfer have been forwarded to PSIC by the Company vide its letter # AFP/CEO/14/006 dated January 21, 2014,

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and letter # AFP/SEC/15/081 dated August 06, 2015, as well as by the Ministry of Industries and Production (Mol&P) vide letter # 3(5)2006-Project dated January 31, 2014. After approval from PSIC Board in its meeting dated September 02, 2014, it was conveyed to the Company regarding handing over of land and building as well as plant and machinery, electric installations and gas installations vide letter no. PSIC/ RDM/ ADM/1717 dated January 19, 2015 and PSIC/RDM/ADM/1738 dated January 22, 2015. Accordingly, these have been accounted for in these financial statements w.e.f. January, 2015. Furthermore, in persuasion of this matter, the Ministry of Industries and Production vide letter # 3(2)/2017-ME-IV dated July 27, 2017 has instructed the Managing Director, PSIC to expedite the remaining process and take necessary action for the transfer of title of land in the name of the Company. Moreover, PSIC vide letter no. PSIC/ PEN/100/7252 has appointed Regional Director, PSIC, Regional Office, Multan (AFP Director), as focal person to oversee the matter as regards to the proposed transfer of assets in the name of AFP. During the year, Planning and Development Department (Government Of the Punjab) upon the request of Mol&P held meeting on October 25, 2018 in which it was unanimously resolved that PSIC will amend its rules and complete all formalities to transfer the title of land and building to AFP. In view of the deliberations / correspondences exchanged between the Government officials as regards to the aforementioned facts, the Company believes that the matter will now be resolved in a reasonable period of time; and formal approval for the transfer of ownership of land and building in the name of Company would be forthcoming, as all the other formalities and consents for the same have already been made by the respective authorities.

The detail of WDV of assets transferred to the Company as at January 01, 2015 is as follows:

	Note	Rupees
Land	6.1	9,800,000
Building	6.1	43,150,734
Plant and machinery	6.1	7,559,872
Electric installations	6.1	2,948,997
Gas installations	6.1	5,000,904
		<u>68,460,507</u>
Security deposit to SNGPL and WAPDA	8	7,159,000
		<u><u>75,619,507</u></u>

These assets had been accounted for in these financial statements at the approximate Written Down Value (WDV) calculated at the date of handing over the assets to the Company i.e. January, 2015, as conveyed to it by PSIC. The corresponding effect of such assets had been credited to the deferred government grant (note 19).

6.7 CAPITAL WORK-IN-PROGRESS

The breakup and movement in this head of account is as follows:

	Opening Balance	Additions	Transfers	Closing Balance
Note	----- Rupees -----			
Consultancy charges for civil work	-	340,000	-	340,000
Plant and machinery	17,379,153	12,299,576	(18,863,675)	10,815,054
June 30, 2019	<u>17,379,153</u>	<u>12,639,576</u>	<u>(18,863,675)</u>	<u>11,155,054</u>
June 30, 2018	<u>24,750,953</u>	<u>22,628,200</u>	<u>(30,000,000)</u>	<u>17,379,153</u>

- 6.7.1 This includes cost incurred in the sum of Rs. 8.551million (2018: Rs. 8.551 million) on purchase of Electronic Grading (by weight) from Messrs. Arcadia. The machine has been delivered at the premises of the Company, but its commissioning has not been completed till June 30, 2019 as the party has not yet executed its commitments as contracted. However, the contractor has secured complete execution of contract by depositing an amount of Rs. 0.898 million (2018: Rs. 0.898 million) with Jubilee General Insurance Company Limited, as performance security and has also issued a performance bond in favour of the Company (Note 21.1).

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	Note	2019 Rupees	2018 Rupees
7. INTANGIBLE ASSETS			
<i>Cost</i>			
Balance as at June 30,	7.1	145,000	145,000
<i>Amortization</i>			
Balance as at July 01,		87,000	58,000
Amortized during the year @ 20%	24	29,000	29,000
Balance as at June 30,		116,000	87,000
Net Book Value as at June 30,		29,000	58,000

7.1 This represents cost incurred on the development of the Company's website and software for store inventory management.

	Note	2019 Rupees	2018 Rupees
8. LONG TERM DEPOSITS			
Sui Northern Gas Pipe Line (SNGPL)	6.6	7,159,000	7,159,000
Water And Power Development Authority (WAPDA)		540,000	540,000
		7,699,000	7,699,000

9. STORES, SPARES AND LOOSE TOOLS			
Stores and spares		9,723,735	8,283,109
Loose tools		26,233	6,345
		9,749,968	8,289,454

10. TRADE DEBTS			
Considered good - secured	10.1	9,401,886	10,361,674
Considered doubtful - unsecured	10.2	8,212,030	8,212,030
		17,613,916	18,573,704
Provision for doubtful debts		(8,212,030)	(8,212,030)
		9,401,886	10,361,674

10.1 Considered good- secured:

Shezan International Limited		5,468,408	3,722,166
Noor Food Industries		16,283	-
Link International		3,853,375	6,462,996
Nourish International- Lahore		11,403	-
Receivable from miscellaneous processors / parties		52,417	176,512
		9,401,886	10,361,674

These are secured by way of lien over goods to be delivered to customers. As per terms agreed with the customers, the goods are not dispatched unless the amount has been recovered. In addition to this, the Company is also entitled to recover cold storage charges from these parties for the provision of storage facilities for their goods (Note 22). Furthermore, these are also partially secured against advances received from customers against the respective orders (Note 20.2).

	2019 Rupees	2018 Rupees
10.2 Considered doubtful - unsecured		
Bilal and Co.	3,002,431	3,002,431
Top Star Enterprises	2,179,569	2,179,569
Zea En (Private) Limited	1,407,931	1,407,931
Rubicon Enterprises	1,622,099	1,622,099
	8,212,030	8,212,030

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These amounts are overdue and outstanding for more than five years inspite of several requests for recovery. The Company is in litigation with aforementioned parties and filed a law suit against them for recovery of these amounts in the Civil Court of law, pending adjudication at the terminal date. The management of the Company and its legal advisor are of the firm view that the decision of the case will be made in favor of the Company and all amounts due from the above-named parties including the legal costs will be recovered in full. However, an amount equivalent to 100% (2018: 100%) of such debts had been provided for in these financial statements as dictated by prudence.

	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
11. SHORT TERM INVESTMENTS		
<i>Term Deposit Receipts (TDRs) - amortized cost</i>		
Allied Bank Limited	19,500,000	14,560,000
The Bank of Punjab	66,000,000	63,000,000
	<u>85,500,000</u>	<u>77,560,000</u>

This represents 6 Term Deposit Receipts (TDRs) of different maturity periods (ranging from 3 months to one year). These deposits bear profit ranging from 9.30% to 10.47% per annum (2018: 4.00% to 6.00% per annum).

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - considered good			
<i>Deposits:</i>			
Margin against letters of credit	12.1	4,782,017	4,782,017
<i>Prepayments:</i>			
Prepaid Insurance		429,213	108,734
<i>Other receivables</i>			
Accrued profit on:			
- term deposit receipts		1,660,458	868,340
- deposit with Honda Atlas Cars (Pakistan) Limited		-	14,828
		<u>6,871,688</u>	<u>5,773,919</u>

12.1 This represents margin deposit held with National Bank of Pakistan against Inland Letters of Credit opened for the purchase of Electronic Fruit Grading Machine. These LCs were expired during the year ended June 30, 2017. However, these are kept with the said Bank and will be released when the outcome of the case is decided in favour of the Company (Note 21.1).

	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
13. TAX REFUNDS DUE FROM THE GOVERNMENT		
Income tax refundable	<u>2,928,064</u>	<u>1,876,811</u>
14. CASH AND BANK BALANCES		
Cash in hand	18,278	7,550
Cash at banks in current accounts	57,032,749	29,460,042
	<u>57,051,027</u>	<u>29,467,592</u>
15. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		
<i>2019</i> <i>2018</i>		
<i>No. of shares</i>		
10,005 10,005 Ordinary shares of Rs. 10 each, fully paid up in cash	<u>100,050</u>	<u>100,050</u>

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15.1 At the year end, shares of the Company are held by the Government entities through their nominees as detailed below:

2019	2018		2019	2018
No. of shares			Rupees	Rupees
2,001	2,001	Ministry of Industries and Production	20,010	20,010
4,002	4,002	Small and Medium Enterprises Development Authority	40,020	40,020
4,002	4,002	Punjab Small Industries Corporation	40,020	40,020
<u>10,005</u>	<u>10,005</u>		<u>100,050</u>	<u>100,050</u>

15.2 Ministry of Industries and Production has implied powers to appoint any of its official on the board of the Company and takes decisions for the selection of board members.

16. CONTRIBUTION BY THE SPONSORS

This represents the amount of contribution in the sum of Rs. 500,000 by all the subscribers to the Memorandum of Association of the Company as per conditions mentioned in the license under section 42 of the Act. Out of the total contribution, shares amounting to Rs. 100,000 were issued against minimum subscription pursuant to Article-3 of the Articles of Association of the Company with respect to Certificate of Commencement of Business.

	Note	2019	2018
		Rupees	Rupee
17. CAPITAL RESERVE			
Surplus on revaluation of property, plant and equipment	17.1	<u>109,655,512</u>	<u>114,125,982</u>

17.1 The reconciliation of this head of account is as follows:

Gross Surplus			
Balance as at July 01,		114,125,982	119,115,771
Transferred to accumulated funds on account of - incremental depreciation for the year		(4,470,470)	(4,989,789)
Balance as at June 30,		<u>109,655,512</u>	<u>114,125,982</u>

This reserve is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

	Note	2019	2018
		Rupees	Rupees
18. Revenue reserves			
General Reserve	18.1	<u>6,339,525</u>	<u>4,311,336</u>

18.1 The Board of Directors in their 12th meeting held on April 03, 2015 passed a resolution for the creation of reserve for the provision for doubtful debts @ 2% of processing and grading charges, net of sales tax in addition to charging of specific provision for doubtful debts. Accordingly, the provision of Rs. 2,028,189 (2018: Rs. 1,750,990) on account of this general reserve has been made in these financial statements.

	Note	2019	2018
		Rupees	Rupees
19. DEFERRED GOVERNMENT GRANT			
Gross grant		283,348,292	283,348,292
Accumulated Amortization:			
Opening balance		(161,119,922)	(150,324,443)
Amortization (equivalent to depreciation charge) for the year	6.3	(9,709,968)	(10,795,479)
Closing balance		<u>(170,829,890)</u>	<u>(161,119,922)</u>
		<u>112,518,402</u>	<u>122,228,370</u>

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	Note	2019 Rupees	2018 Rupees
20. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Creditors	20.1	9,456,389	7,204,836
Accrued liabilities		6,085,057	6,390,703
Advances from customers	20.2	9,273,762	8,910,029
Retention money payable	20.3	-	1,500,000
Staff retirement benefits - Gratuity	20.4	6,007,878	834,787
Income tax deducted at source payable		-	281,135
Sales tax payable on services		3,721,682	2,956,186
		<u>34,544,768</u>	<u>28,077,676</u>

20.1 These include Rs. 5.705 million (2018: Rs. 5.705 million) owed to Messrs. Arcadia (the supplier of Electronic Grading by weight), which is payable subject to installation and commissioning of the machine purchased. The contractor / party is in dispute with the Company at the terminal date (Note 21.1).

20.2 These represent advances received @ 10% of total order value from customers at the terminal date. These are interest free and adjustable on completion of agreed activities and dispatch of goods to the customers.

20.3 This represents performance security for the construction of fruit sheds being deducted from the five progressive billings made by the contractor for an equal amount of Rs. 300,000 each in order to arrive at a total sum of Rs. 1,500,000 equivalent to 5% of the total contract price amounting to Rs. 30,000,000. This amount has been paid during the year.

	Note	2019 Rupees	2018 Rupees
20.4 Staff retirement benefits - Gratuity			
<i>Liability recognized in statement of financial position</i>			
Present value of defined benefit obligation	20.4.2	9,125,114	834,787
Fair value of plan assets	20.4.3	(3,117,236)	-
		<u>6,007,878</u>	<u>834,787</u>
20.4.1 Movement in net liability			
Opening balance		834,787	-
Charge for the year	20.4.4	6,007,878	834,787
Liabilities transferred from DC gratuity scheme		2,282,449	-
Assets transferred from DC gratuity scheme		(3,117,236)	-
Provision for gratuity - closing		<u>6,007,878</u>	<u>834,787</u>
20.4.2 Changes in present value of defined benefit obligation			
Opening defined benefits obligation		834,787	-
Current service cost		917,854	834,787
Past service cost due to change in policy	4.8	5,090,024	-
Liabilities transferred from DC gratuity scheme		2,282,449	-
		<u>9,125,114</u>	<u>834,787</u>
20.4.3 Changes in fair value of plan assets			
Opening plan assets		-	-
Assets transferred from DC gratuity scheme		3,117,236	-
		<u>3,117,236</u>	<u>-</u>
20.4.4 Charge for the year			
Current service cost		917,854	-
Past service cost due to change in policy		5,090,024	-
		<u>6,007,878</u>	<u>-</u>

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	2019	2018
20.4.5 Plan assets comprise of:		
Bonds	41.80%	41.80%
Equity	30.50%	30.50%
Cash and/or deposits	27.70%	27.70%
	<u>100.00%</u>	<u>100.00%</u>
	2019	2018
	Rupees	Rupees

20.4.6 Sensitivity analysis for actuarial assumptions

Discount rate +100 bps	8,332,775	-
Discount rate -100 bps	10,064,783	-
Salary increase +100 bps	10,081,703	-
Salary increase -100 bps	8,304,694	-

The actuarial valuation was carried out as on June 30, 2019 by Nouman Associates using Projected Unit Credit (PUC) Actuarial Cost Method, the following significant assumptions have been used for calculation of plan:

	2019	2018
Discount rate used for interest cost in income and expenditure	14.25%	-
Discount rate used for year end obligation	14.25%	-
Expected rate of salary increase in future years	13.25%	-
Mortality rates	Setback 1 year	-
Retirement assumption	Age 60	-

20.4.7 Expected expense for the next year

The expected expense to be charged in statement of income and expenditure for the year ending June 30, 2020 is Rs. 2.429 million.

21. CONTINGENCIES AND COMMITMENTS**Contingencies**

- 21.1.** The contractor Messrs. Arcadia had filed a law suit against the Company in February, 2016 in the Civil Court-07 Multan, alleging that the Company was in breach of contract as executed between the parties and defaulted in payment of remaining amount to the contractor in the sum of Rs. 5.705 million as consideration of its services (Note- 20.1). The contractor contested for the recovery of its outstanding dues in addition to the reimbursement of all legal costs incurred in connection with the filing of suit for recovery and to refrain the Company from calling of performance security as mentioned in (Note- 6.7.1). During the preceding year, the case was dismissed in the Court of the law with the consent of both the parties and the Court ordered to refer the matter for arbitration under section 34 of the Arbitration Act 1940. In this connection, Messrs. SMEDA is appointed to act as arbitrator for the resolution of disputes between the parties concerned. The arbitration proceedings in the instant case have been initiated and are in progress at the terminal date. The Company and its legal counsel are of the firm belief that the contractor has not executed its performance regarding the commissioning of the machinery under the contract and that the machinery has not produced the desired results; consequently the case will be decided in favor of the Company and the contractor will have to discharge its obligations arising under the contract before the payment is demanded.
- 21.2.** Previously, the Company/Project was holding FTN (Free Tax Number) issued by the Government of Pakistan. Lately on 28th October 2014, Company obtained NTN and now is in the process of attaining Non-Profit Organization (NPO) certificate under the Income Tax Ordinance, 2001. Moreover, Pakistan Centre of Philanthropy (PCP) has successfully completed its procedural audit and the issuance of certificate is under process. Accordingly, no provision for income tax has been accounted for in these financial statements as per provisions of section 100C of the said Ordinance. The estimated accumulated provision for tax not accounted for in these financial statements amounted to Rs. 41.118 million (2018: Rs. 33.225 million).

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21.3. The Company is contingently liable to the levy of Workers Profit Participation Fund (WPPF) in the sum of Rs. 9,921,519 (2018: Rs. 7,415,504) including interest (computed on the basis of The Companies Profits (Workers Participation) Act, 1968 till date). However, as per the management and the legal advisor of the Company, this law cannot be applied to the Company in view of the order dated November 10, 2016 of the Honorable Supreme Court of Pakistan as well as for not promulgating the Provincial Act for such levy by the Government of Punjab in view of the 18th Constitutional Amendments. Further, due to the status of existing law and structure of the Company, the Trust and categories of workers for the payment of this fund are not determinable; and as such the same is not applicable in case of the Company at present. Accordingly, no provision of this levy has been incorporated in these financial statements.

Commitments

Company is committed to pay the following amounts within the next twelve months:

	Note	2019 Rupees	2018 Rupees
- against plant and machinery		-	13,242,300
22. INCOME FROM OPERATIONS			
Fruit processing charges		119,987,672	103,251,559
Fruit grading charges		-	337,018
Cold storage charges		4,389,258	4,776,918
		<u>124,376,930</u>	<u>108,365,495</u>
Sales tax	22.1	(17,155,439)	(14,946,965)
		<u>107,221,491</u>	<u>93,418,530</u>

22.1. Sales tax includes sales tax on services charged under section 3 of the Punjab Sales Tax on Services Act, 2012.

	Note	2019 Rupees	2018 Rupees
23. OPERATING EXPENSES			
Salaries, wages and other benefits	23.1	31,487,824	24,383,849
Utilities		17,466,806	15,107,855
Plant running expenses		1,206,582	972,346
Stores consumed		1,878	699,355
Repair and maintenance		7,344,874	6,848,857
Depreciation	6.2	18,022,929	17,701,099
Government grant amortized during the year	6.2	(9,310,411)	(10,215,546)
		8,712,518	7,485,553
Other operating expenses		383,756	481,313
		<u>66,604,238</u>	<u>55,979,128</u>

23.1. These include contribution to gratuity fund amounting to Rs. 3.882 million (2018: Rs. 0.464 million) and provident fund amounting to Rs. 0.045 million (2018: Rs. 0.497 million).

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	Note	2019 Rupees	2018 Rupees
24. ADMINISTRATIVE AND GENERAL EXPENSES			
Director's / chief executive remuneration		4,565,948	3,693,548
Salaries, wages and other benefits	24.1	6,650,191	4,630,692
Travelling expenses		1,391,143	1,569,023
Communication expenses		82,203	86,073
Utilities		1,034,967	1,439,707
Advertisement and promotional expenses		311,752	263,340
Entertainment		345,419	352,245
Security expenses		553,302	518,906
Repair and maintenance		380,643	313,267
Printing, stationery and newspapers		53,949	31,990
Legal and professional charges		98,122	29,500
Fee and subscription		41,288	31,269
Rent, rates and taxes		17,715	3,100
Consultancy and certification fee		466,975	485,500
Auditors' remuneration - annual audit fee		100,000	100,000
Depreciation	6.2	1,052,785	973,863
Government grant amortized during the year	6.2	(399,557)	(579,933)
		653,228	393,930
Amortization on intangible asset	7	29,000	29,000
Janitorial expenses		129,577	125,345
Others		200,092	64,223
		<u>17,105,514</u>	<u>14,160,658</u>

24.1. These include contribution to gratuity fund amounting to Rs. 2.126 million (2018: Rs. 0.371 million) and provident fund amounting to Rs. 0.042 million (2018: Rs. 0.547 million).

	Note	2019 Rupees	2018 Rupees
25. OTHER INCOME			
<i>Income from financial assets</i>			
Profit on short term investments / deposits	11	6,930,027	3,819,401
Profit on deposits with suppliers		-	14,828
Profit on deposit with SNGPL		-	206,895
		6,930,027	4,041,124
<i>Income from assets other than financial assets / other items</i>			
Sale of pulp waste		970,117	743,530
Sale of drums / packing material		-	1,232,350
Recovery on dissolution of Provident Fund		3,403,538	-
Tender fee		135,500	13,500
		4,509,155	1,989,380
		<u>11,439,182</u>	<u>6,030,504</u>

26. EARNINGS PER SHARE - basic and diluted

Surplus for the year attributable to ordinary shareholders	Rupees	<u>34,950,921</u>	<u>29,309,248</u>
Weighted average number of ordinary shares	Number	<u>10,005</u>	<u>10,005</u>
Earnings per share - basic	Rupees	<u>3,493</u>	<u>2,929</u>

There is no dilutive effect on the basic earnings per share as the Company has no such commitments at the terminal date.

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27. **REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

Managerial remuneration including allowances and benefits given during the year to Chief Executive and executives of the Company are as follows:

	<i>Chief Executive</i>	<i>Directors</i>	<i>Executives</i>	<i>Total</i>
	----- Rupees -----			
Managerial remuneration:				
Salary - basic	1,935,480	-	3,147,984	5,083,464
Housing	870,972	-	1,416,600	2,287,572
Utilities	193,548	-	314,784	508,332
Compensation for additional services / Honorarium	625,000	-	1,260,507	1,885,507
Contribution to provident fund	16,129	-	24,402	40,531
Staff retirement benefits - gratuity	924,819	-	1,939,060	2,863,879
Meeting fee	-	75,000	-	75,000
June 30, 2019	4,565,948	75,000	8,103,337	12,744,285
Number of persons	1	5	3	4

	<i>Chief Executive</i>	<i>Directors</i>	<i>Executives</i>	<i>Total</i>
	----- Rupees -----			
Managerial remuneration:				
Salary - basic	1,935,480	-	2,928,348	4,863,828
Housing	870,972	-	1,317,780	2,188,752
Utilities	193,548	-	292,824	486,372
Compensation for additional services / Honorarium	500,000	-	957,048	1,457,048
Staff retirement benefits - gratuity	-	-	378,246	378,246
Contribution to provident fund	193,548	-	292,824	486,372
June 30, 2018	3,693,548	-	6,167,070	9,860,618
Number of persons	1	-	3	4

In addition to above, Company's maintained vehicle is given to Chief Executive of the Company for official purposes only.

No remuneration, in any kind, was given to any of the executive or non-executive directors of the Company (2018: Nil)

28. **FINANCIAL RISK MANAGEMENT**

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The accounts department of the Company assist the Board in developing and monitoring the Company's risk management policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The risk management policies of the Company are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. The Company is not engaged in the trading of financial assets for speculative purposes nor does it write options.

The Company's management oversees and monitors compliance with the Company's risk management policies, procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Directors are assisted in oversight role by the management. Management undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

The Company is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk.

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28.1 Credit risk and concentration of credit risk

The Company is exposed to credit risk from its operating activities (primarily for trade receivables and advances) and from its investing activities, including deposits with banks.

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties to the financial instruments fail to perform as contracted. The management believes that the Company is not exposed to major concentration of credit risk. The management monitors and limits the Company's exposure to credit risk through monitoring of clients' credit exposure review and conservative estimates of provision for doubtful receivables.

Credit risk and concentration of credit risk - continued

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk as at the reporting date is tabulated below:

	<i>2019</i>	<i>2018</i>
	<i>Rupees</i>	<i>Rupees</i>
Financial assets		
Long term deposits	7,699,000	7,699,000
Trade debts	9,401,886	10,361,674
Short term investments	85,500,000	77,560,000
Deposits, prepayments and other receivables	4,782,017	4,782,017
Bank balances	57,032,749	29,460,042
	<u>164,415,652</u>	<u>129,862,733</u>

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	<i>2019</i>	<i>2018</i>
	<i>Rupees</i>	<i>Rupees</i>
Customers	9,401,886	10,361,674
Banks and financial institutions		
<i>deposits in current accounts</i>	57,032,749	29,460,042
<i>investments - amortized cost</i>	85,500,000	77,560,000
Other	12,481,017	12,481,017
	<u>164,415,652</u>	<u>129,862,733</u>

28.1.1 Credit risk related to financial instruments and cash deposits

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. Credit quality of customers and other receivables are assessed by reference to historical defaults rates and present ages. Banks and financial institutions have external credit ratings determined by various credit rating agencies as listed below :

	<i>Rating</i>		<i>2019</i>	<i>2018</i>
	<i>Short term</i>	<i>Agency</i>	<i>Rupees</i>	<i>Rupees</i>
Balances with banks:				
The Bank of Punjab	A1+	PACRA	21,492,645	1,485,893
Allied Bank Limited	A1+	PACRA	35,540,104	27,974,149
			<u>57,032,749</u>	<u>29,460,042</u>
Short term deposits / investments:				
National Bank of Pakistan	A1+	PACRA	4,782,017	4,782,017
Allied Bank Limited	A1+	PACRA	19,500,000	14,560,000
The Bank of Punjab	A1+	PACRA	66,000,000	63,000,000
Exposure to credit risk - cash deposits			<u>90,282,017</u>	<u>82,342,017</u>

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Due to Company's long standing relationship with these counter parties 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 credit risk is minimal.

28.1.2 Credit risk related to trade receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. New customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Sales limits are established for each customer based on internal rating criteria and reviewed regularly. Trade debts consist of a small number of customers, spread across geographical areas. Any sales exceeding these limits require special approval. Outstanding customer receivables are regularly monitored. Ongoing credit evaluation is performed on the financial condition of accounts receivables, where appropriate. The analysis of ages of trade debts of the Company as at the reporting date is as follows:

Exposure to credit risk - trade receivables

Year	Neither past due nor impaired	Past due but not impaired					Past due and impaired	Total
		Less than 90 days	90 - 180 days	180 - 365 days	1 to 3 years	Above 3 years		
----- Rupees -----								
2019	-	9,401,886	-	-	-	-	8,212,030	17,613,916
2018	-	10,361,674	-	-	-	-	8,212,030	18,573,704

The Company's risk in terms of trade receivables is minimal because, these are secured by way of lien over goods to be delivered to customers. As per terms agreed with the customers, the goods are not dispatched unless outstanding balances have been recovered in full.

The Company always measures the loss allowance for trade debts at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on local trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

28.2 Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Company. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

The Company manages liquidity risk by maintaining adequate funds and reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarizes the maturity profiles of Company's financial liabilities as on June 30, 2019 based on contractual undiscounted payments date and present market interest rates.

	1 to 3 months	3 to 6 months	More than 6 months and up to 12 months	More than 1 year and up to 5 years	Total
----- Rupees -----					
<i>As at June 30, 2019</i>					
Creditors, accrued and other liabilities	6,085,057	-	9,456,389	-	15,541,446
<i>As at June 30, 2018</i>					
Creditors, accrued and other liabilities	7,890,703	-	7,204,836	-	15,095,539

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28.3. Market risk management

Market risk is the risk that changes market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The management of the Company continuously monitors its investments to avoid such risks. The Company is not exposed to market risk except rate of interest on short term deposits.

28.3.1 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	2019 Rupees	2018 Rupees
Variable interest rate financial assets		
Term Deposit Receipts (TDRs) - amortized cost	<u>85,500,000</u>	<u>77,560,000</u>

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in the relevant notes to these financial statements.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, surplus for the year would have been increased / (decreased) by Rs. 855,000 (2018: Rs. 775,600). This analysis is prepared without taking in account taxation effect and applying +/-1% discount factor on the outstanding balance of TDRs.

28.3.2 Currency risk

Currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivable & payables that exist due to transactions in foreign currencies.

The Company is not exposed to any foreign currency financial instrument at the financial position date.

28.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of 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 being traded in the market.

The Company is not exposed to commodity price risk and equity price risk as the Company has no derivative financial instruments and listed equity investments at the terminal date.

28.4 Fair value of financial instruments

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

The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values except held to maturity investments which are carried at amortized cost.

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28.5 Fair value hierarchy

The Company measures fair value using valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1** Quoted prices (unadjusted) in active market 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 (i.e. as prices) or indirectly (i.e. derive from prices).
- Level 3** Inputs for asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

	June 30, 2019			June 30, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	Rupees					
Property, plant and equipment	-	252,101,934	-	-	252,313,973	-

28.6. Financial instruments by category

The Company finances its operations through the extraction of pulp of various fruits and provision of processing facilities to different parties and local growers along with management of working capital with a view to maintaining an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

	2019	2018
	Rupees	Rupees
Financial instruments by category		
Financial assets as per statement of financial position		
Long term deposits	7,699,000	7,699,000
Trade debts	9,401,886	10,361,674
Short term investments	-	-
Advances, deposits and other receivables	4,782,017	4,782,017
Cash and bank balances	57,051,027	29,467,592
	78,933,930	52,310,283
Financial liabilities as per statement of financial position		
Financial liabilities measured at amortized cost :		
Creditors, accrued and other liabilities	15,541,446	15,095,539

29. FUND MANAGEMENT

The Company's objectives when managing fund are to safeguard the Company's ability to continue as a going concern in order to provide services for the general public and benefit for other stakeholders.

Consistently with others in the industry, the Company manages its fund structure and makes adjustment to it in the light of changes in economic conditions. There were no changes to the Company's approach to fund management during the year.

30. NUMBER OF EMPLOYEES

	2019	2018
	(Number)	
Number of employees at year end	27	27
Average number of employees during the year	27	27

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31. RELATED PARTY DISCLOSURE**A. Related Party Relationships**

<i>Name of party</i>	<i>Nature of relationship</i>	<i>Basis of relationship</i>	<i>Percentage of shareholding</i>
Ministry of Industries and Production	Associated undertaking	Shareholding & common directorship	20%
Small and Medium Enterprises Development Authority	Associated undertaking	Shareholding & common directorship	40%
Punjab Small Industries Corporation	Associated undertaking	Shareholding & common directorship	40%

B. Related Party Transactions

The related parties comprise associated undertakings, directors of the Company, key management staff and staff retirement funds. Outstanding balances with these parties and remuneration to chief executive, directors and executives have been disclosed in note 27. There were no material transactions with the related parties during the year that may require disclosure in these financial statements other than those mentioned below:

<i>Name of party</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>2019</i>	<i>2018</i>
			-----Rupees-----	
Employees' Provident Fund Trust	Employees benefits	Employer's contribution	87,595	1,044,070
Employees' Gratuity Fund Trust	Employees benefits	Employer's contribution	6,007,878	834,787

32. CAPACITY AND PRODUCTION

	<i>Hourly</i>	<i>Daily (24* hours/day)</i>
<i>Standard / Installed input capacity - Season</i>		
Pulp production - Stoned fruit	<u>10 tons</u>	<u>200 tons</u>
Pulp production - Non-stoned fruit	<u>5 tons</u>	<u>100 tons</u>
<i>Standard / Installed output capacity - Season</i>		
Pulp production - Stoned fruit	<u>5 tons</u>	<u>100 tons</u>
Pulp production - Non-stoned fruit	<u>5 tons</u>	<u>80 tons</u>

*Installed capacity is 10 tons / hour for input of stoned fruit and 5 tons / hour output of the same fruit. 4 hours daily required for cleaning in process (CIP), rest 20 hours production / processing can be proceeded daily. Optimum level for plant usage is 85% to 90%.

Actual production remained at 5,758 tons (2018: 5,173 tons).

	<i>2019</i>	<i>2018</i>
----- Tons -----		
Pulp production - Stoned fruit	<u>5,233</u>	<u>3,975</u>
Pulp production - Non-stoned fruit	<u>525</u>	<u>1,198</u>

Reasons for under-utilization of capacity

Under-utilization of installed capacity was due to seasonal availability of the fruits. Availability of fruit for processing (pulping) was as follows:

Mango	60 Days
Guava	45 Days

Availability of fruit for processing (pulping) was as follows:

Citrus Grading	35 Days
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Moreover, production for the year was based on market demand and orders received for pulp extraction.

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33. ENTITY-WIDE INFORMATION AND DISCLOSURE

These financial statements have been prepared on the basis of single reportable segment i.e. pulp extraction.

33.1 Information about products

Pulp extraction represents 96.47% (2018: 95.28%) of the total income from operations of the Company.

33.2 Information about geographical areas

All non-current assets of the Company as at June 30, 2019 are located in Pakistan.

100% (2018: 100%) of the income from pulp extraction relates to customers in Pakistan.

33.3 Information about customers

During the year, revenue from four customers (2018: four) comprises approximately 95.74% (2018: 93.87%) of the total revenue earned from operations of the Company.

	<i>2019</i>	<i>2018</i>
	<i>Rupees</i>	<i>Rupees</i>

34. PROVIDENT FUND DISCLOSURE

Fund Size - based on audited financial statements

-	<u>6,528,296</u>
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During the current year, the provident fund of the Company has been dissolved (Note 4.8).

35. RE-CLASSIFICATION

Certain prior year figures which were previously classified under "Administrative and general expenses" have been re-arranged and re-classified to "Operating expenses" in these financial statements for the purpose of comparison and better presentation.

Following figures have been re-classified:

	<i>As previously reported</i>	<i>Reclassification</i>	<i>As reclassified</i>
	----- Rupees -----		
a) Operating expenses			
Salaries, wages and other benefits	19,844,798	4,539,051	24,383,849
Repair and maintenance	6,664,655	184,202	6,848,857
Depreciation	10,859,925	6,841,174	17,701,099
Government grant amortized during the year	(7,356,496)	(2,859,050)	(10,215,546)
b) Administrative and general expenses			
Salaries, wages and other benefits	9,169,743	(4,539,051)	4,630,692
Repair and maintenance	497,469	(184,202)	313,267
Depreciation	7,815,037	(6,841,174)	973,863
Government grant amortized during the year	(3,438,983)	2,859,050	(579,933)

35. DATE OF AUTHORIZATION

These financial statements were authorized for issue on _____ by the Board of Directors of the Company.


36. GENERAL

36.1 Figures of the corresponding period have been rearranged / regrouped were considered necessary for better comparison. However no material rearrangement in the corresponding figures has been made during the year except as disclosed in note 5 of these financial statements.

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


Chief Executive Officer


Manager Finance


Director