AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN

ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2020

信永中和 ShineWing | SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
a member firm of ShineWing international

ShineWing PAKISTAN

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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 Processing (AFP) Facilities Multan** ("the Company"), which comprise the statement of financial position as at June 30, 2020, 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, statement of comprehensive income, statement of changes in Capital and accumulated funds and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standard as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the surplus, 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.

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, 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 are 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 arises 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements:

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

a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of income and expenditure, 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).

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

Shinewing Hameed Chaudhri &

Chartered Accountants

Multan

Date: October 06, 2020

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, 2020.

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	2020 (Rupees)	2019 (Rupees)
Income from operations	103,812,479	107,221,491
Other Income	18,221,478	11,439,182
Operating expenses	(66,493,409)	(66,604,238)
Administrative & General expenses	(15,762,110)	(17,105,514)
Surplus for the period	39,778,438	34,950,921

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 5,100 tons of pulp extraction and 200 tons of grading of different fruits & vegetables for the next year ending on June 30, 2021. 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, 2020 is Rs. 3,976. However, the Company is an association not for profit and its reserves are not distributable among its members.

IMPACT OF COVID-19 OF THE FINANCIAL STATEMENTS

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX).

The Company is conducting business with some modifications to employee working, among other modifications while following all necessary Standard Operating Procedures (SOPs) recommended by the Government. The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of our employees, customers and other stockholders.

Since, the operations of the Company are seasonal, most of pulping is performed in the month of June, July and August each year, the above impact on overall economy also hit the Company's operations. The customers of the Company had decreased sales and accumulation of stocks, resulting in no orders for pulping and hence the Company did not operate the Plant during the month of June-20 as compared to approximately 2,000 tons of pulping done in the month of June-2019. Hence, the revenue of the Company decreased and did not reflect as per expectations. There were no other impacts on the Company's assets and liabilities.

Currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. The extent of these impacts on the Company are unclear. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its business, results of operations and financial condition in future period.

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 focuses 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.

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 GOVERANCE RULES

We also state that:

(a) 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;

(b) the financial statements, prepared by the management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;

(c) proper books of accounts of the Company have been maintained;

(d) appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments; and

(e) 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, 2020 is annexed.

NO. OF BOARD MEETINGS HELD DURING THE YEAR:

During the year ended June 30, 2020; 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. Niaz Muhammad Khan	Ministry of Industries and Production	03
	Mr. Qazi Zaheer Ahmad		01
2	Mr. Fuad Hashim Rabbani	SMEDA	03
3	Mr. Ashfaq Ahmed	SMEDA	04
4	Mr. Ghulam Nabi	PSIC	04
5	Mr. Atta Ullah Qureshi	PSIC	03
	Mr. Abdul Khaliq Hashmi		01

REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS:

All the directors of the Company were not given any remuneration except for the fee to attend the Board meetings. During the year, a total of Rs. 489,000 was paid to directors in respect of meeting fee.

A total of Rs. 3,250,000 was charged in respect of the remuneration and other benefits of the Chief Executive of the Company as per his terms of employment

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, 2021.

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.

Qazi Zaheer Ahmad	**Munawar Hussain**
Chairman	Chief Executive

Dated: October 06, 2020

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: 30 06 2020

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. Qazi Zaheer Ahmad	61101-1785040-1	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. Abdul Khaliq Hashmi	32102-6756241-9	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	2	0

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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 foods processing (AFP) Facilities Multan** (the Company) for the year ended June 30, 2020.

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, 2020.

Shinewing Hameed Chaudhri &

Chartered Accountants
Engagement Partner: Talat Javed
Multan

Date: October 06, 2020

Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013
(SCHEDULE I - revised in accordance with Public Sector Companies (Corporate Governance Compliance) Guidelines, 2018)

Name of company: Agro Food Processing (AFP) Facilities Multan
(A Company set up under section 42 of the Companies Act, 2017)
Name of the line ministry: Ministry of Industries and Production
For the year ended: June 30, 2020

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

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

Sr. No	Provision of the Rules	Rule No.	Compliance Yes	Compliance Yes
1.	The Independent Directors meet the criteria of independence as defined under the Rules.	2(d)		✓
2.	The Board has at least one-third of its total members as independent directors. At present the Board includes:	3(2)		✓
	Category: Independent Directors — **Names:** — **Date of Appointment:** —			
	Category: Executive Directors — **Names:** Munawar Hussain (CEO) — **Date of Appointment:** August 20, 2020			
	Category: Nominee Directors (Non-Executive) — **Names / Date of Appointment:** Qazi Zaheer Ahmad, May 12, 2020; Ghulam Nabi, June 19, 2017; Abdul Khaliq Hashmi, May 12, 2020; Fuad Hashim Rabbani, May 11, 2017; Ashfaq Ahmed, Mar 30, 2015			
3.	The Directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✓	
4.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under provisions of the Act	3(7)	-	-
5.	The Chairman of the Board is working separately from the Chief Executive of the Company.	4(1)	✓	
6.	The chairman of the Board has been elected by the Board of Directors except where Chairman of the Board has been appointed by the Government.	4(4)	✓	
7.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.	5(2)	✓	

Sr. No	Provision of the Rules	Rule No.	Compliance	
			Yes	Yes
8.	(a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures, including posting the same on the Company's website. (www.afpf.org.pk) (b) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓ ✓	
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓	
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests and the procedure for disclosing such interest.	5(5)(b)(ii)	✓	
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.	5(5) (b)(vi)	✓	
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c)(ii)	✓	
13.	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c)(iii)	✓	
14.	The Board has developed a vision or mission statement, corporate strategy of the Company.	5(6)	✓	
15.	The Board has developed significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.	5(7)	✓	
16.	Board has quantified the outlay of any action in respect of any services delivered or goods sold by the Company as a public service obligation and have submitted its request for appropriate compensation to the Government for consideration.	5(8)	-	-
17.	The Board has ensured compliance with policy directions received from Government from time to time.	5(11)	✓	
18.	(a) The Board has met at least four times during the year. (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	✓ ✓ ✓	
19.	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8 (2)	✓	
20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the Audit Committee. A party wise record of transactions entered into with related parties during the year is maintained.	9	-	-

<table>
<tr><th rowspan="2">Sr. No</th><th rowspan="2">Provision of the Rules</th><th rowspan="2">Rule No.</th><th colspan="2">Compliance</th></tr>
<tr><th>Yes</th><th>Yes</th></tr>
<tr><td>21.</td><td>The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end; and
The board has placed the annual financial statements on the Company's website.</td><td>10</td><td>✓
✓</td><td></td></tr>
<tr><td>22.</td><td>All Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in Rules.</td><td>11</td><td>✓</td><td></td></tr>
<tr><td>23.</td><td>(a) The Board has formed the requisite Committees, as specified in the Rules.
(b) The Committees were provided with written terms of reference defining their duties, authority and composition.
(c) Meeting Minutes of the Committees were circulated to all the Board members.
(d) The Committees were chaired by the following Non-Executive Directors:
<table>
<tr><th>Committee</th><th>No. of Members</th><th>Name of Chair& Member(s)</th></tr>
<tr><td>Audit Committee</td><td>02</td><td>Mr. Abdul Khaliq Hashmi (Chairman)
Mr. Fuad Hashim Rabbani (Member)</td></tr>
<tr><td>Risk Management Committee</td><td>03</td><td>Mr. Ghulam Nabi (Chair)
Mr. Fuad Hashim Rabbani (Member)
Mr. CEO – AFP (Member)</td></tr>
<tr><td>Human Resources Committee</td><td>04</td><td>Mr. Qazi Zaheer Ahmad (Chair)
Mr. Ghulam Nabi (Member)
Mr. Ashfaq Ahmed (Member)
Mr. CEO-AFP (Member)</td></tr>
<tr><td>Procurement Committee</td><td>03</td><td>Mr. Fuad Hashim Rabbani (Chair)
Mr. Abdul Khaliq Hashmi (Member)
Mr. CEO-AFP (Member)</td></tr>
<tr><td>Nomination Committee</td><td>04</td><td>Mr. Qazi Zaheer Ahmad (Chair)
Mr. Abdul Khaliq Hashmi (Member)
Mr. Ashfaq Ahmed (Member)
Mr. CEO-AFP (Member)</td></tr>
</table></td><td>12</td><td>✓</td><td></td></tr>
<tr><td>24.</td><td>The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment.</td><td>13</td><td>✓</td><td></td></tr>
<tr><td>25.</td><td>The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.</td><td>14</td><td>✓</td><td></td></tr>
<tr><td>26.</td><td>The Company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.</td><td>16</td><td>✓</td><td></td></tr>
<tr><td>27.</td><td>The Directors' Report for this year has been prepared in compliance with the requirements of the Ordinance and the Rules and fully describes the salient matters required to be disclosed.</td><td>17</td><td>✓</td><td></td></tr>
<tr><td>28.</td><td>The directors, CEO and executives or their relatives' are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.</td><td>18</td><td>✓</td><td></td></tr>
<tr><td>29.</td><td>(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration.
(b) The annual report of the company contains criteria and details of remuneration of each director.</td><td>19</td><td>✓
✓</td><td></td></tr>
</table>

Sr. No	Provision of the Rules	Rule No.	Compliance Yes	Compliance Yes
30.	The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer, before approval of the Board.	20	✓	
31.	The Board has formed an Audit Committee, with defined and written terms of reference, and having the following members as at 30 June 2019: Name of Member – Category – Professional Background Abdul Khaliq Hashmi – Non-Executive – Regional Director – PSIC Fuad Hashim Rabbani – Non-Executive – GM Central Support (SMEDA) The chief executive and chairman of the Board are not members of the audit committee.	21 (1) and 21(2)	✓	
32.	(a) The chief financial officer, the chief internal auditor and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed. (b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives. (c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.	21(3)	✓ ✓ ✓	
33.	(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee. (b) The chief internal auditor has requisite qualification and experience prescribed in the Rules. (c) The internal audit reports have been provided to the external auditors for their review.	22	✓ ✓	✓
34.	The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓	
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓	

MUNAWAR HUSSAIN
Chief Executive

QAZI ZAHEER AHMAD
Chairman

Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013
(SCHEDULE II - revised in accordance with the Public Sector Companies (Corporate Governance Compliance) Guidelines, 2018)

Name of company: Agro Food Processing (AFP) Facilities Multan
(A Company set up under section 42 of the Companies Act, 2017)
Name of the line ministry: Ministry of Industries and Production
For the year ended: June 30, 2020

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year:-

Sr. No.	Rule/ Sub Rule no.	Provision of the Rules	Reasons for non-Compliance	Future Course of Action
1	2 (d) 3(2)	The Independent Directors meet the criteria of independence as defined under the Rules. The Board has the requisite percentage of independent directors.	Presently there is no independent director. All directors are nominated by the Government and are employees of the Government entities.	Independent Directors will be appointed in due course of time as per decision of the Board of Directors
2	22(b)	The chief internal auditor has requisite qualification and experience prescribed in the Rules.	Presently there is an Internal Auditor on additional charge who does not meet the requisite qualification prescribed in the Rules.	Process of hiring regular Internal Auditor in accordance with the Rules is in process and advertisement for said purpose was published on July 22, 2020.

MUNAWAR HUSSAIN
CHIEF EXECUTIVE

QAZI ZAHEER AHMAD
CHAIRMAN

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, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	248,074,776	263,256,988
Intangible assets	7	-	29,000
Long term deposits	8	9,692,000	7,699,000
		257,766,776	270,984,988
Current Assets			
Stores, spares and loose tools	9	9,764,412	9,749,968
Trade debts	10	12,619,203	9,401,886
Short term investments	11	116,850,000	85,500,000
Deposits, prepayments and other receivables	12	16,236,880	6,871,688
Tax refunds due from the Government	13	4,835,272	2,928,064
Cash and bank balances	14	38,426,519	57,051,027
		198,732,286	171,502,633
Total Assets		**456,499,062**	**442,487,621**
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized share capital			
32,100,000 ordinary shares of Rs. 10 each		**321,000,000**	**321,000,000**
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	105,648,130	109,655,512
Revenue reserves			
General reserve	18	8,245,164	6,339,525
Accumulated fund		220,586,419	178,929,364
		334,979,763	295,424,451
Non-Current Liabilities			
Deferred Government grant	19	103,640,305	112,518,402
Staff retirement benefits - Gratuity	20	2,131,287	6,007,878
		105,771,592	118,526,280
Current Liabilities			
Creditors, accrued and other liabilities	21	15,747,707	28,536,890
Contingencies And Commitments	22	-	-
Total Equity And Liabilities		**456,499,062**	**442,487,621**

The annexed notes from 1 to 37 form an integral part of these financial statements.

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 INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Income from operations	23	103,812,479	107,221,491
Operating expenses	24	(66,493,409)	(66,604,238)
Gross surplus		37,319,070	40,617,253
Administrative and general expenses	25	(15,762,110)	(17,105,514)
		21,556,960	23,511,739
Other income	26	18,221,478	11,439,182
Net surplus for the year		39,778,438	34,950,921
Earnings per share (basic and diluted)	27	3,976	3,493

The annexed notes from 1 to 37 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, 2020

		Note	2020 Rupees	2019 Rupees
CASH FLOW FROM OPERATING ACTIVITIES				
Cash received from customers -	schedule attached		92,841,499	113,054,167
Cash paid to suppliers for goods -	schedule attached		(14,444)	(1,460,514)
Cash paid to creditors for expenses -	schedule attached		(81,927,479)	(68,532,126)
Cash inflow from operations			10,899,576	43,061,527
Income tax paid			(1,907,208)	(1,051,253)
Net cash inflow from operating activities			8,992,368	42,010,274
CASH FLOW FROM INVESTING ACTIVITIES				
Additions to operating fixed assets		6.1	(4,780,201)	(18,863,675)
Capital work-in-progress - net		6.7	2,264,101	6,224,099
Short term investments acquired - TDRs		11	(31,350,000)	(7,940,000)
Long term Deposit		8	(1,993,000)	-
Profit on short term deposits			8,242,224	6,152,737
Net cash outflow from investing activities			(27,616,876)	(14,426,839)
Net (decrease) / increase in cash and cash equivalents			(18,624,508)	27,583,435
Cash and cash equivalents at beginning of the year			57,051,027	29,467,592
Cash and cash equivalents at end of the year		14	38,426,519	57,051,027

The annexed notes from 1 to 37 form an integral part of these financial statements.

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CHIEF EXECUTIVE ***MANAGER FINANCE*** ***DIRECTOR***

SCHEDULE OF CASH FLOW FROM OPERATING ACTIVITIES

	Note	2020 Rupees	2019 Rupees
CASH RECEIVED FROM CUSTOMERS			
Income from operations - net of sales tax			
Fruit processing charges		97,187,577	103,437,648
Fruit grading charges		-	-
Cold storage charges		6,624,902	3,783,843
	23	103,812,479	107,221,491
Other income			
Sale of pulp waste		747,699	970,117
Packing Material Charges		-	-
Recovery on dissolustion of provident fund		-	3,403,538
Recovery of cargo charges		13,500	-
Tender fee		123,000	135,500
	26	884,199	4,509,155
Total income		104,696,678	111,730,646
Add: Opening balance of trade debts	10	17,613,916	18,573,704
Add: Closing balance of advances from customers	21	635,900	9,273,762
Less: Closing balance of trade debts	10	(20,831,233)	(17,613,916)
Less: Opening balance of advances from customers	21	(9,273,762)	(8,910,029)
Total cash receipts from customers		92,841,499	113,054,167
CASH PAID TO SUPPLIERS FOR GOODS			
Add: Opening balance of stores, spares and loose tools	9	9,749,968	8,289,454
Less: Closing balance of stores, spares and loose tools	9	(9,764,412)	(9,749,968)
Less: Opening balance of creditors relating to capital work in progress	21.1	(5,704,979)	(5,704,979)
Add: Closing balance of creditors relating to capital work in progress	21.1	5,704,979	5,704,979
Total cash paid to suppliers for goods		(14,444)	(1,460,514)
CASH PAID TO CREDITORS FOR EXPENSES			
Salaries, wages and other benefits	24 & 25	(39,883,864)	(42,602,895)
Travelling expenses	25	(811,121)	(1,391,143)
Communication expenses	25	(92,926)	(82,203)
Utilities	24 & 25	(19,382,625)	(18,501,773)
Advertisement and Promotional expenses	25	(588,350)	(311,752)
Entertainment	25	(320,006)	(345,419)
Security expenses	25	(521,302)	(553,302)
Repair and maintenance	24 & 25	(8,763,082)	(7,725,517)
Printing, stationery and newspapers	25	(54,430)	(53,949)
Legal and professional charges	25	(55,500)	(98,122)
Fee and subscription	25	(33,282)	(41,288)
Auditors' remuneration	25	(205,000)	(100,000)
Vehicle insurance	25	(52,020)	(101,068)
Plant running expenses	24	(1,274,638)	(1,206,582)
Consultancy and certification fee	25	(867,973)	(466,975)
Stores consumed	24	(240,560)	(1,878)
Rent, rates and taxes	25	(7,715)	(17,715)
Janitorial Expenses	25	(61,622)	(129,577)
Others / miscellaneous expenses	24 & 25	(413,414)	(583,848)
Less: Opening Balance of creditors, accrued and other liabilities & gratuity	20 & 21	(25,271,006)	(19,167,647)
Less: Closing balance of advances, deposits and other receivables	12	(5,481,367)	(5,211,230)
Add: Closing balance of creditors, accrued and other liabilities & gratuity	20 & 21	17,243,094	25,271,006
Add: Opening balance of advances, deposits and other receivables	12	5,211,230	4,890,751
Total cash paid to creditors for expenses		(81,927,479)	(68,532,126)

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 CHANGES IN CAPITAL AND ACCUMULTAED FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	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, 2018	100,050	400,000	114,125,982	4,311,336	141,536,162	260,473,530
Total Comprehensive income for the year						
Net surplus for the year	-	-	-	-	34,950,921	34,950,921
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	34,950,921	34,950,921
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**
Total Comprehensive income for the year						
Net surplus for the year	-	-	-	-	39,778,438	39,778,438
Other comprehensive income	-	-	-	-	(223,126)	(223,126)
	-	-	-	-	39,555,312	39,555,312
Transfer to General Reserve from Accumulated Fund	-	-	-	1,905,639	(1,905,639)	-
Transfer to accumulated fund on account of incremental depreciation	-	-	(4,007,382)	-	4,007,382	-
Balance as at June 30, 2020	**100,050**	**400,000**	**105,648,130**	**8,245,164**	**220,586,419**	**334,979,763**

The annexed notes from 1 to 37 form an integral part of these financial statements.

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, 2020

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 novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown and disruptions to various business.

The Company is conducting business while following all necessary Standard Operating Procedures (SOPs) recommended by the Government. The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of our employees, customers and other stockholders.

Since the operations of the Company are seasonal, most of pulping is performed in the month of June, July and August each year, the above impact on overall economy also hit the Company's operations. The customers of the Company had decreased sales and accumulation of stocks, resulting in no orders for pulping and hence the Company did not operate the Plant during the month of June-20 as compared to approximately 2,000 tons of pulping done in the month of June-2019. Hence, the revenue of the Company decreased and did not reflect as per expectations. There were no other impacts on the Company's assets and liabilities.

Currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. The extent of these impacts on the Company are unclear. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its business, results of operations and financial condition in future period.

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

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- 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.

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 it 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.

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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.

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, 2019 and are considered to be relevant and have significant effect on the Company's operations are as follows:

a) The Company has adopted IFRS 16 'Leases' from July 01, 2019. The standard introduces a single, on-balance sheet accounting model for leases. As a result, the Company as a lessee has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligations to make lease payments. The standard removes distinction between operating and finance leases and requires recognition of an asset (the-right-of 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 lessors does not significantly changed.

b) Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement', are effective for periods beginning on or after 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 recognise in statement of 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 recognised because of the impact of the asset ceiling. The amendments do not have any material impact on the Company's financial statements.

c) Amendment to IAS 23 'Borrowing Costs', as part of the annual improvements 2017 applicable for annual periods beginning on or after January 1, 2019. The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes 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. This amendment will be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.

The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2019 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

3.2 ***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, 2019 and have not been early adopted by the Company:

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a) Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors is applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs.

b) The International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The Companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, Companies should review those policies and apply the new guidance retrospectively as of January 01, 2020, unless the new guidance contains specific scope outs.

c) Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is applicable for accounting periods beginning on or after January 1, 2022. Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. The amendments do not have any material impact on the Company's financial statements.

d) Amendments to IAS 16 'Property, Plant and Equipment' effective for the annual period beginning on or after January 1, 2022. These amendments clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. The amendment do not has any material impact on the Company's 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.

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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.

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 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost.

The finance cost is charged to the income and expenditure account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income and expenditure account. Short-term leases are leases with a lease term of 12 months or less.

4.3 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.

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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.

4.4 *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).

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.

4.5 *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.

4.6 *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.

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4.7 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.

4.8 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.

4.9 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.

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 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.

4.10 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.

4.11 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.

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4.12 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.

4.13 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.

4.14 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.

4.15 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.

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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.

- *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.

4.16 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.

4.17 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

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.

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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.

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.

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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.

4.18 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.

4.19 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).

4.20 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.

4.21 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.

4.22 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.

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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.

5 CHANGE IN ACCOUNTING POLICY

The following change in accounting policy have been adopted during the year:

5.1 IFRS 16 'Leases'

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Upon adoption of IFRS 16 the Company recognizes right-of-use assets and lease liabilities for leases on the statement of financial position. On initial application, the Company has also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Some of the lease contracts of the Company are extendable through mutual agreement between the Company and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term, the Company concluded that such contracts are of short-term in nature. The Company has the policy to recognizes the lease payments associated with lease contracts as an expense in statement of income and expenditure.

The Company did not have any property leases arrangement therefore adoption of IFRS 16 at July 01, 2019 did not have an effect on the financial statements of the Company

	Note	2020 Rupees	2019 Rupees
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	6.1	239,183,823	252,101,934
Capital work-in-progress	6.7	8,890,953	11,155,054
		248,074,776	263,256,988

6.1 Operating fixed assets - tangible

Particulars	Cost / Revalued Amount			Accumulated Depreciation			Net Book Value as at June 30, 2020	Rate
	As at July 01, 2019	Additions / (Transfers)	As at June 30, 2020	As at July 01, 2019	Charge for the year	As at June 30, 2020		
	Rupees							
Freehold Land	80,000,000	-	80,000,000	-	-	-	80,000,000	-
Building	79,311,721	2,285,000	81,596,721	15,660,877	6,422,209	22,083,086	59,513,635	10%
Plant and machinery	123,658,194	2,359,601	126,017,795	23,696,794	10,207,085	33,903,879	92,113,916	10%
Electric Installations	1,960,000	-	1,960,000	426,854	153,315	580,169	1,379,831	10%
Gas installations	5,000,000	-	5,000,000	1,057,744	394,226	1,451,970	3,548,030	10%
Office equipments	723,920	61,000	784,920	146,723	63,311	210,034	574,886	10%
Furniture and fittings	600,000	-	600,000	127,633	47,237	174,870	425,130	10%
Computers and accessories	300,000	74,600	374,600	177,436	42,498	219,934	154,666	33%
Vehicles	2,665,326	-	2,665,326	823,166	368,432	1,191,598	1,473,728	20%
	294,219,161	4,780,201	298,999,362	42,117,227	17,698,312	59,815,539	239,183,823	

For comparative period

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%
	275,355,486	18,863,675	294,219,161	23,041,513	19,075,714	42,117,227	252,101,934	

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.

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

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	Rupees
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
	200,118,732

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

		Depreciation		Amortization of Government grant		Depreciation on assets other than grant	
		2020	2019	2020	2019	2020	2019
	Note	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Operating expenses	24	16,534,613	18,022,929	8,515,270	9,310,411	8,019,343	8,712,518
Administrative and general expenses	25	1,163,699	1,052,785	362,828	399,557	800,871	653,228
Total	6.3	17,698,312	19,075,714	8,878,098	9,709,968	8,820,214	9,365,746

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

		2020		2019	
	Note	Cost	Depreciation	Cost	Depreciation
Grant assets	19	221,035,670	8,878,098	221,035,670	9,709,968
Elimination of accumulated depreciation		(100,526,650)	-	(100,526,650)	-
		120,509,020	8,878,098	120,509,020	9,709,968
Other Assets		58,093,761	4,812,832	53,313,560	4,895,276
Revaluation surplus on assets		120,396,581	4,007,382	120,396,581	4,470,470
	6.2	178,490,342	8,820,214	173,710,141	9,365,746
	6.1	298,999,362	17,698,312	294,219,161	19,075,714

6.4 Had the revaluations of these assets not been made, the carrying value of these assets as at June 30, 2020 would have been as under:

	As at June 30, 2020			As at June 30, 2019		
	Cost	Accumulated Depreciation	Net book value	Cost	Accumulated Depreciation	Net book value
			Rupees			
Land	9,800,000	-	9,800,000	9,800,000	-	9,800,000
Building	77,353,455	27,269,789	50,083,666	75,068,455	21,895,354	53,173,101
Plant and machinery	178,807,094	111,337,288	67,469,806	176,447,493	103,868,487	72,579,006
Electric Installations	2,408,997	1,148,372	1,260,625	2,408,997	1,008,302	1,400,695
Gas installations	5,000,904	2,195,569	2,805,335	5,000,904	1,883,865	3,117,039
Office equipments	1,097,237	497,935	599,302	1,036,237	431,864	604,373
Furniture and fittings	874,242	503,330	370,912	874,242	462,118	412,124
Computers and accessories	882,696	735,060	147,636	808,096	696,025	112,071
Vehicles	2,904,806	1,906,397	998,409	2,904,806	1,656,795	1,248,011
	279,129,431	145,593,740	133,535,691	274,349,230	131,902,810	142,446,420

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

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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, and letter # AFP/SEC/15/081 dated August 06, 2015, as well as by the Ministry of Industries and Production (MoI&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 MOI&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. Further a letter bearing reference number 3(2)/2017 - (ME-IV) dated March 21, 2019 was sent to Planning and Development department from MOI&P for follow up of this matter. 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
		68,460,507
Security deposit to SNGPL and WAPDA	8	7,159,000
		75,619,507

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:

	Note	*Opening Balance*	*Additions*	*Transfers*	*Closing Balance*
		Rupees			
Consultancy charges for civil work		340,000	-	-	340,000
Plant and machinery	6.7.1	10,815,054	-	(2,264,101)	8,550,953
June 30, 2020		11,155,054	-	(2,264,101)	8,890,953
June 30, 2019		17,379,153	12,639,576	(18,863,675)	11,155,054

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6.7.1 This includes cost incurred in the sum of Rs. 8.551 million (2019: 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, 2020 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 (2019: 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 22.1).

		Note	2020 Rupees	2019 Rupees
7.	***INTANGIBLE ASSETS***			
	Cost			
	Balance as at June 30,	7.1	145,000	145,000
	Amortization			
	Balance as at July 01,		116,000	87,000
	Amortized during the year @ 20%	25	29,000	29,000
	Balance as at June 30,		145,000	116,000
	Net Book Value as at June 30,		-	29,000

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

		Note	2020 Rupees	2019 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)		2,533,000	540,000
			9,692,000	7,699,000
9.	***STORES, SPARES AND LOOSE TOOLS***			
	Stores and spares		9,749,693	9,723,735
	Loose tools		14,719	26,233
			9,764,412	9,749,968
10.	***TRADE DEBTS***			
	Considered good - secured	10.1	12,619,203	9,401,886
	Considered doubtful - unsecured	10.2	8,212,030	8,212,030
			20,831,233	17,613,916
	Provision for expected credit loss		(8,212,030)	(8,212,030)
			12,619,203	9,401,886

10.1 Considered good- secured:

	2020	2019
Shezan International Limited	-	5,468,408
Noor Food Industries	1,950,743	16,283
Link International	9,458,146	3,853,375
Nourish International- Lahore	-	11,403
Receivable from miscellaneous processors / parties	1,210,314	52,417
	12,619,203	9,401,886

10.1.1 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 23). Furthermore, these are also partially secured against advances received from customers against the respective orders (Note 21.2).

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	2020 Rupees	2019 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

10.2.1 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% (2019: 100%) of such debts had been provided for in these financial statements as dictated by prudence.

	2020 Rupees	2019 Rupees
11. SHORT TERM INVESTMENTS		
Term Deposit Receipts (TDRs) - amortized cost		
Allied Bank Limited	51,850,000	19,500,000
The Bank of Punjab	65,000,000	66,000,000
	116,850,000	85,500,000

11.1 This represents 5 Term Deposit Receipts (TDRs) of different maturity periods (ranging from 3 months to one year). These deposits bear profit ranging from 5.98% to 13.44% per annum (2019: 9.30% to 10.47% per annum).

	Note	2020 Rupees	2019 Rupees
12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - considered good			
Deposits:			
Margin against letters of credit	12.1	4,782,017	4,782,017
Prepayments:			
Prepaid Insurance		-	429,213
Prepaid Utilities Bills		699,350	-
Other receivables			
Accrued profit on:			
- term deposit receipts		10,755,513	1,660,458
		16,236,880	6,871,688

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 22.1).

	2020 Rupees	2019 Rupees
13. TAX REFUNDS DUE FROM THE GOVERNMENT		
Income tax refundable	4,835,272	2,928,064

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	2020 Rupees	2019 Rupees
14. CASH AND BANK BALANCES		
Cash in hand	12,850	18,278
Cash at banks in current accounts	38,413,669	57,032,749
	38,426,519	57,051,027

15. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2020 No. of shares	2019 No. of shares			
10,005	10,005	Ordinary shares of Rs. 10 each, fully paid up in cash	100,050	100,050

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

2020 No. of shares	2019 No. of shares		2020 Rupees	2019 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
10,005	10,005		100,050	100,050

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	2020 Rupees	2019 Rupee
17. CAPITAL RESERVE			
Surplus on revaluation of property, plant and equipment	17.1	105,648,130	109,655,512

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

Gross Surplus		
Balance as at July 01,	109,655,512	114,125,982
Transferred to accumulated funds on account of - incremental depreciation for the year	(4,007,382)	(4,470,470)
Balance as at June 30,	105,648,130	109,655,512

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

	Note	2020 Rupees	2019 Rupees
18. Revenue reserves			
General Reserve	18.1	8,245,164	6,339,525

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. 1.906 million (2019: Rs. 2.028 million) on account of this general reserve has been made in these financial statements.

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		Note	2020 Rupees	2019 Rupees
19.	**DEFERRED GOVERNMENT GRANT**			
	Gross grant		283,348,292	283,348,292
	Accumulated Amortization:			
	Opening balance		(170,829,889)	(161,119,922)
	Amortization (equivalent to depreciation charge) for the year	6.3	(8,878,098)	(9,709,968)
	Closing balance		(179,707,987)	(170,829,890)
			103,640,305	112,518,402
20.	**STAFF RETIREMENT BENEFITS - GRATUITY**			
	Staff retirement benefits - Gratuity	20.1	2,131,287	6,007,878
20.1	*Liability recognized in statement of financial position*			
	Present value of defined benefit obligation	20.3	9,376,835	9,125,114
	Fair value of plan assets	20.4	(7,245,548)	(3,117,236)
			2,131,287	6,007,878
20.2	*Movement in net liability*			
	Opening balance		6,007,878	834,787
	Charge for the year	20.5	1,994,856	6,007,878
	Liabilities transferred from DC gratuity scheme		-	2,282,449
	Assets transferred from DC gratuity scheme		-	(3,117,236)
	Contributions		(6,094,573)	-
	Remeasurement chargeable in other comprehensive income		223,126	-
			2,131,287	6,007,878
20.3	*Changes in present value of defined benefit obligation*			
	Opening defined benefits obligation		9,125,114	834,787
	Current service cost		1,572,972	917,854
	Past service cost due to change in policy	4.9	-	5,090,024
	Interest cost on defined benefits obligation		1,129,194	-
	Benefits paid		(2,401,894)	-
	Liabilities transferred from DC gratuity scheme		-	2,282,449
	Actuarial (gain)/loss from changes in Financial assumptions		(124,898)	-
	Experience adjustments		76,347	-
			9,376,835	9,125,114
20.4	*Changes in fair value of plan assets*			
	Opening plan assets		3,117,236	-
	Assets transferred from DC gratuity scheme		-	3,117,236
	Contributions		6,094,573	-
	Interest income on plan assets		707,310	-
	Benefits paid		(2,401,894)	-
	Return on plan assets, excluding interest income		(271,677)	-
			7,245,548	3,117,236
20.5	*Charge for the year*			
	Current service cost		1,572,972	917,854
	Past service cost due to change in policy		-	5,090,024
	Interest income on defined benefit obligation		1,129,194	-
	Interest income on plan assets		(707,310)	-
			1,994,856	6,007,878

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	2020	2019
20.6 *Plan assets comprise of:*		
Bonds	19.13%	41.80%
Equity	80.23%	30.50%
Cash and/or deposits	0.64%	27.70%
	100.00%	**100.00%**

	2020 Rupees	2019 Rupees
20.7 *Sensitivity analysis for actuarial assumptions*		
Discount rate +100 bps	8,446,056	8,332,775
Discount rate -100 bps	10,484,429	10,064,783
Salary increase +100 bps	10,501,598	10,081,703
Salary increase -100 bps	8,414,958	8,304,694

The actuarial valuation was carried out as on June 30, 2020 by Nouman Associates using Projected Unit Credit (PUC) Actuarial Cost Method, the following significant assumptions have been used for calculation of plan:

	2020	2019
Discount rate used for interest cost in income and expenditure	14.25%	14.25%
Discount rate used for year end obligation	9.25%	14.25%
Expected rate of salary increase in future years	8.25%	13.25%
Mortality rates	Setback 1 year	Setback 1 year
Retirement assumption	Age 60	Age 60

20.8 *Expected expense for the next year*

The expected expense to be charged in statement of income and expenditure for the year ending June 30, 2021 is Rs. 1.272 million.

	Note	2020 Rupees	2019 Rupees
21. *CREDITORS, ACCRUED AND OTHER LIABILITIES*			
Creditors	21.1	7,204,836	9,456,389
Accrued liabilities		7,761,252	6,085,057
Advances from customers	21.2	635,900	9,273,762
Retention money payable		-	-
Income tax deducted at source payable		-	-
Sales tax payable on services		145,719	3,721,682
		15,747,707	**28,536,890**

21.1 These include Rs. 5.705 million (2019: 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 22.1).

21.2 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.

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22. *CONTINGENCIES AND COMMITMENTS*

Contingencies

22.1. 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- 21.1). 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.

22.2. 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. 51.786 million (2019: Rs. 41.118 million).

22.3. The Company is contingently liable to the levy of Workers Profit Participation Fund (WPPF) in the sum of Rs. 13.306 million (2019: Rs. 9.922 million) 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

There are no commitments as at June 30, 2020 (June 30, 2019: Nil)

	Note	2020 Rupees	2019 Rupees
23. INCOME FROM OPERATIONS			
Fruit processing charges		112,737,589	119,987,672
Fruit grading charges		-	-
Cold storage charges		7,684,887	4,389,258
		120,422,476	124,376,930
Sales tax	23.1	(16,609,997)	(17,155,439)
		103,812,479	107,221,491

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

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	Note	2020 Rupees	2019 Rupees
24. OPERATING EXPENSES			
Salaries, wages and other benefits	24.1	29,404,262	31,487,824
Utilities		18,916,108	17,466,806
Plant running expenses		1,274,638	1,206,582
Stores consumed		240,560	1,878
Repair and maintenance		8,515,452	7,344,874
Depreciation	6.2	16,534,613	18,022,929
Government grant amortized during the year	6.2	(8,515,270)	(9,310,411)
		8,019,343	8,712,518
Other operating expenses		123,046	383,756
		66,493,409	66,604,238

24.1. These include contribution to gratuity fund amounting to Rs. 1.446 million (2019: Rs. 3.882 million) and provident fund amounting to Rs. Nil (2019: Rs. 0.045 million).

	Note	2020 Rupees	2019 Rupees
25. ADMINISTRATIVE AND GENERAL EXPENSES			
Director's / chief executive remuneration		3,250,000	4,565,948
Salaries, wages and other benefits	25.1	7,229,602	6,549,123
Travelling expenses		811,121	1,391,143
Communication expenses		92,926	82,203
Utilities		466,517	1,034,967
Advertisement and promotional expenses		588,350	311,752
Entertainment		320,006	345,419
Security expenses		521,302	553,302
Repair and maintenance		247,630	380,643
Printing, stationery and newspapers		54,430	53,949
Legal and professional charges		55,500	98,122
Vehicle insurance		52,020	101,068
Fee and subscription		33,282	41,288
Rent, rates and taxes		7,715	17,715
Consultancy and certification fee		867,973	466,975
Auditors' remuneration - annual audit fee		205,000	100,000
Depreciation	6.2	1,163,699	1,052,785
Government grant amortized during the year	6.2	(362,828)	(399,557)
		800,871	653,228
Amortization on intangible asset	7	29,000	29,000
Janitorial expenses		61,622	129,577
Others		67,243	200,092
		15,762,110	17,105,514

25.1. These include contribution to gratuity fund amounting to Rs. 0.548 million (2019: Rs. 2.126 million) and provident fund amounting to Nil (2019: Rs. 0.042 million).

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	Note	2020 Rupees	2019 Rupees
26. OTHER INCOME			
Income from financial assets			
Profit on short term investments / deposits	11	17,337,279	6,930,027
Income from assets other than financial assets			
Sale of pulp waste		747,699	970,117
Recovery on dissolution of Provident Fund		-	3,403,538
Recovery of cargo charges		13,500	-
Tender fee		123,000	135,500
		884,199	4,509,155
		18,221,478	11,439,182

27. EARNINGS PER SHARE - basic and diluted

Surplus for the year attributable to ordinary shareholders	*Rupees*	39,778,438	34,950,921
Weighted average number of ordinary shares	*Number*	10,005	10,005
Earnings per share - basic	*Rupees*	3,976	3,493

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

28. 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:

	Chief Executive	Directors	Executives	Total
	Rupees			
Managerial remuneration:				
Salary - basic	1,290,320	-	3,462,775	4,753,095
Housing	580,648	-	1,558,259	2,138,907
Utilities	129,032	-	346,278	475,310
Compensation for additional services / Honorarium	250,000	-	1,410,822	1,660,822
Contribution to provident fund	-	-	-	-
Staff retirement benefits - gratuity	1,000,000	-	-	1,000,000
Meeting fee	-	489,000	-	489,000
June 30, 2020	3,250,000	489,000	6,778,134	10,517,134
Number of persons	1	7	3	4

	Chief Executive	Directors	Executives	Total
	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

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 (2019: Nil)

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29. 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.

29.1 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:

	2020 Rupees	2019 Rupees
Financial assets		
Long term deposits	9,692,000	7,699,000
Trade debts	12,619,203	9,401,886
Short term investments	116,850,000	85,500,000
Deposits, prepayments and other receivables	4,782,017	4,782,017
Bank balances	38,413,669	57,032,749
	182,356,889	164,415,652

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:

	2020 Rupees	2019 Rupees
Customers	12,619,203	9,401,886
Banks and financial institutions		
deposits in current accounts	38,413,669	57,032,749
investments - amortized cost	116,850,000	85,500,000
Other	14,474,017	12,481,017
	182,356,889	164,415,652

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29.1.1 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 :

	Rating		2020	2019
	Short term	Agency	Rupees	Rupees
Balances with banks:				
The Bank of Punjab	A1+	PACRA	26,540,198	21,492,645
Allied Bank Limited	A1+	PACRA	11,873,471	35,540,104
			38,413,669	57,032,749
Short term deposits / investments:				
National Bank of Pakistan	A1+	PACRA	4,782,017	4,782,017
Allied Bank Limited	A1+	PACRA	51,850,000	19,500,000
The Bank of Punjab	A1+	PACRA	65,000,000	66,000,000
Exposure to credit risk - cash deposits			121,632,017	90,282,017

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.

29.1.2 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 ----------						
2020	-	12,619,203	-	-	-	-	8,212,030	**20,831,233**
2019	-	9,401,886	-	-	-	-	8,212,030	**17,613,916**

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.

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29.2 *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 summaries the maturity profiles of Company's financial liabilities as on June 30, 2020 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		
As at June 30, 2020					
Creditors, accrued and other liabilities	7,761,252	-	-	7,204,836	14,966,088
As at June 30, 2019					
Creditors, accrued and other liabilities	6,085,057	-	9,456,389		15,541,446

29.3. *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.

29.3.1 *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:

	2020	*2019*
	Rupees	*Rupees*
Variable interest rate financial assets		
Term Deposit Receipts (TDRs) - amortized cost	116,850,000	85,500,000

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. 1,168,500 (2019: Rs. 855,000). This analysis is prepared without taking in account taxation effect and applying +/-1% discount factor on the outstanding balance of TDRs.

29.3.2 *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.

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

29.3.3 *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.

29.4 *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 short term investments which are carried at amortized cost.

29.5 *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. drive 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, 2020			*June 30, 2019*		
	Level 1	*Level 2*	*Level 3*	*Level 1*	*Level 2*	*Level 3*
	Rupees					
Property, plant and equipment	-	239,183,823	-	-	252,101,934	-

29.6. *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.

	2020	*2019*
	Rupees	*Rupees*
Financial instruments by category		
Financial assets as per statement of financial position		
Long term deposits	9,692,000	7,699,000
Trade debts	12,619,203	9,401,886
Short term investments	116,850,000	85,500,000
Advances, deposits and other receivables	4,782,017	4,782,017
Cash and bank balances	38,426,519	57,051,027
	182,369,739	164,433,930

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	2020 Rupees	2019 Rupees
Financial liabilities as per statement of financial position		
Financial liabilities measured at amortized cost :		
Creditors, accrued and other liabilities	14,966,088	15,541,446

30. *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.

	2020	2019
	-------------(Number)---------	
31. *NUMBER OF EMPLOYEES*		
Number of employees at year end	28	27
Average number of employees during the year	28	27

32. *RELATED PARTY DISCLOSURE*

A. *Related Party Relationships*

Name of party	*Nature of relationship*	*Basis of relationship*	*Percentage of shareholding*
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 28. 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:

Name of party	*Relationship*	*Nature of transaction*	*2020*	*2019*
			------------*Rupees*---------	
Employees' Provident Fund Trust	Employees benefits	Employer's contribution	-	87,595
Employees' Gratuity Fund Trust	Employees benefits	Employer's contribution	1,994,856	6,007,878

33. *CAPACITY AND PRODUCTION*

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

*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 4,579 tons (2019: 5,758 tons).

	2020	2019
	------- Tons -------	
Pulp production - Stoned fruit	4,121	5,233
Pulp production - Non-stoned fruit	458	525

Reasons for under-utilization of capacity

Under-utilization of installed capacity was due to seasonal availability of the fruits and other factors as disclosed in note 1.3. 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

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

34. *ENTITY-WIDE INFORMATION AND DISCLOSURE*

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

34.1 *Information about products*

Pulp extraction represents 93.62% (2019: 96.47%) of the total income from operations of the Company.

34.2 *Information about geographical areas*

All non-current assets of the Company as at June 30, 2020 are located in Pakistan.

100% (2019: 100%) of the income from pulp extraction relates to customers in Pakistan.

34.3 *Information about customers*

During the year, revenue from four customers (2019: four) comprises approximately 72.58% (2019: 95.74%) of the total revenue earned from operations of the Company.

35. *RE-CLASSIFICATION*

	Amount (Rupees)	*Prvious classification*	*Current classification*
	-------------------	Rupees	-------------------
Staff retirement benfits - Gratuity	6,007,878	Creditors, accrued and other liabilities	Staff retirement benefits - Gratuity

Staff retirement benfits - Gratuity has been reclassified from "Creditors, accrued and other liabilities" in Current liabilities to "staff retirement benefits - gratuity" in Non-current liabilities to reflect its more appropriate classification.

36. *DATE OF AUTHORIZATION*

These financial statements were authorized for issue on 06 OCT 2020 by the Board of Directors of the Company.

37. *GENERAL*

37.1 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.

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

Chief Executive Officer *Manager Finance* *Director*