

# **PAKISTAN AGRICULTURAL COALITION**

## **AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

**MUSHTAQ & CO.**  
CHARTERED ACCOUNTANTS

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### *Independent auditor's report*

### *To the members of PAKISTAN AGRICULTURAL COALITION*

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

#### *Opinion*

We have audited the annexed financial statements of Pakistan Agricultural Coalition, which comprise the statement of financial position as at June 30, 2020 and income and expenditure statement, the statement of changes in fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, income and expenditure statement, the statement of changes in fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the surplus, the changes in fund and its cash flows for the year then ended.

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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



### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### *Report on Other Legal and Regulatory Requirements*

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the income and expenditure statement, the statement of changes in fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 and agree with the books of account and returns;



# MUSHTAQ & CO.

## CHARTERED ACCOUNTANTS

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c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Ayaz Mahmood, ACA**.

  
MUSHTAQ & CO  
Chartered Accountants



Lahore.

06 OCT 2020

Dated: \_\_\_\_\_

**PANIS ANNUITY INVESTMENT CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

		June 30 2020	June 30 2019
	Note	Rupees	Rupees
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	5	1,678,639	2,087,254
<b>Current Assets</b>			
Loans , Advances and Receivables	6	2,932,742	162,638
Short Term Deposits And Prepayments	7	309,000	397,772
Advance Tax	8	3,151,281	2,922,385
Cash And Bank Balances	9	6,044,096	2,055,888
		12,437,119	5,538,683
<b>TOTAL ASSETS</b>		<b>14,115,758</b>	<b>7,625,937</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Other Payables	10	3,834,416	4,456,824
<b>Net Assets</b>		<b>10,281,342</b>	<b>3,169,113</b>
<b>Represented by:</b>			
Surplus Fund		10,281,342	3,169,113
		<b>10,281,342</b>	<b>3,169,113</b>

*The annexed notes form an integral part of these financial statements.*

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**



		June 30 2020	June 30 2019
	Note	Rupees	Rupees
<b>INCOME</b>			
Income	11	43,991,250	28,267,090
Restricted Grants	12	-	4,856,932
Other Income		183,730	899,234
		44,174,980	34,023,256
<b>EXPENDITURES</b>			
Operating Expenses	13	37,062,751	38,242,262
Excess/(Deficit) Of Income Over Expenses		<u>7,112,229</u>	<u>(4,219,006)</u>

✓ The annexed notes form an integral part of these financial statements.


CHIEF EXECUTIVE

DIRECTOR



	<u>Total Funds (Rupees)</u>
<b>Balance As At July 01, 2018</b>	6,132,252
Excess/(Deficit) Of Income Over Expenditure For The Year Ended on 30 June 2019	(4,219,006)
Transferred From Restricted Grants	1,255,862
<b>Balance As At June 30, 2019</b>	<u><b>3,169,113</b></u>
<b>Balance As At July 1, 2019</b>	3,169,113
Excess/(Deficit) Of Income Over Expenditure For The Year Ended on 30 June 2020	7,112,229
Transferred From Restricted Grants	-
<b>Balance As At June 30, 2020</b>	<u><u><b>10,281,342</b></u></u>

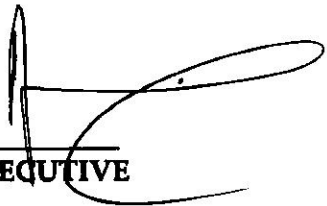
*The annexed notes form an integral part of these financial statements.*

  
**CHIEF EXECUTIVE**  
**DIRECTOR**



	Note	June 30 2020 Rupees	June 30 2019 Rupees
Excess/(Deficit) Of Income Over Expenses		7,112,229	(4,219,006)
Add: Depreciation		736,628	712,001
		<u>7,848,857</u>	<u>(3,507,005)</u>
<b>(Increase) / Decrease In Current Assets</b>			
Loans And Advances		(2,770,104)	76,925
Short Term Deposits And Prepayments		88,772	(183,772)
<b>Increase / (Decrease) In Current Liabilities</b>			
Trade And Other Payables		(622,408)	2,510,069
<b>Cash Generated From Operations</b>		<u>4,545,117</u>	<u>(1,103,783)</u>
Less: Tax Paid		(228,896)	(640,112)
<b>Net Cash Flow From Operating Activities</b>		<u>4,316,221</u>	<u>(1,743,895)</u>
<b>Purchase Of Property, Plant And Equipment</b>		(328,013)	(158,601)
<b>Net Cash (Used) / Generated From Investing Activities</b>		<u>(328,013)</u>	<u>(158,601)</u>
<b>Grants Received Against Project</b>		-	(207,372)
<b>Net Cash (Used) / Generated From Financing Activities</b>		<u>-</u>	<u>(207,372)</u>
<b>Net Cash (Used) / Generated During The Year</b>		3,988,208	(2,109,865)
Cash And Cash Equivalents At The Beginning Of The Year	9	2,055,888	4,165,753
Cash And Cash Equivalents At The End Of The Year		<u>6,044,096</u>	<u>2,055,888</u>

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

  
CHIEF EXECUTIVE

  
DIRECTOR



1

PAC (Pakistan Agricultural Coalition) is a voluntary, non profit organization, is registered in Pakistan at 22, May 2014 as an association not for profit under section 42 of the companies ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017). Its basic purpose is to work for the increase of productivity and yield of agriculture in Pakistan, development of opportunities both for farmers as well as agri-businesses and increase in international competitiveness of agricultural products for the benefit of national economy, farmers, agri-businesses and the consumer. Its registered office is Plaza No.4, 3rd Floor Block -A, Phase 6C, Avenue 4, Behind DHA Main Office Complex Link Shabbir Sharif Road,

2

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board and the Accounting Standard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act 2017, provisions of and directives issued thereunder. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

3

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies, reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by the management that may have significant risk of material adjustments to the financial statements in subsequent years are discussed in relevant note.

These financial statements are presented in Pak Rupee which is also the functional currency.

4

These accounts have been prepared under historical cost convention in accordance with the generally accepted accounting principles.

4.1

Liabilities for accrued and other amounts payable are carried at cost which is fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the organization.

4.2

The company is approved u/s 2(36) of the Income Tax Ordinance 2001, as Non-Profit Organization. So, its income is exempted on complying with all the relevant provisions and rules including Section 100C of Income Tax Ordinance, 2001 and Income Tax Rules, 2002.

4.3

At each statement of financial position date, the organization reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the greater of fair value less cost to sell and value in

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

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4.4

All the financial assets and liabilities are recognized at the time when the organization becomes the party to the contractual provisions of instruments. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account, currently financial assets are stated at their nominal value as reduced by the appropriate allowances for estimating irrecoverable amount. Mark up bearing financial liabilities are recorded at the gross proceeds received. Other financial liabilities are stated at their nominal value.

4.5

A financial asset and financial liability is offset and the net amount is reported in the financial statements if the organization has legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

4.6

A provision is recognized in the financial statements when the organization has a legal or constructive obligation as a result of past event, and it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.7

For the purpose of statement of cash flows, cash and cash equivalents are short term highly liquid instruments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values.

4.8

Income is recognized on accrual basis and when it is probable that the economic benefits associated with the transaction will flow to the organization and the amount of income, and the associated cost incurred or to be incurred, can be measured reliably. All other income is recognized on accrual basis.

4.9

Foreign currency transactions are translated into Pak Rupee at the exchange rate prevailing on the date of transaction. Exchange gain and losses are included in the income currently.

4.10

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged to Income and expenditure statement by applying the straight line method whereby the cost of an asset is written off over its useful life at the rates specified in note 6 to the financial statements. Leased assets are depreciated over the shorter of lease term and their useful lives after taking into account the residual values of such assets. Depreciation on additions is charged for the month in which an asset is put to use and no depreciation is charged in the month in which assets are disposed. The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date. Subsequent costs are included in the asset's carrying amounts or recognized as a separate assets, as appropriate, only when it is probable that future benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Gains and losses on disposal of assets, if any, are taken to the income and expenditure statement.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income and expenditure in the year asset is derecognized.

Maintenance and normal repairs are charged to income and expenditure statement as and when incurred, whereas major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

## 5 PROPERTY, PLANT AND EQUIPMENT

### 5.1 Operating Assets

#### Cost

Balance As At July 01, 2018	919,725	704,374	998,130	351,696	1,239,885	-	4,213,810
Additions During The Year	158,601	-	-	-	-	-	158,601
Disposals	-	-	-	-	-	-	-
Transfer / Adjustments	-	-	-	-	-	-	-
<b>Balance As At June 30, 2019</b>	<b>1,078,326</b>	<b>704,374</b>	<b>998,130</b>	<b>351,696</b>	<b>1,239,885</b>	<b>-</b>	<b>4,372,411</b>
Balance As At July 01, 2019	1,078,326	704,374	998,130	351,696	1,239,885	-	4,372,411
Additions During The Year	-	-	-	278,776	-	49,237	328,013
Disposals	-	-	-	-	-	-	-
Transfer / Adjustments	-	-	-	-	-	-	-
<b>Balance As At June 30, 2020</b>	<b>1,078,326</b>	<b>704,374</b>	<b>998,130</b>	<b>630,472</b>	<b>1,239,885</b>	<b>49,237</b>	<b>4,700,424</b>

#### Depreciation

Balance As At July 01, 2018	275,948	236,483	308,344	205,439	546,941	-	1,573,155
Charge For The Year	104,916	70,437	199,626	89,045	247,977	-	712,001
Depreciation On Disposals	-	-	-	-	-	-	-
Transfer / Adjustments	-	-	-	-	-	-	-
<b>Balance As At June 30, 2019</b>	<b>380,864</b>	<b>306,920</b>	<b>507,970</b>	<b>294,484</b>	<b>794,918</b>	<b>-</b>	<b>2,285,156</b>
Balance As At July 01, 2019	380,864	306,920	507,970	294,484	794,918	-	2,285,156
Charge For The Period	107,833	70,437	199,626	100,908	247,977	9,847	736,628
Depreciation On Disposals	-	-	-	-	-	-	-
Transfer / Adjustments	-	-	-	-	-	-	-
<b>Balance As At June 30, 2020</b>	<b>488,697</b>	<b>377,358</b>	<b>707,596</b>	<b>395,392</b>	<b>1,042,895</b>	<b>9,847</b>	<b>3,021,785</b>

Written Down Value As At June 30, 2020

Written Down Value As At June 30, 2019

Rate Of Depreciation

10% 10% 20% 33% 20% 20%

### 5.2 Depreciation charged for the year has been allocated as follows:

		June 30 2020	June 30 2019
General and administrative expenses	13	736,628	712,001
		<b>736,628</b>	<b>712,001</b>

June 30 2020	June 30 2019
Rupees	Rupees

## 6 LOANS , ADVANCES & RECEIVABLES

### Advances

Advance To Employees	-	150,000
Advance For AMD Project	3,002	3,002
Advance For Karachi Office	28,345	6,211
Advance For Corporate Compliances	1,395	3,425
	32,742	162,638

### Receivables

Receivable From Naymat Collateral	2,400,000	-
Subscription Receivable From ICI Pakistan Foundation	500,000	-
	2,900,000	-
	<u>2,932,742</u>	<u>162,638</u>

## 7 SHORT TERM DEPOSITS AND PREPAYMENTS

Security Deposit	309,000	309,000
Prepaid Rent	-	88,772
	<u>309,000</u>	<u>397,772</u>

## 8 ADVANCE TAX

Tax On Cash Withdrawals	104,787	104,787
Tax On Utility Bills	106,652	101,756
Tax Withheld On Subscription	2,525,782	2,525,782
Tax Withheld On PMEX Payments	190,060	190,060
Advance Tax:Income tax	224,000	-
	<u>3,151,281</u>	<u>2,922,385</u>

## 9 CASH AND BANK BALANCES

Cash In Hand	4,434	4,081
Cash With Bank - Current Accounts	6,039,662	2,051,806
	<u>6,044,096</u>	<u>2,055,887</u>

## 10 OTHER PAYABLES

Accrued Liabilities	1,779,617	3,199,001
Loan From Directors	150,000	150,000
Payable to Progressive Associate	1,000,000	1,000,000
Payable to MNS	771,000	-
Tax Deducted At Source	133,799	107,823
	<u>3,834,416</u>	<u>4,456,824</u>

		June 30 2020	June 30 2019
	Note	Rupees	Rupees
<b>11 INCOME</b>			
Subscription Fee		34,500,000	28,267,090
Services Income		9,491,250	-
		<b>43,991,250</b>	<b>28,267,090</b>
<b>12 Restricted Grants Recognized As Income</b>			
Agricultural Market Development Project		-	4,757,370
Punjab Enabling Environmental Program		-	99,562
		-	<b>4,856,932</b>
<b>13 Operating Expenses</b>			
Trading Platform Expenses	13.2	31,193,065	26,418,993
Agricultural Market Development Project	13.2	-	4,757,370
CMC Project Expenses	13.2	-	1,857,375
Salaries & Benefits		2,967,448	2,639,343
Professional Charges		904,800	753,000
Rent Expense		300,933	628,362
Travelling & Accommodation		163,283	69,022
Repairs & Maintenance		123,600	73,511
Utilities		122,090	106,983
Printing & Stationary		12,143	3,654
Postage & Courier		3,562	2,576
Office Supplies		12,361	13,640
Mobile Expense		3,040	3,820
Internet & Cable Charges		24,010	15,892
Meals & Entertainment		33,459	28,663
Bank Charges		356	-
Corporate Compliance Charges		5,605	28,575
Depreciation	5.2	736,628	712,001
Miscellaneous Expenses		8,416	670
Web Maintenance Charges		60,988	-
Auditor's Remuneration	13.1	44,330	40,000
Security Deposit Written Off		-	34,000
Commission		-	36,232
Computer Expense		11,599	18,580
PRA Tax Expense		331,035	-
		<b>37,062,751</b>	<b>38,242,262</b>
<b>13.1 Auditors' remuneration</b>			
<u>Audit services</u>			
Annual audit fee		40,000	33,000
Out of pocket expenses		4,330	-
		44,330	33,000
<u>Non-audit services</u>			
Certifications for regulatory purposes		-	7,000
		-	7,000
		<b>44,330</b>	<b>40,000</b>

## UNUTILIZED GRANTS AS AT JULY 1, 2019

Receivable Grants as at July 1, 2019

Received During The Year

-	-	-	-	-	-	-	-	1,463,234	-	-	-
-	-	-	-	-	-	-	-	4,549,998	-	-	-
-	-	-	-	-	-	-	-	4,549,998	-	-	-

## PROJECT EXPENSES

Commission

Computer Expense

Consultancy Fee

Courier and Postage

Entertainment

Internet Charges

Meals &amp; Entertainment

Miscellaneous Expenses

Mobile Expense

Office Supplies

Printing &amp; Stationery

Rent Expense

Repair and Maintenance

Research &amp; Development

Salaries &amp; Benefits

Training Expenses

Travelling &amp; Accommodation

Utilities

TOTAL

-	-	-	-	-	-	5,500	-	-	-	-	-
-	-	-	-	-	-	200	-	2,150	-	-	-
9,353,245	-	-	-	-	-	9,353,245	5,410,355	68,000	1,850,000	9,353,245	-
3,362	3,362	5,242	3,462	590	16,018	10,643	-	9,605	-	16,018	-
-	-	-	-	-	-	-	-	-	-	-	-
9,010	9,010	27,010	15,010	15,000	75,040	94,352	-	21,713	-	75,040	-
12,187	12,187	12,187	15,567	2,240	54,368	103,038	-	319,148	-	54,368	-
8,416	8,416	10,166	8,416	16,525	51,939	-	-	-	-	51,939	-
3,040	3,040	3,040	3,040	-	12,160	-	-	-	-	12,160	-
12,361	12,361	12,361	12,361	-	49,444	43,753	-	28,194	-	49,444	-
11,963	11,963	11,963	11,963	538	48,390	12,504	-	96,578	-	48,390	-
426,322	437,322	462,322	426,322	33,000	1,785,286	2,760,540	-	60,000	-	1,785,286	-
-	-	-	2,000	3,420	5,420	266,810	-	81,475	-	5,420	-
-	-	-	-	-	-	-	-	-	-	-	-
6,843,060	2,607,660	6,607,660	2,612,660	38,400	18,709,440	16,485,711	-	2,513,383	-	18,709,440	-
-	-	-	-	-	-	-	-	639,945	-	-	-
278,194	123,388	170,603	154,493	139,042	865,719	925,766	-	801,213	7,375	865,719	-
40,735	40,735	40,735	40,950	3,441	166,596	299,741	-	115,966	-	166,596	-
17,001,894	3,269,443	7,363,288	3,306,243	252,196	31,193,065	26,418,993	-	4,787,378	1,857,375	31,193,065	-

## BALANCE UNUTILIZED GRANTS

Grant transferred to accumulated fund

UNUTILIZED GRANTS AS AT JUNE 30, 2020

-	-	-	-	-	-	-	-	(1,258,862)	-	-	-
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14		2020	2019
	Number Of Employees As At June 30	11	13
	Average Number Of Employees During The Year	12	13

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	Rupees .....			Rupees .....		
Managerial remuneration	8,682,240	-	9,548,000	8,566,680	-	8,568,000
Company's contribution to the Provident fund	-	-	-	-	-	-
Fees	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
Housing and utilities	-	-	-	-	-	-
	8,682,240	-	9,548,000	8,566,680	-	8,568,000
Number of persons	1	-	5	1	-	4

The organization has exposures to the following risks from its use of financial instruments.

- 16.1 Credit Risk
- 16.2 Liquidity Risk
- 16.3 Market Risk

The board of directors has overall responsibility for the establishment and oversight of organization's risk management framework. The board is also responsible for developing and monitoring the organization's risk management policies.

#### 16.1 Credit Risk

##### 16.1.1 Exposure To Credit Risk

Credit risk is the risk of financial loss to the organization if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the other receivables, advances, deposits and prepayments and cash and bank balances. Out of total financial assets of Rs. 9,253,096 (2019 : Rs. 2,514,887), financial assets which are subject to credit risk aggregate to Rs. 3,209,000 (2019 : Rs. 459,000). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

Financial Assets	2020 Rupees	2019 Rupees
Loans, Advances & Receivables	2,900,000	150,000
Security Deposit	309,000	309,000
Cash And Bank Balances	6,044,096	2,055,887
	<u>9,253,096</u>	<u>2,514,887</u>

#### 16.2 Liquidity Risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they fall due. The organization's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the organization's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	2020					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	-----Rupees-----					
<b>Non - Derivative Financial Liabilities</b>						
Trade & Other Payables	3,834,416	3,834,416	3,834,416	-	-	-
	<u>3,834,416</u>	<u>3,834,416</u>	<u>3,834,416</u>	<u>-</u>	<u>-</u>	<u>-</u>
	2019					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	-----Rupees-----					
<b>Non - Derivative Financial Liabilities</b>						
Trade & Other Payables	4,456,824	4,456,824	4,456,824	-	-	-
	<u>4,456,824</u>	<u>4,456,824</u>	<u>4,456,824</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### 16.3 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The organization is exposed to interest rate risk only.



### 16.3.1 Currency Risk

#### Exposure To Currency Risk

The organization is exposed to currency risk on other receivables and others that are denominated in a currency other than the respective functional currency of the organization. The organization is not exposed to any currency risk as at June 30, 2020.

### 16.3.2 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arise from term deposit receipts. At the financial statements date the interest rate profile of the organization's interest bearing financial instrument is as follows.

	2020 Rupees	2019 Rupees
<b>Variable Rate Instruments</b>		
Financial assets	-	-
<b>Fair Value Sensitivity Analysis For Fixed Rate Instruments</b>		

The organization does not account for any fixed rate financial assets and liabilities at fair value through Income and expenditure. Therefore, a change in interest rates at the reporting date would not affect income and expenditure statement.

#### Cash Flow Sensitivity Analysis For Fixed Rate Instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) surplus and income or expenditure by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for June 30, 2019

	Income and Expenditure		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
Cash flow sensitivity - variable rate instruments	-	-	-	-
Cash flow sensitivity - variable rate instruments	-	-	-	-

### 16.4 Fair Value Of Financial Assets And Liabilities

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

### 16.5 Off Balance Sheet Items

There is no off balance sheet item as at June 30, 2020.

### 16.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

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Figures have been rearranged / reclassified whenever necessary for the purpose of comparison.

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36 OCT 2020

These financial statements were authorized for issue on \_\_\_\_\_ by the board of directors of the organization.

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Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE

DIRECTOR