

# **PAKISTAN AGRICULTURAL COALITION**

## **AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015**

**MUSHTAQ & COMPANY**  
CHARTERED ACCOUNTANTS

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**MUSHTAQ & CO.****CHARTERED ACCOUNTANTS**

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**Leading Edge**

Illinois, USA

**AUDITORS' REPORT TO THE TRUSTEES**

We have audited the annexed balance sheet of the **Pakistan Agriculture Coalition** as at June 30, 2015 and the related receipts and expenditure account and cash flow statement together with the notes forming part thereof (here-in-after referred to as the financial statements for the year then ended).

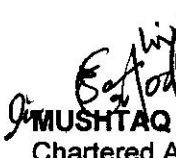

It is the responsibility of the managing committee to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements present fairly in all material respects the financial position of the **Pakistan Agriculture Coalition** as at June 30, 2015 and of its deficit and cash flow for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Lahore:

Date: 05 OCT 2015

  
  
**MUSHTAQ & COMPANY**  
 Chartered Accountants  
**Engagement Partner:**  
 Abdul Qadoos, FCA

# PAKISTAN AGRICULTURAL COALITION

## BALANCE SHEET

AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	5	827,642	-
<b>Current assets</b>			
Advances, deposits and prepayments	6	822,000	-
Other receivables	7	8,000	-
Advance tax	8	371,209	-
Cash and bank balances	9	2,917,626	1,001,000
		4,118,835	1,001,000
<b>TOTAL ASSETS</b>		<b>4,946,477</b>	<b>1,001,000</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	10	579,195	349,206
<b>Net Assets</b>		<b>4,367,282</b>	<b>651,794</b>
<b>Represented by:</b>			
Surplus brought forward		4,367,282	651,794
		<b>4,367,282</b>	<b>651,794</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11	-	-

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

  
Chief Executive

  
Director

# PAKISTAN AGRICULTURAL COALITION

## INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
<b>INCOME</b>			
Subscription	12	20,171,221	2,001,000
Donation		882,082	-
		<u>21,053,303</u>	<u>2,001,000</u>
<b>EXPENDITURES</b>			
Expenses	13	17,337,815	1,349,206
Excess of income over expenses		<u>3,715,488</u>	<u>651,794</u>
Surplus brought forward		651,794	-
Surplus carried to balance sheet		<u>4,367,282</u>	<u>651,794</u>

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

  
Chief Executive

  
Director

# PAKISTAN AGRICULTURAL COALITION

## CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of income over expenses		3,715,488	651,794
Add: Depreciation		90,340	-
Less: Donation received in kind		(882,082)	-
		<u>2,923,746</u>	<u>651,794</u>
<b>(Increase) / decrease in current assets</b>			
Advances, deposits and prepayments		(822,000)	-
Other receivables		(8,000)	-
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		229,989	199,206
<b>Cash generated from operations</b>		<u>2,323,735</u>	<u>851,000</u>
Less: Tax paid		(371,209)	-
<b>Net cash flow from operating activities</b>		<u>1,952,526</u>	<u>851,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(35,900)	-
<b>Net cash used from investing activities</b>		<u>(35,900)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan received from/(paid to) directors		-	150,000
		<u>-</u>	<u>150,000</u>
<b>Net cash and cash equivalents</b>		<u>1,916,626</u>	<u>1,001,000</u>
Cash and cash equivalents at the beginning of the year		1,001,000	-
Cash and cash equivalents at the end of the year	14	<u>2,917,626</u>	<u>1,001,000</u>

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

  
Chief Executive

  
Director

# PAKISTAN AGRICULTURAL COALITION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

### 1 STATUS AND OPERATIONS

PAC (Pakistan Agricultural Coalition) is a voluntary, non profit organization, is registered in Pakistan at 22, May 2014 under Companies Ordinance, 1984. 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 situated at 153-K, Sufi Street, Block -2, PECHS, Karachi.

### 2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for Small-Sized Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

### 3 BASIS OF PREPARATION

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 SIGNIFICANT ACCOUNTING POLICIES

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

#### 4.1 Accrued and other payables

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 Impairment

At each balance sheet 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 use.

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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.

#### **4.3 Financial instruments**

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.

#### **4.4 Off setting of financial assets and liabilities**

A financial asset and financial liability is offset and the net amount is reported in the balance sheet 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.

#### **4.5 Provisions**

A provision is recognized in the balance sheet 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.

#### **4.6 Cash and cash equivalents**

For the purpose of cash flow statement, 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.

#### **4.7 Revenue**

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.

#### **4.8 Foreign currency translation**

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.

#### 4.9 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged to profit & loss account by applying the reducing balance whereby the cost of an asset is written off over its useful life at the rates specified in note 5 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 year in which an asset is put to use and no depreciation is charged in the year 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 reliable.

Gains and losses on disposal of assets, if any, are taken to the profit and loss account.

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 profit and loss in the year asset is derecognized.

Maintenance and normal repairs are charged to profit and loss account 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

	Owned assets				Total
	Electric fittings	Furniture and fixture	Office equipments	Vehicles	
<b>Cost</b>					
Balance as at July 01, 2013	-	-	-	-	-
Additions during the year	-	-	-	-	-
Disposals	-	-	-	-	-
Balance as at June 30, 2014	-	-	-	-	-
Balance as at July 01, 2014	-	-	-	-	-
Additions during the year	491,555	426,427	-	-	917,982
Disposals	-	-	-	-	-
Balance as at June 30, 2015	491,555	426,427	-	-	917,982
<b>Depreciation</b>					
Balance as at July 01, 2013	-	-	-	-	-
Charge for the year	-	-	-	-	-
Depreciation on disposals	-	-	-	-	-
Balance as at June 30, 2014	-	-	-	-	-
Balance as at July 01, 2014	-	-	-	-	-
Charge for the year	47,697	42,643	-	-	90,340
Depreciation on disposals	-	-	-	-	-
Balance as at June 30, 2015	47,697	42,643	-	-	90,340
Written down value as at June 30, 2014	-	-	-	-	-
Written down value as at June 30, 2015	443,858	383,784	-	-	827,642
Rate of depreciation	10%	10%	10%	20%	
	<b>2015</b>	<b>2014</b>			
	<b>Rupees</b>	<b>Rupees</b>			
Expenses	90,340	-			
	<b>90,340</b>	<b>-</b>			

5.1.1 Electric equipment, furniture and fixtures includes assets amounting to Rs. 882,082 received from sponsor in the form of donation at fair market value.

# PAKISTAN AGRICULTURAL COALITION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
<b>6 ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
Prepaid rent		597,000	-
Security deposit		225,000	-
		<u>822,000</u>	<u>-</u>
<b>7 OTHER RECEIVABLES</b>			
Loan to employee		8,000	-
		<u>8,000</u>	<u>-</u>
<b>8 ADVANCE TAX</b>			
Tax on cash withdrawals		5,050	-
Tax on utility bills		16,381	-
Tax withheld on subscription		349,778	-
		<u>371,209</u>	<u>-</u>
<b>9 CASH AND BANK BALANCES</b>			
Cash in hand		20,844	-
Cash with banks - current accounts		2,896,782	1,001,000
		<u>2,917,626</u>	<u>1,001,000</u>
<b>10 OTHER PAYABLES</b>			
Accrued liabilities		401,216	199,206
Loan from directors		150,000	150,000
Tax deducted at source		27,979	-
		<u>579,195</u>	<u>349,206</u>

### 11 CONTINGENCIES AND COMMITMENTS

*Q* There are no contingencies and commitments at year end (June 30, 2014: Nil).

	Note	2015 Rupees	2014 Rupees
<b>12 SUBSCRIPTION</b>			
Subscription		20,171,221	2,001,000
		<u>20,171,221</u>	<u>2,001,000</u>
<b>13 EXPENSES</b>			
Cotton seed expenses	13.1	7,866,177	-
Trading platform expenses	13.2	1,975,479	-
Staff salaries		1,671,240	146,300
Consultancy fee		3,075,720	1,000,000
Professional charges		240,000	-
Rent expense		1,161,200	-
Travelling & accommodation		813,872	-
Repair & maintenance		30,740	-
Utilities		206,282	22,906
Printing & stationary		16,345	-
Postage & courier		9,687	-
Office supplies		15,933	-
Mobile expense		6,500	-
Internet & cable charges		14,305	-
Kitchen supplies		35,743	-
Meals & entertainment		44,528	-
Bank charges		2,157	-
Audit fee		30,000	30,000
Incorporation expenses		-	150,000
Deprecation	5.2	90,340	-
Miscellaneous expense		31,567	-
		<u>17,337,815</u>	<u>1,349,206</u>
<b>13.1 Cotton Seed Expenses</b>			
Travelling & accommodation		5,637,996	-
Consultancy charges		2,228,181	-
		<u>7,866,177</u>	<u>-</u>
<b>13.2 Trading Platform Expenses</b>			
Travelling & accommodation		222,034	-
Consultancy charges		1,725,000	-
Salary		28,445	-
		<u>1,975,479</u>	<u>-</u>
<b>14 CASH AND CASH EQUIVALENTS</b>			
Cash in hand		20,844	-
<i>Ja</i> Cash with banks - in current account		2,896,782	1,001,000
		<u>2,917,626</u>	<u>1,001,000</u>

## 15 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- 15.1 Credit risk
- 15.2 Liquidity risk
- 15.3 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.

### 15.1 Credit risk

#### 15.1.1 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. 3,142,626 (2014 : Rs. 1,001,000), financial assets which are subject to credit risk aggregate to Rs. 225,000 (2014 : Nil). 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	2015 Rupees	2014 Rupees
Advances, deposits and prepayments	225,000	-
Cash and bank balances	2,917,626	1,001,000
	<u>3,142,626</u>	<u>1,001,000</u>

### 15.2 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.

	2015					
	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	579,195	579,195	579,195	-	-	-
	<u>579,195</u>	<u>579,195</u>	<u>579,195</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-----Rupees-----					
	2014					
	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	349,206	349,206	349,206	-	-	-
	<u>349,206</u>	<u>349,206</u>	<u>349,206</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 15.3 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.

#### 15.3.1 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, 2015.

**15.3.2 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 balance sheet date the interest rate profile of the organization's interest bearing financial instrument is as follows.

	2015 Rupees	2014 Rupees
<b>Variable rate instruments</b>		
Financial assets	-	-

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

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

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

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss 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, 2014

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2015	-	-	-	-
Cash flow sensitivity - variable rate instruments 2014	-	-	-	-

**15.4 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.

**15.5 Off balance sheet items**

There is no off balance sheet item as at June 30, 2015.

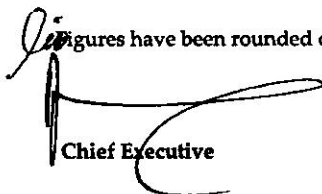
**15.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.**

**16 DATE OF AUTHORIZATION**

These financial statements were authorized for issue on 05 OCT 2015 by the board of directors of the organization.

**17 GENERAL**

Figures have been rounded off to the nearest rupees.

  
Chief Executive

  
Director