

Pakistan Agricultural Coalition

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

MUSHTAQ & COMPANY
CHARTERED ACCOUNTANTS

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MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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Illinois, USA

AUDITORS' REPORT TO THE TRUSTEES

We have audited the annexed balance sheet of the **Pakistan Agricultural Coalition** as at June 30, 2016 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 Agricultural Coalition** as at June 30, 2016 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: 18 OCT 2016

A handwritten signature in blue ink, appearing to read "Zahid Hussain Zahid".

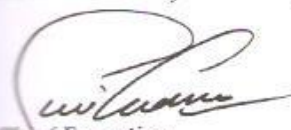
MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Zahid Hussain Zahid, ACA

PAKISTAN AGRICULTURAL COALITION

BALANCE SHEET AS AT JUNE 30, 2016

		2016	2015
ASSETS	Note	Rupees	Rupees
Non-current assets			
Property, plant & equipment	5	2,042,572	827,642
Current assets			
Advances, deposits and prepayments	6	897,410	822,000
Other receivables	7	-	8,000
Advance tax	8	803,589	371,209
Cash and bank balances	9	4,792,048	2,917,626
		6,493,047	4,118,835
TOTAL ASSETS		8,535,619	4,946,477
LIABILITIES			
Current liabilities			
Other payables	10	343,494	579,195
Net Assets		8,192,125	4,367,282
Represented by:			
Surplus brought forward		8,192,125	4,367,282
		8,192,125	4,367,282
CONTINGENCIES AND COMMITMENTS	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, 2016

	Note	2016 Rupees	2015 Rupees
INCOME			
Subscription	12	42,238,249	20,171,221
Other Income		711,266	-
Donation		-	882,082
		<u>42,949,515</u>	<u>21,053,303</u>
EXPENDITURES			
Expenses	13	39,124,672	17,337,815
		<u>3,824,843</u>	<u>3,715,488</u>
Excess of income over expenses		4,367,282	651,794
Surplus brought forward		<u>8,192,125</u>	<u>4,367,282</u>
Surplus carried to balance sheet			

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

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Chief Executive


Director

PAKISTAN AGRICULTURAL COALITION

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of income over expenses		3,824,843	3,715,488
Add: Depreciation		612,430	90,340
Less: Donation received in kind		-	(882,082)
		<u>4,437,273</u>	<u>2,923,746</u>
(Increase) / decrease in current assets			
Advances, deposits and prepayments		(75,410)	(822,000)
Other receivables		8,000	(8,000)
Increase / (decrease) in current liabilities			
Trade and other payables		(235,701)	229,989
Cash generated from operations		<u>4,134,162</u>	<u>2,323,735</u>
Less: Tax paid		(432,380)	(371,209)
Net cash flow from operating activities		<u>3,701,782</u>	<u>1,952,526</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,827,360)	(35,900)
Net cash used from investing activities		<u>(1,827,360)</u>	<u>(35,900)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant received against property, plant and equipment		-	-
Net cash (used) / generated from financing activities		<u>-</u>	<u>-</u>
Net cash and cash equivalents		1,874,422	1,916,626
Cash and cash equivalents at the beginning of the year		2,917,626	1,001,000
Cash and cash equivalents at the end of the year	14	<u>4,792,048</u>	<u>2,917,626</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, 2016

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.



PAKISTAN AGRICULTURAL COALITION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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 Income

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.

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PAKISTAN AGRICULTURAL COALITION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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 straight line method 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 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 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.

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5 PROPERTY, PLANT AND EQUIPMENT

5.1 Operating assets

	Owned assets					Total
	Electric fittings	Furniture and fixture	Machinery and Equipment	Computer and Printers	Container	
Cost						
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
Balance as at July 01, 2015	491,555	426,427	-	-	-	917,982
Additions during the year	178,242	181,673	86,700	140,860	1,239,885	1,827,360
Disposals	-	-	-	-	-	-
Balance as at June 30, 2016	669,797	608,100	86,700	140,860	1,239,885	2,745,342
Depreciation						
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
Balance as at July 01, 2015	47,697	42,643	-	-	-	90,340
Charge for the year	157,973	370,249	4,798	28,423	50,987	612,430
Depreciation on disposals	-	-	-	-	-	-
Balance as at June 30, 2016	205,670	412,892	4,798	28,423	50,987	702,770
Written down value as at June 30, 2015	443,858	383,784	-	-	-	827,642
Written down value as at June 30, 2016	464,127	195,208	81,902	112,437	1,188,898	2,042,572
Rate of depreciation	10%	10%	20%	33%	20%	
	2016	2015				
	Rupees	Rupees				
Expenses	612,430	90,340				
	612,430	90,340				

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PAKISTAN AGRICULTURAL COALITION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
6	ADVANCES, DEPOSITS AND PREPAYMENTS		
	Prepaid rent	472,410	597,000
	Security deposit	225,000	225,000
	Advance for Site expenses	200,000	-
		<u>897,410</u>	<u>822,000</u>
7	OTHER RECEIVABLES		
	Loan to employee	-	8,000
		<u>-</u>	<u>8,000</u>
8	ADVANCE TAX		
	Tax on cash withdrawals	104,336	5,050
	Tax on utility bills	51,106	16,381
	Tax withheld on subscription	613,778	349,778
	Tax withheld on PMEX payments	34,369	-
		<u>803,589</u>	<u>371,209</u>
9	CASH AND BANK BALANCES		
	Cash in hand	5,646	20,844
	Cash with banks - current accounts	4,786,402	2,896,782
		<u>4,792,048</u>	<u>2,917,626</u>
10	OTHER PAYABLES		
	Accrued liabilities	55,000	401,216
	Loan from directors	150,000	150,000
	Tax deducted at source	138,494	27,979
		<u>343,494</u>	<u>579,195</u>
11	CONTINGENCIES AND COMMITMENTS		
	There are no contingencies and commitments at year end June 30,2016:Nil (June 30, 2015: Nil).		
12	SUBSCRIPTION		
	Subscription	42,238,249	20,171,221
		<u>42,238,249</u>	<u>20,171,221</u>

PAKISTAN AGRICULTURAL COALITION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
13 EXPENSES			
Cotton seed project	13.1	19,450,932	7,866,177
Trading platform project	13.2	8,018,699	1,975,479
Staff salaries		4,034,910	1,671,240
Consultancy fee		875,300	3,075,720
Professional charges		552,000	240,000
Rent expense		2,229,000	1,161,200
Travelling & accommodation		2,510,190	813,872
Repair & maintenance		49,751	30,740
Utilities		308,381	206,282
Printing & stationery		58,509	16,345
Postage & courier		32,103	9,687
Office supplies		91,550	15,933
Mobile expense		2,000	6,500
Internet & cable charges		16,751	14,305
Kitchen supplies		8,925	35,743
Meals & entertainment		46,031	44,528
Bank charges		2,132	2,157
Audit fee		30,000	30,000
Corporate Compliance Charges		38,415	-
Depreciation	5	612,430	90,340
Miscellaneous expense		156,663	31,567
		<u>39,124,672</u>	<u>17,337,815</u>
13.1 Cotton Seed Project			
Travelling & accommodation		9,457,199	5,637,996
Consultancy charges		7,549,020	2,228,181
Meals and Entertainment		70,450	-
Postage and Courier		12,180	-
Repair and Maintenance		198,630	-
Salaries and Benefits		1,355,457	-
Fertilizers etc		114,770	-
Printing and Stationery		6,500	-
Mobile expense		8,000	-
Rent, Rates and Taxes		79,700	-
Cotton Plantation		374,000	-
Miscellaneous expense		225,026	-
		<u>19,450,932</u>	<u>7,866,177</u>

PAKISTAN AGRICULTURAL COALITION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
3.2	Trading Platform Project		
	Travelling & accommodation	1,415,271	222,034
	Consultancy charges	5,004,900	1,725,000
	Salary	1,442,485	28,445
	Survey expenses	89,500	-
	Site expenses	64,700	-
	Printing And Stationery	1,843	-
		<u>8,018,699</u>	<u>1,975,479</u>
3.4	CASH AND CASH EQUIVALENTS		
	Cash in hand	5,646	20,844
	Cash with banks - in current account	4,786,402	2,896,782
		<u>4,792,048</u>	<u>2,917,626</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. 5,017,048 (2015 : Rs. 3,142,626), financial assets which are subject to credit risk aggregate to Rs. 225,000 (2015 : Rs. 225,000). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

	2016 Rupees	2015 Rupees
Financial Assets		
Security deposit	225,000	225,000
Cash and bank balances	4,792,048	2,917,626
	<u>5,017,048</u>	<u>3,142,626</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.

	2016					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	-----Rupees-----					
Non - derivative Financial liabilities						
Trade & other payables	343,494	343,494	343,494	-	-	-
	<u>343,494</u>	<u>343,494</u>	<u>343,494</u>	<u>-</u>	<u>-</u>	<u>-</u>
	2015					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	-----Rupees-----					
Non - derivative Financial liabilities						
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>

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, 2016.

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.

	2016 Rupees	2015 Rupees
Variable rate instruments		
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, 2016

	Income and Expenditure		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2016	-	-	-	-
Cash flow sensitivity - variable rate instruments 2015	-	-	-	-

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, 2016.

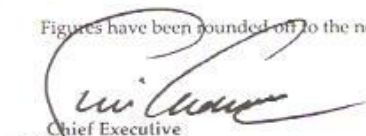
15.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

16 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 08 OCT 2016 by the board of directors of the organization.

17 GENERAL

Figures have been rounded off to the nearest rupees.


Chief Executive


Director