

PAKISTAN AGRICULTURAL COALITION

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

KARACHI OFFICE:

407-Commerce Centre,
Hasrat Mohani Road,
Karachi-74200

PH: 021-32638521-4 FAX: 32639843

LAHORE OFFICE:

19-B, Block G,
Gulberg III,
Lahore-54660

PH: 042-35858624-6

ISLAMABAD OFFICE:

407- Second floor
Millennium Heights
F-11/1, Islamabad

PH: 051-2224970

E-mail: audit.khi@mushtaqandco.com E-mail: audit.lhr@mushtaqandco.com

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, 2022 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, 2022 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but does not include the financial statements of the company and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion there on.

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 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 other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of 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.

jm

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

Head Office: 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-3
Email: info@mushtaqandco.com, audit.khi@mushtaqandco.com



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.


From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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 **Zahid Hussain Zahid, FCA.**


MUSHTAQ & CO
Chartered Accountants



Karachi.

Dated: **07 OCT 2022**

UDIN: AR202210043fLQ7pqtPH

PAKISTAN AGRICULTURAL COALITION

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	Note	June 30, 2022 Rupees	June 30, 2021 Rupees
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	5	673,397	1,034,877
Long Term Investments	6	2,293,000	-
		2,966,397	1,034,877
Current Assets			
Loans, Advances and Receivables	7	4,181,563	4,397
Short Term Deposits and Prepayments	8	129,000	129,000
Advance Tax	9	2,857,660	2,853,992
Cash and Bank Balances	10	8,975,898	15,889,940
		16,144,121	18,877,329
TOTAL ASSETS		19,110,518	19,912,206
LIABILITIES			
Current Liabilities			
Other Payables	11	737,770	2,218,887
Provision For Taxation	12	248,995	-
		986,765	2,218,887
Net Assets		18,123,753	17,693,319
Represented by:			
Surplus Fund		18,123,753	17,693,319
		18,123,753	17,693,319

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

CHIEF EXECUTIVE

DIRECTOR

PAKISTAN AGRICULTURAL COALITION

INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

		June 30, 2022	June 30, 2021
	Note	Rupees	Rupees
INCOME			
Income	13	26,044,000	34,812,158
Other income	14	223,650	167,810
		26,267,650	34,979,968
EXPENDITURES			
Operating expenses			
Project Expenses	15.1	22,278,614	22,797,835
Administration Expenses	15.2	3,309,607	4,770,156
		25,588,221	27,567,991
Profit before tax		679,429	7,411,977
Taxation		248,995	-
Surplus of income over expenses		430,434	7,411,977

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


CHIEF EXECUTIVE


DIRECTOR

PAKISTAN AGRICULTURAL COALITION
STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Total Funds</u> <u>Rupees</u>
Balance as at July 01, 2020	10,281,342
Surplus/ (deficit) of income over expenditure for the year ended on 30 june 2021	7,411,977
Balance as at June 30, 2021	<u>17,693,319</u>
Balance as at July 1, 2021	17,693,319
Surplus/ (deficit) of income over expenditure for the year ended on 30 june 2022	430,434
Balance as at June 30, 2022	<u>18,123,753</u>

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



CHIEF EXECUTIVE

DIRECTOR

PAKISTAN AGRICULTURAL COALITION**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED JUNE 30, 2022**

	Note	June 30, 2022 Rupees	June 30, 2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/ (deficit) of income over expenses		679,429	7,411,977
Add: Depreciation		382,220	683,565
Gain on disposal of property, plant and equipment		(4,500)	(4,904)
		<u>1,057,149</u>	<u>8,090,638</u>
(Increase) / decrease in current assets			
Loans and advances		(4,177,166)	2,928,345
Short term deposits and prepayments		-	180,000
Advance tax		(3,668)	297,289
Increase / (decrease) in current liabilities			
Trade and other payables		(1,481,117)	(1,615,529)
Cash (used in) / generated from operations		<u>(5,661,951)</u>	<u>1,790,105</u>
Net Cash (used in) / generated from operating activities		<u>(4,604,802)</u>	<u>9,880,743</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(20,740)	(77,200)
Proceeds from disposal of property, plant and equipment		4,500	42,300
Acquisition of equity shares		(2,293,000)	-
Net Cash (used in) / generated Investing Activities		<u>(2,309,240)</u>	<u>(34,900)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Grants received against project		-	-
Net cash (used in) / generated from financing activities		<u>-</u>	<u>-</u>
Net cash used in during the year		(6,914,042)	9,845,843
Cash and cash equivalents at the beginning of the period	10	15,889,940	6,044,096
Cash and cash equivalents at the end of the period		<u>8,975,898</u>	<u>15,889,939</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, 2022

1 STATUS AND OPERATIONS

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, Defence Housing Authority Lahore.

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 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 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 Current taxation

Previously, the company was approved u/s 2(36) of the Income Tax Ordinance 2001, as Non-Profit Organization. So, 100 % tax credit was allowed on complying with all the relevant provisions and rules including Section 100C of Income Tax Ordinance, 2001 and Income Tax Rules, 2002.

PAKISTAN AGRICULTURAL COALITION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

For the tax year 2022, the company is not approved as a Non-Profit Organization u/s 2(36) of the Income Tax ordinance, 2001. Therefore, tax credit u/s 100C will not be applicable for the said tax period. As a result, company is assessed under the provisions of Income tax ordinance, 2001.

4.3 Impairment

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 use.

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.

4.4 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.

4.5 Off setting of financial assets and liabilities

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 Provisions

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 Cash and cash equivalents

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.

PAKISTAN AGRICULTURAL COALITION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

4.8 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.

4.9 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.

4.10 Property, plant and equipment

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 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 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.

4.11 Investment in associates

Investment in associate is initially measured at cost. At subsequent reporting dates, the company measures its investments in associates, other than those for which there is a published price quotation at cost less any accumulated impairment loss. The company measures its investments in associates for which there is a published price quotation using the fair value model.

The company recognises dividends and other distributions received from the investment in associate as income in income and expenditure.

PAKISTAN AGRICULTURAL COALITION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

5 PROPERTY, PLANT AND EQUIPMENT

5.1 Operating assets

Note	OWNED ASSETS						TOTAL
	ELECTRIC EQUIPMENTS	FURNITURE AND FIXTURES	MACHINERY AND EQUIPMENTS	COMPUTERS AND PRINTERS	CONTAINERS	MOTOR VEHICLES	
Cost							
Balance as at July 01, 2020	1,078,326	704,374	998,130	630,472	1,239,885	49,237	4,700,424
Additions during the year	48,700	28,500	-	-	-	-	77,200
Disposals	(70,204)	-	-	-	-	-	(70,204)
Transfer / Adjustments	-	-	-	-	-	-	-
Balance as at June 30, 2021	1,056,822	732,874	998,130	630,472	1,239,885	49,237	4,707,420
Balance as at July 01, 2021	1,056,822	732,874	998,130	630,472	1,239,885	49,237	4,707,420
Additions during the period	-	-	-	20,740	-	-	20,740
Disposals	-	-	-	(107,360)	-	-	(107,360)
Transfer / Adjustments	-	-	-	-	-	-	-
Balance as at June 30, 2022	1,056,822	732,874	998,130	543,852	1,239,885	49,237	4,620,800
Depreciation							
Balance as at July 01, 2020	488,697	377,358	707,596	395,392	1,042,895	9,847	3,021,785
Charge for the year	105,411	70,912	194,828	105,576	196,990	9,848	683,565
Depreciation on disposals	(32,807)	-	-	-	-	-	(32,807)
Transfer / Adjustments	-	-	-	-	-	-	-
Balance as at June 30, 2021	561,301	448,270	902,424	500,968	1,239,885	19,695	3,672,543
Balance as at July 01, 2021	561,301	448,270	902,424	500,968	1,239,885	19,695	3,672,543
Charge for the period	105,682	73,287	95,706	97,698	-	9,847	382,220
Depreciation on disposals	-	-	-	(107,360)	-	-	(107,360)
Transfer / Adjustments	-	-	-	-	-	-	-
Balance as at June 30, 2022	666,983	521,557	998,130	491,306	1,239,885	29,542	3,947,403
Written down value as at June 30, 2022	389,839	211,317	-	52,546	0	19,695	673,397
Written down value as at June 30, 2021	495,521	284,604	95,706	129,504	0	29,542	1,034,877
Rate of depreciation	10%	10%	20%	33%	20%	20%	

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

Administration Expenses

15.2

	June 30, 2022	June 30, 2021
	382,220	683,565
	<u>382,220</u>	<u>683,565</u>

PAKISTAN AGRICULTURAL COALITION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	Note	June 30, 2022 Rupees	June 30, 2021 Rupees
6 LONG TERM INVESTMENTS			
Sanifa agri services limited	6.1	2,244,000	-
Mehrgarh kasht (Pvt) ltd	6.2	49,000	-
		<u>2,293,000</u>	<u>-</u>

6.1 This represent investment in Sanifa agri services limited (SASL) of 224,400 fully paid ordinary shares of Rs 10 each. (0.6% of the total issued, subscribed and paid up capital of Sanifa agri services limited). The investment is ordinary investment in an unquoted company and is valued at cost. Subsequently, the investment will be valued at cost less impairment, if any.

6.2 This represent investment in Mahrgarh kasht (Pvt) Ltd of 4,900 ordinary shares of Rs 10 each. (49% of the total issued, subscribed and paid up capital of Mehrgarh kasht (Pvt) ltd)

The investment in associate is in unquoted company and is valued at cost. Subsequently, the investment will be valued at cost less impairment, if any.

7 LOANS , ADVANCES & RECEIVABLES

Advances

Advance for AMD Project	3,002	3,002
Advance for corporate compliances	-	1,395
	<u>3,002</u>	<u>4,397</u>

Receivables

Receivable from Habib bank	700,000	-
Receivable from TPL insurance	700,000	-
Receivable from Mehrgarh kasht (Pvt) Limited	2,778,561	-
	<u>4,178,561</u>	<u>-</u>
	<u>4,181,563</u>	<u>4,397</u>

7.1 This amount represent receivable from related party Mehagarh kasht in respect of expenses incurred by Pakistan agricultural coalition.

8 SHORT TERM DEPOSITS AND PREPAYMENTS

Security deposit	129,000	129,000
	<u>129,000</u>	<u>129,000</u>

PAKISTAN AGRICULTURAL COALITION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

9 ADVANCE TAX

Opening balance	2,853,992	3,151,281
Advance tax deducted during the year	3,668	185,031
Advance tax adjusted / refunded during the year	-	(482,320)
Closing balance	2,857,660	2,853,992

10 CASH AND BANK BALANCES

Cash in hand	9,741	2,087
Cash with bank - Current account	8,966,157	15,887,853
	8,975,898	15,889,940

11 OTHER PAYABLES

Accrued liabilities	315,337	232,658
Loan from directors	150,000	150,000
Advance subscription	-	1,500,000
Tax deducted at source	272,433	336,229
	737,770	2,218,887

12 PROVISION FOR TAXATION

Provision for taxation	248,995	-
	248,995	-

13 INCOME

Note

	June 30, 2022 Rupees	June 30, 2021 Rupees
Subscription fee	26,044,000	29,844,388
Service income	-	4,967,770
	26,044,000	34,812,158

14 OTHER INCOME

	Rupees	Rupees
Other Income	223,650	-
	223,650	-

14.1 This amount includes gain on disposal of fixed asset amounting to Rs. 4,500 (June 2021: Rs. Nil)

PAKISTAN AGRICULTURAL COALITION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

15 OPERATING EXPENSES

15.1 Project Expenses:

EWR regime	15.4	13,795,804	20,925,105
Business plan for rice machinery	15.4	1,715,131	1,872,730
Crop insurance	15.4	6,071,137	-
Cool chain project	15.4	696,542	-
		<u>22,278,614</u>	<u>22,797,835</u>

15.2 Administration Expenses:

Salaries & benefits		497,744	1,273,532
Professional charges		1,020,000	960,000
Rent expense		420,292	525,108
Travelling & accommodation		368,571	229,948
Consultancy fee		62,500	-
Repairs & maintenance		40,108	71,447
Utilities		138,904	125,329
Printing & stationary		10,765	11,115
Postage & courier		8,790	22,220
Office supplies		2,715	7,335
Kitchen Supplies		35,014	26,380
Mobile expense		8,700	3,000
Internet & cable charges		46,978	45,585
Meals & entertainment		53,759	27,226
Bank charges		2,440	3,923
Corporate compliance charges		5,635	308,160
Depreciation	5.2	382,220	683,565
Miscellaneous expenses		10,229	16,881
Web maintenance charges		97,827	44,531
Computer expense		10,800	-
Communication charges		27,776	24,988
PRA tax expense		-	311,982
Security expense		-	900
Auditor's remuneration	15.3	57,840	47,000
		<u>3,309,607</u>	<u>4,770,156</u>
		<u>25,588,221</u>	<u>27,567,991</u>

15.3 Auditors' remuneration

Annual audit fee	50,000	45,000
Out of pocket expenses	7,840	2,000
	<u>57,840</u>	<u>47,000</u>

7m

PAKISTAN AGRICULTURAL COALITION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

15.4

	EWR REGIME			UNRESTRICTED					
	PADDY RICE PROJECT	WHEAT PILOT PROJECT	MAIZE PROJECT	TOTAL	TOTAL TRADING PLATFORM JUNE 2021	COOL CHAIN PROJECT	CROP INSURANCE	BUSINESS PLAN FOR RICE MACHINERY	TOTAL (CONSOLIDATED) 2022
PROJECT EXPENSES									
Commission	-	-	-	-	-	-	-	-	-
Computer expense	-	-	-	-	-	-	-	-	-
Consultancy fee	1,009,891	-	-	1,009,891	6,702,150	696,542	4,133,646	1,715,131	7,555,210
Courier and postage	250	-	-	250	8,060	-	-	-	250
Internet charges	1,500	-	-	1,500	16,500	-	-	-	1,500
Meals & entertainment	-	-	-	-	7,135	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-	-	-
Mobile expense	-	-	-	-	-	-	-	-	-
Office supplies	-	-	-	-	-	-	-	-	-
Printing & stationery	-	-	-	-	-	-	-	-	-
Rent expense	85,969	85,970	85,969	257,908	4,920	-	85,970	-	343,878
Repair and maintenance	-	-	-	-	-	-	-	-	-
Salaries & benefits	4,676,706	3,856,371	3,856,364	12,389,441	13,426,210	-	1,823,154	-	14,212,595
Travelling & accommodation	51,713	-	-	51,713	247,130	-	-	-	51,713
Utilities	28,367	28,367	28,367	85,101	99,460	-	28,367	-	113,468
TOTAL	5,854,396	3,970,708	3,970,700	13,795,804	20,925,105	696,542	6,071,137	1,715,131	22,278,614

pm

PAKISTAN AGRICULTURAL COALITION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

16 RELATED PARTY TRANSACTIONS

NAME OF RELATED PARTY	NATURE OF RELATIONSHIP	NATURE OF TRANSACTION	June 30, 2022	June 30, 2021
Mehryarh kashf (Pvt.) Ltd	Associated company	Receivable	2,778,561	-
		Investment	49,000	-
Sanifa agri services limited	Common directorship	Investment	2,244,000	-

17 NUMBER OF EMPLOYEES

Number of employees as at	June 30, 2022	June 30, 2021
Average number of employees during the year	6	7
	8	8

18 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	June 30, 2022			June 30, 2021		
	CHIEF EXECUTIVE	DIRECTORS	EXECUTIVES	CHIEF EXECUTIVE	DIRECTORS	EXECUTIVES
Managerial remuneration	9,984,576	-	2,815,333	8,682,240	-	2,520,000
Company's contribution to the provident fund	-	-	-	-	-	-
Fees	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
Housing and utilities	-	-	-	-	-	-
	9,984,576		2,815,333	8,682,240		2,520,000
Number of persons	1	-	2	1	-	2

7

PAKISTAN AGRICULTURAL COALITION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

19 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- 19.1 Credit risk
 19.2 Liquidity risk
 19.3 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.

19.1 Credit risk

19.1.1 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. 15,576,459 (June 30, 2021 : Rs. 16,018,940), financial assets which are subject to credit risk aggregate to Rs. 6,600,561 (June 30, 2021 : Rs. 129,000). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	June 30, 2022 Rupees	June 30, 2021 Rupees
Financial assets		
Long Term Investments	2,293,000	-
Loans, advances & receivables	4,178,561	-
Security deposit	129,000	129,000
Cash and bank balances	8,975,898	15,889,940
	<u>15,576,459</u>	<u>16,018,940</u>

19.2 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.

	June 30, 2022					
	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						
Other payables	737,770	737,770	737,770	-	-	-
	<u>737,770</u>	<u>737,770</u>	<u>737,770</u>	<u>-</u>	<u>-</u>	<u>-</u>
	June 30, 2021					
	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						
Other payables	2,218,887	2,218,887	2,218,887	-	-	-
	<u>2,218,887</u>	<u>2,218,887</u>	<u>2,218,887</u>	<u>-</u>	<u>-</u>	<u>-</u>

19.3 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.

PAKISTAN AGRICULTURAL COALITION**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2022****19.3.1 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, 2022.

19.3.2 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.

	June 30, 2022 Rupees	June 30, 2021 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 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, 2021

	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	-	-	-	-

19.4 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.

19.5 Off balance sheet items

There is no off balance sheet item as at June 30, 2022.

19.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.**20 Corresponding figures**

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

21 Date of authorization

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

22 General

Figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE



DIRECTOR