

Independent Auditor's Report

To the members of Punjab Agriculture and Meat Company

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **Punjab Agriculture and Meat Company** (the Company), which comprise the statement of financial position as at **June 30, 2018**, and the statement of income and expenditure and other comprehensive income, the statement of changes in equity, 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 except for the matters stated in Basis for Qualified Opinion, 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, except for the matters described in the Basis for Qualified Opinion section of our report, the statement of financial position, statement of income and expenditure and other comprehensive income, the statement of changes in equity 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 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the deficit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

- a) as referred in note 14.1 to the financial statements, the Company has not transferred its assets costing Rs. 1,360,247,552 and liabilities amounting Rs. 261,286,465 to a partnership firm 'Punjab Mashhad Meat Complex' as required by the partnership agreement executed between the company and Mashhad Meat Industrial Complex as it is in process of revising its terms and conditions of such agreement. Further, share of profit or loss from such partnership has not been recognized in these financial statements due to non-implementation of such agreements. The financial impact could not be determined in absence of relevant information; and
- b) as referred in note 13 to the accompanying financial statements, subsidized loans received from Government of Punjab have not been measured at amortised cost due to non-finalization of related terms and conditions from lender. The financial impact could not be determined in absence of relevant information.

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

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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 qualified opinion.

Emphasis of Matter

We draw attention to Note 15.1.2 to the financial statements, which states that the Company has not complied with Public Sector Entities (Corporate Governance) Rules 2013 issued by SECP and challenged its applicability in the High Court. The Company based on the legal advisor's view expects a favorable decision. Therefore, no provision for any contingency has been made in these financial statements.

Our opinion is not modified in respect of this matter.

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

Management is responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements 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 thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this 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 is 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:

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- 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, except for the matters stated in Basis for Qualified Opinion section:

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

Other Matters

- a) The Company has made investment in its subsidiary "Punjab Meat Processing Complex Pvt. Limited". However, the company has not consolidated assets, liabilities and results of such subsidiary in consolidated financial statements as management of the company is of the view that subsidiary is in process of winding up.

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- b) We also draw attention to the fact that financial statements for the year ended 30 June 2017 were audited by another firm of auditors, whose report dated 25 January, 2018 expressed an qualified opinion on following matters:
- the company has not transferred total assets costing Rs. 1,360,247,552 to the Partnership firm- Punjab Mashhad Meat Complex (PMMC). The Company has also not accounted for this transaction as per IAS-28 (Investment in Associates and Joint Venture). The financial impact could not be determined in absence of relevant information;
 - loans from Government of Punjab amounting to Rs. 1,490,878,000 is not being accounted for in accordance with the requirements of IAS 39 which requires the same to be recorded at amortized cost as appropriate with an impact on income through profit and loss account. The financial impact could not be determined in absence of relevant information;
 - the Company has not accounted for markup expense for the year on loans from Government of Punjab. The financial impact could not be determined in absence of relevant information;
 - an amount of Rs. 4,964,375 receivable from Punjab Meat Processing Company (subsidiary Company) could not be verified, due to non-availability of audited accounts of that Company. The Company has also not prepared consolidated financial statements in compliance of section 237 of repealed Companies ordinance, 1984; and
 - provision for taxation has not been provided in current year and preceding years, whereas, tax liability has been admitted in income tax returns submitted to tax authorities. The financial impact could not be determined in the absence of relevant information.

The engagement partner on the audit resulting in this independent auditor's report is Imran Afzal.

Grant Thornton Ayaz Ali Khan
CHARTERED ACCOUNTANTS
Lahore

Dated: *July 24, 2020*

PUNJAB AGRICULTURE AND MEAT COMPANY

(A Company set up under section 42 of the Companies Ordinance, 1984. Repealed with the enactment of Companies Act, 2017)

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,254,261,839	1,451,103,794
Long-term prepayments	5	20,215,217	24,881,884
Investment in subsidiary (PMPC) at cost	6	70	70
Long-term security deposits	7	6,960,000	6,960,000
Total non-current assets		1,281,437,126	1,482,945,748
Current assets			
Advances	8	1,681,350	1,086,189
Security deposit and short-term prepayments	9	6,218,046	4,061,793
Other receivables	10	5,329,621	8,564,969
Income tax refundable		24,107,019	22,923,444
Cash and bank balances	11	74,190,469	54,604,465
Total current assets		111,526,505	91,240,860
Total assets		1,392,963,631	1,574,186,608
FUNDS AND LIABILITIES			
Fund			
General fund		(398,019,095)	(219,305,451)
Total fund		(398,019,095)	(219,305,451)
Non-current liabilities			
Post employment benefits	12	4,704,939	4,407,578
Long term loans	13	-	224,557,003
Total non-current liabilities		4,704,939	228,964,581
Current liabilities			
Trade and other payables	14	282,883,778	285,690,472
Accrued mark-up		12,516,009	12,516,009
Current portion of long term loans	13	1,490,878,000	1,266,320,997
Total current liabilities		1,786,277,787	1,564,527,478
Total fund and liabilities		1,392,963,631	1,574,186,608
Net assets		(398,019,095)	(219,305,451)

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 30 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

PUNJAB AGRICULTURE AND MEAT COMPANY

(A Company set up under section 42 of the Companies Ordinance, 1984. Repealed with the enactment of Companies Act, 2017)

STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
INCOME			
Grant income		-	41,254,209
Slaughtering income	16	175,739,021	160,535,990
Other income	17	3,830,121	7,318,805
Total income		179,569,142	209,109,004
EXPENDITURE			
Project expenses	18	312,921,323	329,593,941
Administrative expenses	19	45,520,118	41,560,698
Finance cost	20	38,628	52,267
Total expenditure		358,480,069	371,206,906
(Deficit) for the year before tax		(178,910,927)	(162,097,902)
Taxation	21	-	-
(Deficit) for the year after tax		(178,910,927)	(162,097,902)
Other comprehensive income for the year			
Items that may be reclassified subsequently to statement of income and expenditure		-	-
Items that will not be reclassified to statement of income and expenditure:			
Remeasurement gain / (loss) on defined benefit plan		197,283	(82,788)
Total other comprehensive income / (loss) for the year		197,283	(82,788)
Total comprehensive (loss) for the year		(178,713,644)	(162,180,690)

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The annexed notes 1 to 30 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

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DIRECTOR

PUNJAB AGRICULTURE AND MEAT COMPANY

(A Company set up under section 42 of the Companies Ordinance, 1984. Repealed with the enactment of Companies Act, 2017)

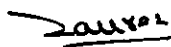
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit) before tax for the year		(178,910,927)	(162,097,902)
Adjustments for non cash items:			
Depreciation		197,146,907	224,891,135
Amortization		-	10,000
Finance cost		38,628	52,267
Provision for retirement benefits		2,976,056	2,660,274
Profit on investment and bank deposits		(2,272,321)	(1,427,898)
Amortization of land premium paid		4,666,667	3,166,667
Gain on sale of property, plant and equipment		-	(58,000)
Amortization of deferred grants		-	(41,254,209)
Net Cash from operating activities before working capital changes		23,645,011	25,942,334
Working capital changes:			
Decrease/(increase) in current assets:			
Advances		(595,161)	1,361,313
Trade deposits and short term prepayments		(2,156,253)	(440,000)
Other receivables		3,235,348	(2,298,574)
(Decrease)/increase in current liabilities:			
Trade and other payables		(2,806,694)	1,743,511
Net cash flow after changes in working capital		21,322,251	26,308,584
Finance cost paid		(38,628)	(52,267)
Taxation		(1,183,575)	(1,157,623)
Retirement benefits paid		(2,481,413)	(2,839,832)
Net cash from operating activities		17,618,635	22,258,862
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(304,952)	(1,568,468)
Proceeds from disposal of property, plant and equipment		-	75,500
Profit on investment and bank deposits received		2,272,321	1,427,898
Net cash from / (used in) investing activities		1,967,369	(65,070)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		19,586,004	22,193,792
Cash and cash equivalents at the beginning of the year		54,604,465	32,410,673
Cash and cash equivalents at the end of the year	11	74,190,469	54,604,465

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The annexed notes 1 to 30 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

PUNJAB AGRICULTURE AND MEAT COMPANY

(A Company set up under section 42 of the Companies Ordinance, 1984. Repealed with the enactment of Companies Act, 2017)

STATEMENT OF CHANGES IN FUND

FOR THE YEAR ENDED June 30, 2018

	General Fund Rupees
Balance as at July 01, 2016	(57,124,761)
Total comprehensive loss for the year	(162,180,690)
Balance as at June 30, 2017	(219,305,451)
Total comprehensive loss for the year	(178,713,644)
Balance as at June 30, 2018	(398,019,095)

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The annexed notes 1 to 30 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

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DIRECTOR

PUNJAB AGRICULTURE AND MEAT COMPANY

(A Company set up under section 42 of the Companies Ordinance, 1984. Repealed with the enactment of Companies Act, 2017)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2018

1 Status and nature of business

- 1.1 Punjab Agriculture and Meat Company (formerly Lahore Meat Company), here in and after referred to as "the Company", was incorporated as guarantee limited under section 42 of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a not for profit organization with Registrar Joint Stock Companies City District Government, Lahore.
- 1.2 The objective of the company is to formalize meat industry and agriculture industry by interventions at every tier that is production, processing, distribution and marketing, complying with all requisites of international quality standards for human consumption. The registered office of the Company is located at 18 Km Multan road, Lahore.

The Company has established a state of the art meat processing complex with mechanical slaughtering lines for beef and mutton, meat processing facilities, blood rendering plant, waste water treatment plant and cooling system (chilling & blast freezing) at 18 Km Multan Road, Lahore. Its capacity is 500 beef & 6,000 mutton animals/ 8 hours shift.

The Scheme of Arrangement for merger of Punjab Agri-Marketing Company into Punjab Agriculture and Meat Company under section 284 to section 288 of the repealed Companies Ordinance, 1984, had been approved by Lahore High Court effective from July 01, 2011.

2 Basis of preparation

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Act, 2017. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Accounting Standard for Not for Profit Organization issued by ICAP as are notified under the provisions of the Companies Act, 2017. Wherever, the requirements of the Companies Act, 2017 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Act, 2017 or the requirements of the said directives shall prevail.

2.2 Standards, amendments or interpretations that became effective during the year

The third and fifth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its fifth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

The Company has also adopted following new standards and amendments to published standards:

Standard or Interpretation	Effective Date
IAS-7 Statement of Cash Flows	1-Jan-17
IAS-12 Income Taxes	1-Jan-17

Adoption of above standards and amendments of the standards have no significant effect on these financial statements.

2.3 Standards, amendments and interpretations that are not yet effective

The following standards, amendments with respect to the approved accounting standards and interpretations as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

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PUNJAB AGRICULTURE AND MEAT COMPANY

(A Company set up under section 42 of the Companies Ordinance, 1984. Repealed with the enactment of Companies Act, 2017)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2018

Standard or Interpretation	Effective Date
IFRS 9 Financial Instruments	1-Jul-18
IFRS 15 Revenue from Customers	1-Jul-18
IFRS 16 Leases	1-Jul-19
IFRS 2 Share-based Payment – Classification and Measurement of Share based Payment Transactions	1-Jan-18
IFRS 4 Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1-Jan-18
IAS 40 Investment Property – Transfers of Investment Property	1-Jan-18
IFRS 1 Annual Improvements to IFRS Standards	1-Jan-18
IFRS 11 Joint Agreements - Accounting for Acquisition of Interests in Joint Operations (Amendments)	1-Jan-18
IAS 28 Presentation of Financial Statements - Annual Improvements to IFRS Standards 2014–2016 Cycle	1-Jan-18
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1-Jan-18
IFRIC 23 Uncertainty Over Income Tax Treatment	1-Jan-19
IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014–2016	1-Jan-18

The Company is in process of assessing impact of these standards, amendments and interpretations to the published standards on the financial statements of the Company.

2.4 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP).

In addition to the above, following standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan;

	Effective Date
IFRS 14 Regulatory Deferral Accounts	1-Jan-16
IFRS 17 Insurance Contracts	1-Jan-21

2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the application of Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- recoverable amount, residual values and useful lives of property, plant and equipment;
- impairment for advances, deposits and other receivables;
- recognition of income taxes; and
- post employment benefits.

2.6 Basis of measurement

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

2.7 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the functional and presentation currency of the Company.

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PUNJAB AGRICULTURE AND MEAT COMPANY

(A Company set up under section 42 of the Companies Ordinance, 1984. Repealed with the enactment of Companies Act, 2017)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2018

3 Summary of significant accounting policies

3.1 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and accumulated impairment, if any. Freehold land is stated at cost less impairment, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of income and expenditure during the period in which they are incurred.

Depreciation

Depreciation is charged to statement of income and expenditure on the straight line method so as to write off the cost of an asset over its estimated useful life at the rates given in Note 5.

Depreciation on additions is charged from the month in which an asset is available for use while no depreciation is charged for the month in which an asset is disposed off.

Derecognition

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 carrying amount of the asset) is included in statement of income and expenditure in the year in which the asset is derecognized.

Impairment of assets

An assessment is made at each date of statement of financial position to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment and intangible assets. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized in the statement of income and expenditure. A previously recognized impairment is reversed only if there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined (net of amortization or depreciation), had no impairment been recognized for the asset in prior years. Reversal of impairment is restricted to the original cost of the asset.

3.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment (if any). The intangible asset is amortized on a systematic basis over the estimated useful life using straight line method.

3.3 Capital work in progress

Capital work-in-progress represents expenditure on property, plant and equipment which are in the course of construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

Capital work-in-progress is stated at cost less impairment.

3.4 Receivables

Receivables are carried at original invoice amount less an estimate for doubtful receivable balances based on review of outstanding amounts at the year end.

3.5 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

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PUNJAB AGRICULTURE AND MEAT COMPANY

(A Company set up under section 42 of the Companies Ordinance, 1984. Repealed with the enactment of Companies Act, 2017)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2018

3.6 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services.

3.7 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

3.8 Taxation

Current

Provision for current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing current tax rates or tax rates expected to apply to the income for the year, if enacted, after taking into account tax credits and tax rebates realisable, if any. The charge for current tax also includes adjustments, where considered necessary, provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method, on all temporary differences at the date of statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates, that have been enacted or substantially enacted at the date of statement of financial position.

3.9 Government Grants

Government grants including the non-monetary grants at fair value are recognized when there is reasonable assurance that:

- a) The entity will comply with conditions attaching to them if any; and
- b) The grants will be received.

Government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. The grant receivable as compensation for expenses or loss already incurred or for the purpose of giving immediate financial support with no future related cost is recognized as income in the period in which it becomes receivable.

a) Grants related to assets

Grants related to assets are presented as deferred grants. Depreciation chargeable on the grant related assets is set off against deferred grant over their useful life once the assets is complete and available for use.

b) Grants related to income

Grants related to income are recognized as income over the periods necessary to match them with the related expenditure which they intend to compensate, on a systematic basis.

3.10 Post employment benefits

The main features of the schemes operated by the Company for its employees are:

a) Provident fund

The Company operates a provident fund scheme for its permanent employees. Equal monthly contributions at the rate of ten percent of basic pay are made both by the Company and employees to the fund.

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PUNJAB AGRICULTURE AND MEAT COMPANY

(A Company set up under section 42 of the Companies Ordinance, 1984. Repealed with the enactment of Companies Act, 2017)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2018

b) Gratuity

The Company operates a defined benefit plan which comprises of an unfunded gratuity scheme for all its employees who have completed the minimum qualifying period. This is computed on the basis of actuarial valuation. Actuarial gains / losses arising from remeasurement are recognized in other comprehensive income.

The amounts of retirement benefits are usually dependent on one or more factors such as age, years of service and salary. Provision is made annually to cover obligation under the scheme.

c) Accumulated compensated absences

Annual leave is provided at the rate of 20 working days for each completed year of service. An employee can avail annual leave anytime after completion of his/her probationary period. In case the annual leave is not availed in full or parts in a year, it is accrued and carried forward to the following years.

However, the total accumulated annual leave cannot exceed 240 working days at any given time. The employee has also option to encash half of the unused annual leave at the end of each year of service. At the time of completion of service, any unused annual leave to a maximum of 240 working days is encashed.

The encashment is calculated on the basis of last month's gross pay excluding any overtime etc. If an employee takes more than his/her allowed annual leave during a year, the excess leave is considered leave without pay. In case of excess leave at the time of completion of service, an equivalent amount in cash is deducted from the employee's final payment. The deduction for excess leave is calculated on the basis of last months gross pay. This is computed on the basis of actuarial valuation.

3.11 Revenue recognition

- a) Slaughtering fee is recognized when related services are rendered.
- b) Grants (restricted funds) against specific projects are accounted for in accordance with the terms attached to the respective grants.
- c) Grants (restricted funds) utilized for acquiring fixed assets are taken to deferred grant and amortized over the useful life of the assets.
- d) Interest on bank deposits and investments is recognized on time proportionate basis.

3.12 Foreign currencies

Transactions in foreign currency are initially recorded in the functional currency at the rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at functional currency rate of exchange prevailing at the date of statement of financial position. All gains and losses on settlement and translation at year end are recognised in income and expenditure account.

3.13 Investment in associate

Entities in which the Company has significant influence but not control and which are neither its subsidiaries nor joint ventures are associates. These investments are stated at cost less impairment.

3.14 Investment in subsidiary

Investment in subsidiary is stated at cost. At subsequent reporting dates, the recoverable amount is estimated to determine the extent of impairment, if any, and carrying amount of investment is adjusted accordingly. Impairment is recognized as an expense. Where impairment subsequently reverses, the carrying amount of investment is increased to the revised recoverable amount but limited to the extent of initial cost of investment. A reversal of impairment is recognized in the statement of income and expenditure for the year.

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PUNJAB AGRICULTURE AND MEAT COMPANY

(A Company set up under section 42 of the Companies Ordinance, 1984. Repealed with the enactment of Companies Act, 2017)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2018

3.15 Financial instruments

Financial assets and liabilities are recognized at fair value of consideration given or received at the time when the Company becomes party to contractual provisions of the instrument. Financial asset or part thereof is derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets or part thereof. Such control is deemed to be lost if the Company realizes the rights to the benefits specified in the contract, the right expires or the Company surrenders those rights. A financial liability or part thereof is removed from the statement of financial position when it is extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. A financial asset and financial liability is set off and the net amount is reported in the statement of financial position if the Company has the legal enforceable right to set off the transaction and also intends either to settle on net basis or to realize the asset and settle the liability simultaneously.

3.16 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit

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PUNJAB AGRICULTURE AND MEAT COMPANY

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2018

4 PROPERTY, PLANT AND EQUIPMENT

	2018		2017	
	Note	Rs.	Rs.	Rs.
Operating fixed assets	41	1,254,261,839	1,451,103,794	
Total		1,254,261,839	1,451,103,794	
4.1				
Operating fixed assets				
Total				
Owned:				
Cost				
Balance as at July 01, 2016		722,434,956	1,118,336,460	604,028,306
Additions during the year		-	-	1,133,773
Disposals		-	-	(58,000)
Balance as at June 30, 2017		722,434,956	1,118,336,460	605,162,079
Balance as at July 01, 2017		722,434,956	1,118,336,460	605,162,079
Additions during the year		-	-	108,850
Disposals		-	-	-
Balance as at June 30, 2018		722,434,956	1,118,336,460	605,270,929
Depreciation				
Balance as at July 01, 2016		-	368,905,847	406,321,915
Charge for the year		-	111,833,646	110,638,529
Disposals		-	-	(58,000)
Balance as at June 30, 2017		-	480,739,493	516,960,444
Balance as at July 01, 2017		-	480,739,493	516,960,444
Charge for the year		-	111,833,646	83,699,319
Disposals		-	-	-
Balance as at June 30, 2018		-	592,573,139	600,659,763
W.D.V as at June 30, 2017		722,434,956	637,596,967	88,201,635
W.D.V as at June 30, 2018		722,434,956	525,763,321	4,611,166
Rate of depreciation		10%	20%	20%
Rate of depreciation		10%	20%	33%
Rate of depreciation		20%	20%	20%
Depreciation charge for the year has been allocated as under:				
Project expense - Lahore Airport Transit Cold Storage			3,249,699	3,610,776
Project expense - Lahore Meat Processing Complex			193,708,017	221,076,628
Administrative expenses			189,191	203,731
Total			197,146,907	224,891,135

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PUNJAB AGRICULTURE AND MEAT COMPANY

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rs.	2017 Rs.
5 LONG TERM PREPAYMENTS			
CAA Allama Iqbal International Airport, Lahore	5.1	13,166,664	13,833,331
Other prepayments	5.2	7,048,553	11,048,553
Total		20,215,217	24,881,884

5.1 CAA Allama Iqbal International Airport, Lahore			
Land Premium-Lahore Airport Transit Cold Storage	5.1.2	13,833,331	14,499,998
Less: Amortization for the year		(666,667)	(666,667)
Total	5.1.1	13,166,664	13,833,331
5.1.1 Total premium		20,000,000	20,000,000
Less: Accumulated amortization		(6,833,336)	(6,166,669)
Total		13,166,664	13,833,331

5.1.2 This relates to the land premium paid to Civil Aviation Authority (CAA) for the Lahore Airport Transport Cold Storage (LATCS) project and is being amortized over thirty years.

5.2 This represents prepaid ground rent of land allotted to the company at Allama Iqbal International Airport, Lahore (AIAL). This is being amortized over a period of thirty years.

	Note	2018 Rs.	2017 Rs.
Other prepayments		11,048,553	13,548,553
Less: Current portion shown under short term prepayments		(4,000,000)	(2,500,000)
Total		7,048,553	11,048,553

6 INVESTMENT IN SUBSIDIARY (PMPC)			
Investment in subsidiary (PMPC) at cost	6.1	70	70
Total		70	70

6.1 This amount represents investment in Punjab Meat Processing Complex Pvt (a subsidiary company of Punjab Agriculture and Meat Company). The company is not consolidating assets, liabilities and results of subsidiary as the company has not started operations and currently, is in process of winding up.

7 LONG TERM SECURITY DEPOSITS

This represents amounts paid for electricity connection to Civil Aviation Authority for Lahore Airport Cold Storage project and to LESCO for Lahore Meat Processing Complex project.

	2018 Rs.	2017 Rs.
8 ADVANCES - UNSECURED, CONSIDERED GOOD		
-To staff for expenses	1,092,423	480,687
-To staff against salary	586,427	603,002
-To suppliers	2,500	2,500
Total	1,681,350	1,086,189

8.1 These advances are unsecured but considered good by the management of the Company.

	Note	2018 Rs.	2017 Rs.
9 SECURITY DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		1,561,793	1,561,793
Prepayments		4,656,253	2,500,000
Total		6,218,046	4,061,793

10 OTHER RECEIVABLES - UNSECURED			
Receivable from subsidiary company - related party	10.1	4,964,305	4,964,305
Others - considered good		365,316	3,600,664
Total		5,329,621	8,564,969

10.1 These are receivable from Punjab Meat Processing Complex Pvt (a subsidiary company of Punjab Agriculture and Meat Company). These are considered good by the management of the Company as same have been received from subsidiary subsequent to year end.

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PUNJAB AGRICULTURE AND MEAT COMPANY

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rs.	2017 Rs.
11 CASH AND BANK BALANCES			
Cash in hand		1,139,155	1,816,159
Balance with banks (BOP-related party):			
Saving accounts	11.1	73,051,314	52,788,306
Total		74,190,469	54,604,465

11.1 These carry interest at the rate of 3.25% (2017: 3.75%) per annum.

	Note	2018 Rs.	2017 Rs.
12 POST EMPLOYMENT BENEFITS			
Defined benefit plan:			
Gratuity	12.1	3,757,531	3,796,551
Other long term benefits:			
Accumulated compensated absences	12.2	947,408	611,027
Total		4,704,939	4,407,578

12.1 The amount recognized in the statement of financial position is as follows:

Present value of defined benefit obligation	3,757,531	3,796,551
Net liability at end of the year	3,757,531	3,796,551

12.1.1 Actuarial valuation was carried out as at June 30, 2018 using projected unit credit method by an approved actuary. Details of the obligation as per the actuarial valuation is as follows:

	2018 Rs.	2017 Rs.
Net liability at beginning of the year	3,796,551	3,730,024
Expenses recognised in the statement of income and expenditure	1,915,884	1,815,081
Net remeasurements actuarial (gain)/loss	(197,283)	82,788
Payments made during the year	(1,757,621)	(1,831,342)
Net liability at end of the year	3,757,531	3,796,551

12.1.2 The movement in the present value of defined benefit obligation is as follows:

Opening balance	3,796,551	3,730,024
Current service cost	1,645,993	1,561,789
Interest cost	269,891	253,292
Benefits paid	(1,757,621)	(1,831,342)
Actuarial (gain)/loss	(197,283)	82,788
Closing balance	3,757,531	3,796,551

12.1.3 Comparative amounts of five years

	Rupees
30 June 2017	3,796,551
30 June 2016	3,730,024
30 June 2015	4,052,244
30 June 2014	6,267,349
30 June 2013	5,200,524

12.1.4 Expense recognized in the statement of income and expenditure

	2018 Rs.	2017 Rs.
Current service cost	1,645,993	1,561,789
Interest cost	269,891	253,292
Charge for the year	1,915,884	1,815,081

Expense recognized in other comprehensive income

Actuarial (gain)/loss for changes in financial assumptions	(771)	956
Experience adjustments	(196,512)	81,832
Actuarial (gain)/loss	(197,283)	82,788

12.1.5 Sensitivity analysis 30-6-2018

	Discount Rate + 1%	Discount Rate - 1%	Salary Increase + 1%	Salary Decrease - 1%
PVDBO	865,434	1,046,518	1,044,167	866,163

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PUNJAB AGRICULTURE AND MEAT COMPANY

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2018

		2018 Rs.	2017 Rs.
12.1.6 Key actuarial assumptions used:			
Discount rate used for interest cost %		9.25%	9.25%
Discount rate used for benefit obligation %		9.00%	8.25%
Increase in salary %		8.00%	8.25%
		2018 Rs.	2017 Rs.
12.2 OTHER LONG TERM BENEFITS - ACCUMULATED COMPENSATED ABSENCES			
Balance as at 01 July		611,027	774,324
Current service cost		1,096,075	641,994
Interest cost		47,142	24,307
Benefit paid		(723,792)	(1,008,490)
Remeasurements-experience adjustments		(83,044)	178,892
Balance as at 30 June/Transitional liability		947,408	611,027
	Note	2018 Rs.	2017 Rs.
13 LONG-TERM LOANS			
Government of Punjab - related party	13.1	1,266,321,000	1,266,321,000
Government of Punjab - related party	13.2	224,557,000	224,557,000
		1,490,878,000	1,490,878,000
Less: current portion shown under current liabilities		(1,490,878,000)	(1,266,320,997)
Total		-	224,557,003
13.1	These represent unsecured loan received from the Government of Punjab during previous years and were repayable in equal quarterly installments in five years and carry interest at the rate of 0.25% per annum (2017: 0.25% per annum). The company has not accounted for interest expense during 2016, 2017 and 2018 as the company is in process of finalisation of terms of financing agreement as well as conversion of these loans into grants which has not been finalised yet.		
13.2	These represent loan obtained from Government of Punjab for Cold Storage Project. The terms and conditions of these loans have not been decided so far till the reporting date.		
	Note	2018 Rs.	2017 Rs.
14 TRADE AND OTHER PAYABLES			
Payable to contractors	14.1	264,913,465	264,913,465
Securities payable	14.2	200,000	200,000
Payable on account of Feed Lot Fattening project		9,042,038	9,042,038
Accrued expenses		6,944,097	8,397,251
Income tax deducted at source		1,563,047	1,585,277
Payable to employees		221,131	1,022,288
Other payables		-	530,153
Total		282,883,778	285,690,472
14.1	This includes amount of Rs. 261,286,465/- (2017: 261,286,465) invested by Mashhad Meat Industrial Complex (MMIC) in the assets of the Company. MMIC and the Company has executed a partnership deed and formed a partnership firm named Punjab Mashhad Meat Complex (the firm) with profit sharing ratio of 83.89% of the Company and 16.11% of MMIC, whereby the Company agreed to transfer this amount along with assets of Rs.1,360,247,552/- to the Firm. However, the Company has not yet transferred related assets and liabilities to the firm so far as the company and MMIC are in process of revision of terms of such agreement including termination of partnership firm.		
	Note	2018 Rs.	2017 Rs.
14.2 Securities payable			
-goods / services to be delivered / provided	14.2.1	200,000	200,000
Total		200,000	200,000
14.2.1	These are not used in the business of the Company.		

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PUNJAB AGRICULTURE AND MEAT COMPANY

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2018

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 Certain petitioners of Civil Society filed a petition in the Honorable Lahore High Court against incorporation of the Company along with other companies incorporated u/s 42 of the repealed Companies Ordinance, 1984 which are operating in Punjab. Currently, management of the Company has apprised us that proceedings of the Honorable Court are in process. The management is of the view that such petition would be dismissed and accordingly, there is no impact on going concern status of the Company. Further, subsequent to the year end, a committee formed under the Chief Minister Punjab has decided to continue operations of the Company.

15.1.2 The Company has filed a petition against the applicability of Public Sector Entities (Corporate Governance) Rules issued by SECP which is pending before the Honorable Lahore High Court. The legal advisor of the Company expects a favorable outcome of the petition. Therefore, the management of the view that there is no need to account for any liability in this regard.

15.2 Commitments

Commitments as on the date of statement of financial position amount to Rs. Nil (2017: Rs. Nil).

	2018	2017
	Rs.	Rs.
16 SLAUGHTERING INCOME		
Shahpur Kanjara - LPMC	163,939,806	146,030,720
Raiwind Slaughterhouse	10,322,905	12,912,650
Kot Kamboh whole sale meat point	1,476,310	1,592,620
Total	175,739,021	160,535,990
17 OTHER INCOME		
Profit on investment and bank deposits - related parties	2,272,321	1,427,898
Gain on disposal of fixed assets	-	58,000
Conference participation fee	1,557,800	5,832,907
Total	3,830,121	7,318,805
18 PROJECT EXPENSES		
Salaries, wages & benefits	65,305,876	61,959,802
Fuel & power	19,263,323	17,809,704
Repair & maintenance	12,218,947	7,241,187
Security charges	6,328,007	5,504,055
Printing & stationary	5,848,149	5,785,147
Rent rates & taxes	3,218,247	2,738,442
Loading & unloading charges	1,244,759	1,404,960
Postage & communication	635,222	588,278
Depreciation	4.1.1 196,957,716	224,687,404
Misc. expenses	1,901,077	1,874,962
Total	312,921,323	329,593,941
19 ADMINISTRATIVE EXPENSES		
Salaries and benefits	28,681,255	30,869,789
Vehicle running and maintenance	4,172,243	4,006,346
Travelling expenses	1,835,561	1,452,417
Rent, rates and taxes	2,063,556	1,935,943
Legal and professional	1,061,300	632,350
Auditors' remuneration	150,000	135,000
Utilities, telephone and postage	1,126,779	1,207,720
Repair and maintenance	142,004	112,385
Printing and stationery	519,533	410,705
Entertainment	406,350	185,900
Depreciation	4.1.1 189,191	203,731
Amortization	-	10,000
Advertisement and conference exhibition	4,124,048	226,214
Miscellaneous expenses	284,145	152,558
Training & development expenses	700,753	-
Fee and subscription	63,400	19,640
Total	45,520,118	41,560,698

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PUNJAB AGRICULTURE AND MEAT COMPANY

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2018

20 FINANCE COST		
Bank charges - related party	38,628	52,267
Total	38,628	52,267

21 TAXATION

No provision of taxation has been made in these financial statements as the Company is non profit organisation and has applied for the approval under section 2 (36) of the Income Tax Ordinance, 2001. The management of the Company is confident of getting such approval.

22 FINANCIAL RISK MANAGEMENT

Financial instruments comprise deposits, advances and other receivables, cash and bank balances, long term loans, and trade and other payables.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has the overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

22.1 Concentration of Credit Risk

Credit risk represents the risk of financial loss, if counter party fails to discharge an obligation. The carrying amount of financial asset represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follow:

	2018 Rupees	2017 Rupees
Long term security deposit	6,960,000	6,960,000
Security deposits	1,561,793	1,561,793
Other receivables	5,329,621	8,565,039
Advances	1,681,350	1,086,189
Bank balances	73,051,314	52,788,306
Total	88,584,078	93,884,771

Credit quality of financial assets

The credit risk on liquid funds is limited because the counter party is a bank with reasonably high credit ratings. The credit quality of cash at bank as per credit rating agencies are as follows:

Banks	Short term rating	Long term rating	Rating agency	2018 Rupees	2017 Rupees
The Bank of Punjab-related party	A1+	AA	PACRA	73,051,314	52,788,306
Total				73,053,332	93,884,771

22.2 Liquidity Risk

Liquidity risk is the risk that one enterprise will encounter difficulty in raising funds to meet commitments associated with the financial instruments. The Management believes that it is exposed to significant level of liquidity risk. The following are contractual maturities of financial liabilities as at 30 June 2018:

	Carrying Amount	Contractual cash flows	Less than one year	1 to 5 years	More than 5 years
			Rupees		
30-Jun-18					
Long term financing	1,490,878,000	1,490,878,000	1,490,878,000	-	-
Markup payable	12,516,009	12,516,009	12,516,009	-	-
Trade and other payables	282,883,778	282,883,778	282,883,778	-	-
Total	1,786,277,787	1,786,277,787	1,786,277,787	-	-
30-Jun-17					
Long term financing	1,490,878,000	1,490,878,000	1,266,320,997	224,557,003	-
Markup payable	12,516,009	12,516,009	12,516,009	-	-
Trade and other payables	285,690,472	285,690,472	285,690,472	-	-
Total	1,789,084,481	1,789,084,481	1,564,527,478	224,557,003	-

22.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest/markup rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not materially exposed to any currency risk arising.

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PUNJAB AGRICULTURE AND MEAT COMPANY

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(ii) Interest/markup rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the date of statement of financial position, the interest/markup rate profile of the Company's variable interest bearing financial instruments was:

	2018	2017	2018	2017
	Effective profit rate		(Rupees)	(Rupees)
Floating rate instruments				
Financial assets				
Bank balances - saving accounts	3.75%	5.00%	73,051,314	52,788,306
Total exposure			73,051,314	52,788,306

Cash flow sensitivity analysis for variable rates

A change of 100 basis points in interest rates at the reporting date would have increased / decreased profit before tax for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss before tax	
	100 bps Increase	100 bps Decrease
	----- Rupees -----	
As at 30 June 2018		
Cash flow sensitivity - Variable rate financial liabilities	106,405	(106,405)
As at 30 June 2017		
Cash flow sensitivity - Variable rate financial liabilities	106,405	(106,405)

(iii) Equity price risk

The entity is not exposed to any equity price risk.

22.4 Fair value of financial assets and liabilities

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

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FOR THE YEAR ENDED JUNE 30, 2018

The following table show the categories as well as carrying amounts and fair values of financial assets and financial liabilities according to there respective category, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is reasonable approximation of fair value.

	Carrying amount				Fair value					
	Cash and cash equivalents	Loans and receivables	Available for sale instruments	Fair value through profit or loss	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
30-Jun-18										
Financial assets measured at fair value	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value	-	-	-	-	-	-	-	-	-	-
Non Current Assets										
Long-term security deposit	-	6,960,000	-	-	-	6,960,000	-	-	-	-
Investment in subsidiary (PMPC) at cost	-	-	-	-	70	70	-	-	-	-
Current Assets										
Security deposits	-	1,561,793	-	-	-	1,561,793	-	-	-	-
Other receivables	-	5,329,621	-	-	-	5,329,621	-	-	-	-
Advances	-	1,681,350	-	-	-	1,681,350	-	-	-	-
Cash and bank balances	74,190,469	-	-	-	-	74,190,469	-	-	-	-
	74,190,469	15,532,764	-	-	70	89,723,303	-	-	-	-
Financial liabilities not measured at fair value	-	-	-	-	-	-	-	-	-	-
Long term loans	-	-	-	-	1,490,878,000	1,490,878,000	-	-	-	-
Accrued mark up	-	-	-	-	12,516,009	12,516,009	-	-	-	-
Trade and other payables	-	-	-	-	282,853,778	282,853,778	-	-	-	-
	-	-	-	-	1,786,277,787	1,786,277,787	-	-	-	-
30-Jun-17										
Financial assets measured at fair value	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value	-	-	-	-	-	-	-	-	-	-
Non Current Assets										
Long term deposits	-	6,960,000	-	-	-	6,960,000	-	-	-	-
Investment in subsidiary (PMPC) at cost	-	-	-	-	70	70	-	-	-	-
Current Assets										
Security deposits	-	1,561,793	-	-	-	1,561,793	-	-	-	-
Other receivables	-	8,564,969	-	-	-	8,564,969	-	-	-	-
Advances	-	1,086,189	-	-	-	1,086,189	-	-	-	-
Cash and bank balances	54,604,465	-	-	-	-	54,604,465	-	-	-	-
	54,604,465	18,172,951	-	-	70	72,777,486	-	-	-	-
Financial liabilities not measured at fair value	-	-	-	-	-	-	-	-	-	-
Long term loans	-	-	-	-	1,490,878,000	1,490,878,000	-	-	-	-
Accrued mark up	-	-	-	-	12,516,009	12,516,009	-	-	-	-
Trade and other payables	-	-	-	-	285,690,472	285,690,472	-	-	-	-
	-	-	-	-	1,789,084,481	1,789,084,481	-	-	-	-

23 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND EXECUTIVES

The aggregate amount charged in the financial statements for the year in respect of remuneration including certain benefits to the Chief Executive Officer and Executives are:

	Chief Executive Officer		Executives	
	2018	2017	2018	2017
	Rupees	Rupees	Rupees	Rupees
Salaries	-	3,196,800	8,676,082	6,576,619
Mobile allowance	15,000	-	226,600	117,617
Provident fund	-	-	498,163	274,149
Medical	-	-	77,227	4,521
Gratuity	-	-	3,077,008	1,468,617
Travelling and daily allowance	1,279,850	946,312	141,537	12,540
House rent allowance	-	1,401,067	-	-
Others	-	1,513,535	-	-
Total	1,294,850	7,057,714	12,696,617	8,454,063
No of employees	1	1	7	4

The Chief Executive Officer is entitled to use company maintained car.

	2018	2017
	Audited	Audited

24 DISCLOSURE WITH REGARDS TO PROVIDENT FUND

Size of the fund	(Rupees)	5,254,311	3,662,410
Cost of investments	(Rupees)	1,200,000	1,200,000
Percentage of investments	(% age)	23%	33%
Fair value of investments	(Rupees)	1,200,000	1,200,000
Fund placed in bank accounts	(Rupees)	4,032,712	2,360,861

24.1 Short term investment has been made in term deposit receipts in accordance with the provision of section 218 of the Companies Act, 2017 and the rules formulated for that purpose.

GAIX

PUNJAB AGRICULTURE AND MEAT COMPANY

(A Company set up under section 42 of the Companies Ordinance, 1984. Repealed with the enactment of Companies Act, 2017)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2018

		2018	2017
		No. of employees	
25	NUMBER OF EMPLOYEES		
	Total number of employees at year end	297	273
	Average number of employees during the year	294	299

		2018	2017
		Nos	Nos
26	CAPACITY AND UTILIZATION		
	Beef:		
	Installed capacity	132,000	132,000
	Capacity utilized	55,452	59,948
	Mutton:		
	Installed capacity	1,584,000	1,584,000
	Capacity utilized	1,019,365	1,011,608

27 RELATED PARTY TRANSACTIONS
 Related parties comprise of Bank of Punjab, Government of Punjab and related departments, directors, members, chief executive officer, directors key management personnel and executives. Remuneration and benefits to key management personnel of the Company are in accordance with the terms of their employment and are disclosed in note 23. Transactions with other related parties during the year are as follows:

		2018	2017
		Rupees	Rupees
	Government of Punjab		
	Loans obtained during the year	-	-
	Bank of Punjab		
	Profit on investment and bank deposits	2,272,321	1,427,898
	Bank charges	38,628	52,267

Balances with related parties are disclosed in respective notes.

28 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

28.1 During the year, certain petitioners of Civil Society filed a petition in the Honorable Lahore High Court on 23 October 2017 challenging incorporation of the Company along with other companies incorporated u/s 42 of the repealed Companies Ordinance, 1984 which are operating in Punjab. Currently, proceedings of the Court are in process. Based on opinion of the legal advisor, the Company would be able to continue as a going concern as such petition is most likely to be dismissed.

28.2 Financial statements have been prepared as per Companies Act, 2017 which requires certain new disclosures.

29 GENERAL

29.1 Figures have been rounded off to the nearest rupee.

29.2 Corresponding figures have been re-arranged and re-classified, wherever necessary for the purpose of comparison only. However, no significant changes have been made in these financial statements.

30 DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized the financial statements for issuance on July 23, 2020

AMC

2018/22

 CHIEF EXECUTIVE OFFICER

[Signature]

 DIRECTOR