

**PUNJAB AGRICULTURE AND MEAT COMPANY
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENT FOR THE YEAR JUNE 30, 2024**

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PUNJAB AGRICULTURE AND MEAT COMPANY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS****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, 2024, and the statement of income and expenditure and other comprehensive loss, the statement of changes in general fund, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information 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.

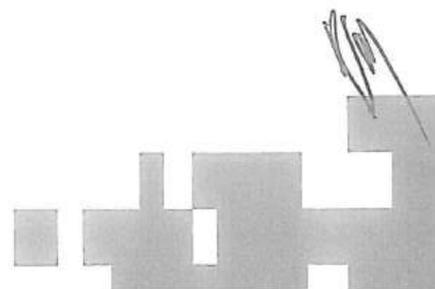
In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure and other comprehensive loss, the statement of changes in general fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (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, 2024 and of the deficit and other comprehensive loss, the changes in general 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 *Auditors' 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.

Material Uncertainty relating to Going Concern

The Company incurred deficit in prior periods. As at the reporting date, its general fund is negative by Rs. 625.38 million (2023: Rs. 601.43 million) and its current liabilities exceed its current assets by Rs. 1,571.92 million (2023: Rs. 1,552.87 million). These conditions along-with other matters as set forth in Note 1.3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified with respect to this matter.



Emphasis of Matter

Note 14.1 to the financial statements indicates that provision of mark-up amounting to Rs. 24.46 million (2023: Rs. 21.26 million) on long term loans has not been recorded in the books of account of the Company in view of the Company's request to the Government of Punjab to convert these loans into equity or grant, with wavier of mark up. Our report is not qualified with respect to this matter.

Information Other than the Financial Statements and Auditors' 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 of the Company and our auditors' 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, the requirements of Companies Act, 2017(XIX of 2017) and the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act 2023) 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

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

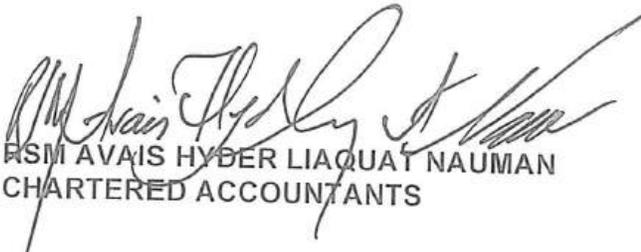
Based on our audit, we further report that in our opinion:

- 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 general fund 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 the SOE Act, 2023 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).

The engagement partner on the audit resulting in this independent auditor's report is Syed Ali Adnan Tirmizey.



RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Place: Lahore

Date: 13 1 OCT 2024

UDIN: AR2024101935X8Mhz3DH



PUNJAB AGRICULTURE AND MEAT COMPANY

(A Company set up under section 42 of the Companies Act, 2017)

STATEMENT OF FINANCIAL POSITION**AS AT JUNE 30, 2024**

	Note	2024 Rupees	2023 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	942,659,667	953,344,392
Long-term security deposits	6	6,984,932	6,924,932
Total non current assets		949,644,599	960,269,324
CURRENT ASSETS			
Store, spares and loose tools		9,934,170	7,153,578
Receivable from customers - considered good		612,747	239,482
Advances, deposits, prepayments and other receivables	7	5,707,323	36,914,649
Short term investments	8	180,000,000	150,000,000
Cash and bank balances	9	177,642,646	31,295,740
Total current assets		373,896,886	225,603,449
Total assets		1,323,541,485	1,185,872,773
LIABILITIES			
NON CURRENT LIABILITIES			
Post employment benefits	10	3,108,069	8,824,201
CURRENT LIABILITIES			
Trade and other payables	11	281,136,978	275,088,059
Accrued mark-up on long term loans		12,516,009	12,516,009
Government grant	12	161,286,000	-
Current portion of long term loans	13	1,490,878,000	1,490,878,000
Total current liabilities		1,945,816,987	1,778,482,068
Total liabilities		1,948,925,056	1,787,306,269
NET ASSETS		<u>(625,383,571)</u>	<u>(601,433,496)</u>
Represented by:			
General fund		<u>(625,383,571)</u>	<u>(601,433,496)</u>
CONTINGENCIES	14	-	-

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

PUNJAB AGRICULTURE AND MEAT COMPANY

(A Company set up under section 42 of the Companies Act, 2017)

**STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024 Rupees	2023 Rupees
INCOME			
Operating income	15	220,227,079	216,959,130
Other income	16	40,696,073	24,007,376
		<u>260,923,152</u>	<u>240,966,506</u>
EXPENDITURE			
Operating expenses	17	200,414,999	171,405,999
Administrative expenses	18	54,382,153	46,570,226
Other - balances written off		27,773,175	-
Bank charges		11,571	12,789
		<u>282,581,898</u>	<u>217,989,014</u>
(Deficit) / surplus for the year before taxation		<u>(21,658,746)</u>	<u>22,977,492</u>
Provision for taxation	19	-	-
(Deficit) / surplus for the year		<u>(21,658,746)</u>	<u>22,977,492</u>
OTHER COMPREHENSIVE INCOME			
Item that will not be subsequently reclassified to statement of income and expenditure:			
Remeasurement (loss) on:			
Defined benefit plan - gratuity	10.2	(1,101,596)	(788,393)
Other long term benefits			
Accumulated compensated absences	10.3	(1,189,733)	(451,857)
		<u>(2,291,329)</u>	<u>(1,240,250)</u>
Total comprehensive (loss) / income for the year		<u>(23,950,075)</u>	<u>21,737,242</u>

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


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

PUNJAB AGRICULTURE AND MEAT COMPANY
(A Company set up under section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
A) CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit) / surplus for the year before taxation		(21,658,746)	22,977,492
Adjustments for non cash items:			
Depreciation of fixed assets	5	12,452,310	13,089,332
Bank charges		11,571	12,789
Provision for post employment benefits	10	5,839,100	5,128,076
Profit on investment and bank deposits	16	(39,365,838)	(23,697,384)
		(21,062,857)	(5,467,187)
Operating cash flows before working capital changes		(42,721,603)	17,510,305
Effect of working capital changes:			
(Increase) / decrease in current assets:			
Receivable from customers - considered good		(373,265)	(2,899)
Store, spares and loose tools		(2,780,592)	(2,254,405)
Advances, deposits, prepayments and other receivables		954,699	(546,394)
Increase / (decrease) in current liabilities:			
Trade and other payables		6,048,919	980,768
Grant received from Government		161,286,000	-
(Increase) / decrease in Long term security deposits		(60,000)	-
		165,075,761	(1,822,931)
Net cash flow from operations		122,354,158	15,687,375
Finance cost paid		(11,571)	(12,789)
Income tax paid		27,695,149	(14,400)
Retirement benefits paid		(13,846,561)	(8,524,949)
Net cash flow from operating activities	A	136,191,175	7,135,237
B) CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property, plant and equipment		(1,767,585)	(842,608)
Short term investment made		(30,000,000)	(40,000,000)
Profit on investment and bank deposits received		41,923,316	22,163,498
Net cash flow from investing activities	B	10,155,731	(18,679,110)
Net increase / (decrease) in cash and cash equivalents	(A+B)	146,346,906	(11,543,873)
Cash and cash equivalents at the beginning of the year		31,295,740	42,839,613
Cash and cash equivalents at the end of the year	9	177,642,646	31,295,740

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


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

PUNJAB AGRICULTURE AND MEAT COMPANY
(A Company set up under section 42 of the Companies Act, 2017)
STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Rupees
Balance as at July 01, 2022	(623,170,738)
Total comprehensive Income for the year	
Surplus for the year	22,977,492
Other comprehensive loss	(1,240,250)
	21,737,242
Balance as at June 30, 2023	(601,433,496)
Total comprehensive loss for the year	
Loss for the year	(21,658,746)
Other comprehensive loss	(2,291,329)
	(23,950,075)
Balance as at June 30, 2024	(625,383,571)

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

PUNJAB AGRICULTURE AND MEAT COMPANY
(A Company set up under section 42 of the Companies Act, 2017)
NOTES, COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs and accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies, other than those specifically discussed in the accounting policies, are as follows:

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

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention, except post employment benefits and other long term benefits which are carried at present value.

2.4 Functional and presentation currency

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

3 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

3.1 Standards, amendments to standards and interpretations becoming effective in current year

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2023 and therefore, have been applied in preparing these financial statements.

3.1.1 IAS 1 - Presentation of Financial Statements

The IASB has issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements in the following ways:

PUNJAB AGRICULTURE AND MEAT COMPANY

(A Company set up under section 42 of the Companies Act, 2017)

NOTES, COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION

AND OTHER EXPLANATORY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2024

- an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Application of these amendments do not have any significant impact on the Company's financial statements.

IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The IASB has published 'Definition of Accounting Estimates' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The IASB clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after 1 January 2023. Application of these amendments do not have any significant impact on the Company's financial statements.

IAS 12 - Income Taxes

- i) The IASB has published 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. Accordingly, the initial recognition exemption, provided in IAS 12.15(b) and IAS 12.24, does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

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NOTES, COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
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The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

- ii) The IASB has issued amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. The amendments introduce an exception to the requirements in the standard that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes.

An entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments; the remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023. Application of these amendments do not have any significant impact on the Company's financial statements.

2.2 Standards, amendments to standards and interpretations becoming effective in the current year but not relevant

There are certain new standards, amendments to standards and interpretations that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2023 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

2.3 Standards, amendments to standards and interpretations becoming effective in future periods

The following standards, amendments to standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after the effective dates specified therein.

1. IAS 1 - Presentation of Financial Statements

- (i) The IASB has issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments in Classification of Liabilities as Current or Non-current affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:
- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
 - clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
 - make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

PUNJAB AGRICULTURE AND MEAT COMPANY
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NOTES, COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
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FOR THE YEAR ENDED JUNE 30, 2024

The IASB has further modified the requirements introduced by 'Classification of Liabilities as Current or Non-current' on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2024. The amendments are to be applied retrospectively in accordance with IAS 8. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

IFRS 7 - Financial Instruments: Disclosures

The IASB has published 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments in Supplier Finance Arrangements:

- Do not define supplier finance arrangements. Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements.
- Add two disclosure objectives. Entities will have to disclose in the notes information that enables users of financial statements:
 - ▶ to assess how supplier finance arrangements affect an entity's liabilities and cash flows and
 - ▶ to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.
- Complement current requirements in IFRSs by adding to IAS 7 additional disclosure requirements about:
 - ▶ the terms and conditions of the supplier finance arrangements;
 - ▶ for the arrangements, as at the beginning and end of the reporting period:
- (a) the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented;
- (b) the carrying amount of financial liabilities disclosed under a) for which suppliers have already received payment from the finance providers;
- (c) the range of payment due dates (for example, 30 to 40 days after the invoice date) of financial liabilities disclosed under a) and comparable trade payables that are not part of a supplier finance arrangement; and
- ▶ the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement

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NOTES, COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
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The IASB decided that, in most cases, aggregated information about an entity's supplier finance arrangements will satisfy the information needs of users of financial statements.

Add supplier finance arrangements as an example within the liquidity risk disclosure requirements in IFRS 7.

An entity applies these amendments for annual reporting periods beginning on or after 1 January 2024. The Company is in process of evaluating the impact of application of these amendments on the Company's financial statements.

4.11 **Leases**

The IASB has issued amendments for 'Lease Liability in Sale and Leaseback' that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for sale.

'Lease Liability in a Sale and Leaseback Amendments' requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments also include one amended and one new illustrative example.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

4.12 **Standards, amendments to standards and interpretations becoming effective in future periods but not relevant**

There are certain new standards, amendments to standards and interpretations that are effective from different future periods as specified therein, but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

4.13 **Standards issued by IASB but not applicable in Pakistan**

Following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

- IFRS 1 - First-time adoption of International Financial Reporting Standards
- IFRS 18 - Presentation and Disclosures in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial
- IFRS S2 Climate-related Disclosures

4 **MATERIAL ACCOUNTING POLICY INFORMATION**

4.1 **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 accumulated 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.

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All other repair and maintenance costs are charged to statement of income and expenditure during the period in which they are incurred.

Depreciation is charged to statement of income and expenditure on the reducing balance 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.

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.

4.2 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized, as an expense in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a pre tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flows have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized previously. Reversal of an impairment loss is recognized immediately in the profit or loss account.

4.3 Receivables

These are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the period end. Balances considered bad are written off when identified. Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future.

4.4 Stores, spares and loose tools

These are valued at weighted average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred thereon.

4.5 Investments

Investments with fixed maturity, where management has both intention and the ability to hold till maturity, are classified as held to maturity. These investments are initially recorded at cost. Such investments are subsequently measured at amortized cost, using the effective rate method less impairment losses, if so determined.

Amortized cost is calculated by taking into account any discount or premium on acquisition, over the period of maturity. Any gain / loss arising on derecognition / impairment in value of such investments, is recognized in statement of profit or loss.

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116 Cash and cash equivalents

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

117 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services, whether billed to the Company or not.

118 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. However, provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

119 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 the conditions attaching to them, if any ; and
- b) the grants will be received.

The grant is received from the Government for specific purpose. It will be utilized for the purpose. The grant will be will be recognized as income on utilization.

120 Provision for taxation

Current

Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any, in which case the tax amounts are recognised directly in other comprehensive income or

Deferred

The Company accounts for deferred taxation using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority.

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14.1 Employee benefits

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

a) Provident fund

The Company was operating a provident fund scheme for its permanent employees. Where in equal monthly contributions at the rate of ten percent of basic pay was being made both by the Company and employees to the fund. The same was discontinued.

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 leaves are provided at the rate of 30 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 in part in a year, it is accrued and carried forward to the following years.

However, the total accumulated earned leaves cannot exceed 100 working days at any given time and if it does, the excess leaves are written off. 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 month's gross pay excluding any overtime etc.

14.2 Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For this purpose, the Company:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration, if any, and the time value of money;
- allocates the transaction price to the separate performance obligations, if applicable, on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer of control of the goods or services promised to the customer.

Determining the timing of the transfer of control – at a point in time or over time – requires judgment.

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The Company generates its revenue principally by providing slaughtering services which generally include a single performance obligation. Revenue is recognized on the following basis:

- 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.

4.2.4 Foreign currency translation

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

4.2.5 Financial Instruments

4.2.5.1 Measurement of financial assets

Initial measurement

The Company classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus transaction costs that are directly attributable to its acquisition, except FVTPL which is measured at fair value.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification, as follows:

Debt Investments at FVOCI

These assets are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income and are never reclassified to the statement of profit or loss. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest markup or dividend income, are recognized in the statement of profit or loss.

Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

Non-derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalents.

Derecognition

The Company derecognizes the financial assets when the contractual rights to the cash flows from the assets expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred assets.

Initial recognition

Financial liabilities are classified in the following categories:

- fair value through profit or loss; and
- other financial liabilities.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as follows:

Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost using the effective interest rate method. Gain and losses are recognized in statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

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Derecognition

The Company derecognizes financial liabilities when and only when the Company's obligations are discharged, cancelled or expire.

4.14.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has currently legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

4.14.4 Measurement of financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12 months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof.

The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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4.3.1 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

4.3.2 Related party transactions

Transactions with related parties are carried out on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price methods which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer un-related to the seller. Transactions other than at arms length are approved by the Board on proper justification.

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Particulars	Particulars										Total
	Freight/land	Building on freight land	Machinery and equipment	Furniture and fixtures	Computer and ancillary equipment	Office equipment	Vehicles				

As at July 1, 2022

Cost	722,434,956	1,082,228,698	603,761,709	9,851,297	10,128,640	2,174,234	22,903,488	2,453,483,022		
Accumulated depreciation	-	(843,267,758)	(601,150,741)	(9,772,495)	(9,120,758)	(1,677,563)	(22,902,590)	(1,487,891,906)		
Net book value	722,434,956	238,960,940	2,610,968	78,802	1,007,882	496,671	898	965,591,116		
Year ended June 30, 2023										
Opening net book value	722,434,956	238,960,940	2,610,968	78,802	1,007,882	496,671	898	965,591,116		
Additions	-	-	1,982,18	-	483,589	160,801	-	842,608		
Depreciation charged	-	(11,948,049)	(558,532)	(15,761)	(437,267)	(129,544)	(179)	(13,089,332)		
Disposal	-	-	-	-	-	-	-	-		
Closing net book value	722,434,956	227,012,891	2,250,654	63,041	1,054,204	527,928	719	953,344,392		

As at July 1, 2023

Cost	722,434,956	1,082,228,698	603,959,927	9,851,297	10,612,229	2,335,035	22,903,488	2,454,325,630		
Accumulated depreciation	-	(855,215,807)	(601,709,273)	(9,788,256)	(9,558,025)	(1,807,107)	(22,902,769)	(1,500,981,238)		
Net book value	722,434,956	227,012,891	2,250,654	63,041	1,054,204	527,928	719	953,344,392		
Year ended June 30, 2024										
Opening net book value	722,434,956	227,012,891	2,250,654	63,041	1,054,204	527,928	719	953,344,392		
Additions	-	-	674,913	35,990	777,642	279,040	-	1,767,585		
Disposal	-	-	-	-	-	-	-	-		
Depreciation charged	-	(11,350,645)	(527,503)	(14,407)	(423,981)	(135,631)	(143)	(12,452,310)		
Closing net book value	722,434,956	215,662,246	2,398,064	84,624	1,407,865	671,337	576	942,659,667		

As at June 30, 2024

Cost	722,434,956	1,082,228,698	604,634,840	9,887,287	11,389,871	2,614,075	22,903,488	2,456,093,215		
Accumulated depreciation	-	(866,566,452)	(602,236,776)	(9,802,663)	(9,982,006)	(1,942,738)	(22,902,912)	(1,513,433,548)		
Net book value	722,434,956	215,662,246	2,398,064	84,624	1,407,865	671,337	576	942,659,667		
Rate of depreciation		5%	20%	20%	33%	20%	20%			

Depreciation charge for the year has been allocated as under:

	2022	2023	2024
Operating expenses	17	12,446,273	13,081,785
Administrative expenses	18	6,037	7,547
		12,452,310	13,089,332

Property, plant and equipment includes fully depreciated assets with cost of Rs. 639.65 million (2023: Rs. 639.65 million) which are still in use.

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6 LONG TERM SECURITY DEPOSITS

		2024	2023
		Rupees	Rupees
Against electricity connection			
To Lahore Electric Supply Company		5,979,520	5,979,520
Against fleet cards of Pakistan State Oil		1,005,412	945,412
		<u>6,984,932</u>	<u>6,924,932</u>

7 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2024	2023
		Rupees	Rupees
Considered good			
Advances to staff			
- for expenses		491,443	683,699
- against salary	7.1	1,726,255	1,465,423
Prepayment		387,043	388,147
Advances to suppliers		4,693	1,026,864
Other receivables			
- Income tax refunds / Advance income tax		1,793,368	29,488,517
- Profit on short term investments and bank deposits		1,304,521	3,861,999
		<u>5,707,323</u>	<u>36,914,649</u>

7.1 These are secured and interest free. These include loan against salary to acting chief executive officer amounting to Nil. (2023: Rs. 480,000/-)

8 SHORT TERM INVESTMENTS

	Note	2024	2023
		Rupees	Rupees
Term Deposit Receipts at amortized cost	8.1	<u>180,000,000</u>	<u>150,000,000</u>

8.1 The term of these deposits ranges from one month to three months. These carry markup at the rate ranging from 18.75% to 21% per annum (2023: 9.20% to 19.5% per annum).

9 CASH AND BANK BALANCES

	Note	2024	2023
		Rupees	Rupees
Cash in hand		1,902,270	1,659,563
Balances with banks			
In saving accounts	9.1	175,740,376	29,636,177
		<u>177,642,646</u>	<u>31,295,740</u>

9.1 Rate of mark-up charged at 20.50% per annum (2023: 6.0% to 13.00% per annum).

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10. PROVISIONS AND OTHER BENEFITS

	Note	2024	2023
		Rupees	Rupees
Defined benefit plan - gratuity	10.2	2,155,269	7,592,995
Other long term benefits			
Accumulated compensated absences	10.3	952,800	1,231,206
		<u>3,108,069</u>	<u>8,824,201</u>

10.1 Defined benefit plan and accumulated compensated absences were determined by an independent actuary on the basis of actuarial valuation carried out as at June 30, 2024 using the projected unit credit method.

10.2 Details of defined benefit obligation as per the actuarial valuation is as follows:

	Note	2024	2023
		Rupees	Rupees
Net liability at beginning of the year		7,592,995	9,739,564
Expenses recognized in;			
Income and expenditure	10.2.1	3,889,235	3,110,955
Other comprehensive income	10.2.1	1,101,596	788,393
		4,990,831	3,899,348
Payments made during the year		(10,428,557)	(6,045,917)
Net liability at end of the year		<u>2,155,269</u>	<u>7,592,995</u>

10.2.1 Expenses recognized in;

Income and expenditure			
Current service cost		3,502,693	2,204,213
Interest cost		386,542	906,742
		<u>3,889,235</u>	<u>3,110,955</u>
Other comprehensive income			
Actuarial loss for changes			
in financial assumptions		(5,380)	17,979
experience adjustments		1,106,976	770,414
		<u>1,101,596</u>	<u>788,393</u>
		<u>4,990,831</u>	<u>3,899,348</u>

10.3 Other long term benefits

Accumulated compensated absences			
Net liability at beginning of the year		1,231,206	1,241,260
Expenses recognized in;			
Income and expenditure	10.3.1	1,949,865	2,017,121
Other comprehensive income	10.3.1	1,189,733	451,857
		3,139,598	2,468,978
Payments made during the year		(3,418,004)	(2,479,032)
Net liability at end of the year		<u>952,800</u>	<u>1,231,206</u>

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10.37 Expenses recognized in;

Income and expenditure		
Current service cost	1,766,936	2,016,886
Interest cost	182,929	235
	<u>1,949,865</u>	<u>2,017,121</u>
Other comprehensive income		
Actuarial loss / (gain) for changes in financial assumptions	(153)	-
	<u>1,189,886</u>	<u>451,857</u>
	<u>1,189,733</u>	<u>451,857</u>
	<u>3,139,598</u>	<u>2,468,978</u>
	2024	2023

10.38 Key assumptions used in the actuarial valuation of gratuity and accumulated compensated absences

Discount rate used	14.75%	16.25%
Salary increment rate	13.75%	15.25%
Demographic assumptions		
Mortality rate	SLIC (2001-05)	SLIC (2001-05)
Retirement assumptions	Age 60	Age 60

10.39 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation and accumulated compensated absences at the reporting date had fluctuated by 100 bps with all other variables held constant, the present value of the net defined benefit obligation and accumulated compensated absences as at June 30, 2024 and 2023 would have been as follows:

	Change in assumptions		Change in assumptions	
	2024		2023	
	Increase	Decrease	Increase	Decrease
	+100bps	-100bps	+100bps	-100bps
	Rupees		Rupees	
Post employment benefits				
Staff retirement gratuity				
Discount rate	2,139,755	2,171,076	6,912,437	8,394,274
Salary increase rate	2,174,562	2,136,038	8,394,274	6,901,465
Accumulated compensated absences				
Discount rate	941,198	964,667	1,127,970	1,352,163
Salary increase rate	964,667	940,995	1,350,313	1,127,966

The sensitivity analysis of the defined benefit obligation and accumulated compensated absences to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation and accumulated compensated absences reported above.

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11.1 PAYABLE AND OTHER LIABILITIES

	Note	2024 Rupees	2023 Rupees
Creditors		7,636,472	4,812,905
Payable to Mashhad Meat Industrial Complex (MMIC)	11.1	261,286,465	261,286,465
Accrued liabilities		6,306,392	3,647,446
Withholding income tax payable		1,652,175	1,032,685
Others payables		4,255,474	4,308,558
		<u>281,136,978</u>	<u>275,088,059</u>

11.1 This represents payable against purchase of machinery and consultancy services. As per terms of the agreements signed between the Company and MMIC, this amount was to be paid to a joint venture (a partnership firm named M/S Punjab Mashhad Meat Complex (PMMC) (the JV) on behalf of MMIC being its contribution along with contribution of the Company in shape of transfer of different assets / cost incurred by the Company for establishment of a slaughter house at Shahpur Kanjaran (the project) which was to be run by the JV with profit or loss sharing by the Company and MMIC in their respective investment ratios. The funds and assets were not transferred to the joint venture. The project is currently being run by the Company. MMIC has filed a suit for recovery of this amount alongwith loss of profit, compensation and damages etc. (Refer Note 14.3). The out of court settlement of the liability is in process and it is expected that liability will be paid off in due course. The company has received funds of Rs. 161.29 million from the Government for this purpose.

12.1 Government grant

	Note	2024 Rupees	2023 Rupees
Received during the year	12.1	<u>161,286,000</u>	-

12.1 The grant is received from the Government for the purpose of out of court settlement of the amount payable to MMIC (Refer Note 11.1) and will be utilized for the said purpose. The grant will be will be recognized as income on utilization.

13.1 CURRENT PORTION OF LONG TERM LOANS

	Note	2024 Rupees	2023 Rupees
From related party Government of Punjab - Unsecured			
Loan I - Under mark up arrangement		1,266,321,000	1,266,321,000
Loan II - Interest free		224,557,000	224,557,000
	13.1	<u>1,490,878,000</u>	<u>1,490,878,000</u>

13.1 These were repayable in equal quarterly installments in five years with a grace period of two years from the date of respective tranche and were subject to interest at the rate of 0.25% per annum (2023: 0.25% per annum) and are overdue. Terms of repayment of the loan were not decided, however, the Government of Punjab has demanded its repayment. The Company has applied to the Government of Punjab to convert these loans into grant or equity which is under consideration and has suspended accrual of markup from the date of its application (Refer Note 14.1).

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NOTES, COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION**AND OTHER EXPLANATORY INFORMATION****FOR THE YEAR ENDED JUNE 30, 2024****14. CONTINGENCIES**

14.1 Provision for mark up on long term loans amounting to Rs. 24.46 million (2023: Rs. 21.26 million) has not been recorded in the books of account of the Company in view of the Company's request to the Government of Punjab to convert these loans into equity or grant with waiver of markup (Refer Note 13.1).

14.2 A case filed by a customer M/s Al-Khidmat foundation against the Company on October 14, 2020 in the Court of District Presiding Officer, Consumer Court, Lahore (the Court) claiming refund of fee and cost of sacrificial animals' meat amounting to Rs. 8.78 million, allegedly spoiled due to negligence on the part of the Company, along with damages of Rs. 50 million is pending which is being defended by the Company. The legal counsel of the Company expects favourable outcome of the case.

14.3 M/S Mashhad Meat Industrial Complex has filed a suit against the Company on September 25, 2023 for recovery of its amount alongwith loss of profit, compensation and damages etc amounting to Rs. 4.55 billion. The case is pending before the Commercial civil court at Lahore in which the proceedings are stayed in terms of the Order / Judgement dated March 12, 2023, passed by the Lahore High Court in F.A.O. No. 79041 of 2023. Being aggrieved of the judgement passed by Lahore High court, MMIC has filed a CPLA in the Supreme Court of Pakistan which has not yet been taken up the Supreme Court of Pakistan . The Company has offered to pay off the original amount to MMIC and out of court settlement is in process as also explained in Note 11.1. The Company is hopeful to settle the matter in due course with no adverse consequences to the Company.

15. OTHER INCOME

	Note	2024 Rupees	2023 Rupees
Slaughtering services revenue		212,037,200	201,709,000
Ancillary services revenue		4,794,364	11,997,600
By-product processing revenue		3,395,515	3,252,530
	15.1	<u>220,227,079</u>	<u>216,959,130</u>

15.1 Location wise break up of the income is as under:

Shahpur Kanjara	213,889,649	207,859,685
Raiwind Slaughterhouse	5,315,410	5,556,700
Kot Kamboh whole sale meat point	1,022,020	3,542,745
	<u>220,227,079</u>	<u>216,959,130</u>

16. OTHER INCOME

Profit on short term investments and bank deposits	39,365,838	23,697,384
Others	1,330,235	309,992
	<u>40,696,073</u>	<u>24,007,376</u>

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247 OPERATING EXPENSES

Salaries & wages		101,875,279	91,523,480
Social security benefits		7,976,323	6,198,831
Fuel, power and utilities		27,345,834	25,593,072
Repairs and maintenance		12,440,729	8,396,956
Stores, spare and loose tools consumed		17,826,209	9,581,057
Security charges		3,865,716	3,467,833
Printing and stationery		5,871,584	5,622,389
Workers transportation charges		4,968,230	4,218,877
Postage and communication		644,515	634,699
Depreciation	5.1	12,446,273	13,081,785
Others		5,154,307	3,087,020
		<u>200,414,999</u>	<u>171,405,999</u>

248 ADMINISTRATIVE EXPENSES

	Note	2024 Rupees	2023 Rupees
Salaries and benefits	18.1	43,600,275	37,623,061
Vehicle running and maintenance		8,525,452	7,385,611
Travelling expenses		147,000	55,000
Legal and professional		1,296,000	895,800
Auditors fee		420,000	399,500
Advertisement, printing and stationery		130,944	10,685
Rent, rates and taxes		76,680	57,060
Depreciation	5.1	6,037	7,547
Utilities		23,008	55,992
Fee and subscription		156,757	79,970
		<u>54,382,153</u>	<u>46,570,226</u>

Salaries and benefits include gratuity and leave encashment benefits amounting to Rs. 5,839,100/- (2023: Rs. 5,218,076/-)

249 PROVISION FOR TAXATION

The Company is approved as a non-profit organization under section 2 (36) of the Income Tax Ordinance 2001, hence no provision for current and deferred taxation has been made in these financial statements as income of the Company is subject to 100% tax credit under section 100C of the Income Tax Ordinance 2001 as the Company is approved as a non-profit organization under section 2 (36) of the Income Tax Ordinance 2001.

250 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 as under:

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	Chief Executive Officer		Executives	
	2024	2023	2024	2023
	Rupees	Rupees	Rupees	Rupees
Salaries	3,649,800	3,851,980	14,766,135	11,682,586
Mobile allowance	70,500	60,000	332,750	318,000
Medical	321,962	75,000	1,309,338	450,559
Gratuity and other benefits	3,123,973	1,067,983	8,654,232	6,677,629
	<u>7,166,235</u>	<u>5,054,963</u>	<u>25,062,455</u>	<u>19,128,774</u>
Number of employees	2	1	9	8

2024 Full time CEO has been appointed as at the year in place of acting CEO. The Chief Executive Officer is entitled to use the Company maintained car. Monetary value of the vehicle running and maintenance was Rs. 910,356/- (2023: Rs. 1,019,053/-)

21. NUMBER OF EMPLOYEES

	2024	2023
	Numbers	Numbers
Total number of employees at year end	293	290
Average number of employees during the year	289	294

22. CAPACITY AND UTILIZATION

	2024	2023
	Numbers	Numbers
Beef:		
Installed capacity	132,000	132,000
Capacity utilized	46,145	52,587
Mutton:		
Installed capacity	1,584,000	1,584,000
Capacity utilized	821,968	853,135

2024 **Reasons for shortfall**

- Poor enforcement mechanism over illegal slaughtering by the concerned government
- Other economical and social factors beyond the control of the Company.

23. RELATED PARTY TRANSACTIONS

Related parties comprise of Government of Punjab, Lahore Meat Processing Complex, Punjab Mashad Meat Complex and other Government owned entities and key management personnel. A number of entities owned directly/indirectly by the Government of Pakistan (GOP) are the related parties of the Company due to significant influence of the GOP over the Company. The names of those related parties cannot be disclosed, however can be checked online Remuneration and benefits to key management personnel are disclosed in Note 20. There are no significant transactions with other related parties during the year.

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NOTES, COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION**AND OTHER EXPLANATORY INFORMATION****FOR THE YEAR ENDED JUNE 30, 2024****24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company finances its operations through the mix of debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimize risk. The overall risk management is carried out by the finance department under oversight of the Board of Directors in line with the policies approved by the Board.

24.1 Financial Instruments by Category

	Note	2024 Rupees	2023 Rupees
Financial assets at amortized cost:			
Long-term security deposits	6	6,984,932	6,924,932
Receivable from customers		612,747	239,482
Security deposits and other receivables	7	3,030,776	6,292,354
Short term investments	8	180,000,000	150,000,000
Cash and bank balances	9	177,642,646	31,295,740
		<u>368,271,101</u>	<u>194,752,508</u>
Financial liabilities at amortized cost:			
Long term loans	13	1,490,878,000	1,490,878,000
Post employment benefits	10	3,108,069	8,824,201
Trade and other payables	11	279,484,803	274,055,374
Accrued mark-up on long term loans		12,516,009	12,516,009
		<u>1,785,986,881</u>	<u>1,786,273,584</u>

24.2 Financial Instruments and Related Disclosures

The Company's activities expose to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below:

24.2.1 Credit Risk and Concentration of Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company manages its credit risk by setting credit limits and by assessing the credit worthiness of counter parties. The Company manages concentration of credit risk by increasing number of its counter parties, and hence is not exposed to any significant credit risk. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2024 Rupees	2023 Rupees
Long-term security deposits	6	6,984,932	6,924,932
Receivable from customers		612,747	239,482
Security deposits and other receivables	7	3,030,776	6,292,354
Short term investments	8	180,000,000	150,000,000
Bank balances	9	175,740,376	29,636,177
		<u>366,368,831</u>	<u>193,092,945</u>

Due to Company's long standing relations with other counterparties and after giving due consideration to their financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company. The credit risk exposure is limited in respect of bank balances as these are placed with local banks having good credit rating.

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NOTES, COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION**AND OTHER EXPLANATORY INFORMATION****FOR THE YEAR ENDED JUNE 30, 2024****27.272 Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Following are the contractual maturities of financial liabilities as at June 30, 2024 and 2023.

	Carrying Amount	Contractual Cash Flows	Payable within one year
	Rupees		
2024			
Long term loans	1,490,878,000	1,490,878,000	1,490,878,000
Trade and other payables	279,484,803	279,484,803	279,484,803
Post employment benefits	3,108,069	3,108,069	3,108,069
Accrued mark-up on long term loans	12,516,009	12,516,009	12,516,009
	<u>1,785,986,881</u>	<u>1,785,986,881</u>	<u>1,785,986,881</u>
2023			
Long term loans	1,490,878,000	1,490,878,000	1,490,878,000
Trade and other payables	274,055,374	274,055,374	274,055,374
Post employment benefits	8,824,201	8,824,201	8,824,201
Accrued mark-up on long term loans	12,516,009	12,516,009	12,516,009
	<u>1,786,273,584</u>	<u>1,786,273,584</u>	<u>1,786,273,584</u>

No provision for markup on long term loans is made for the reason explained in Note 13.1. The Company has liquid assets of Rs. 361.01 million (2023: Rs. 187.82 million) at the reporting date to manage the liquidity risk and has applied to the Government of Punjab for conversion of loans into equity or grant to manage the liquidity risk.

27.273 Market Risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

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. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements. The Company is not exposed to any significant interest rate risk.

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

The Company does not account for any variable rate financial assets and liabilities at fair value through profit and loss, therefore a change in interest rates at the reporting date would not affect income or expenditure.

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. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. The Company is not exposed to any currency risk.

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Equity price risk

Trading and investing in quoted equity securities give rise to equity price risk. The Company is not exposed to any equity price risk.

23.7.1 Fair Values of Financial Instruments

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

23.8 Capital/Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may obtain / repay funds from / to the Government of Punjab.

The Company is exposed to capital risk mainly due to long term loans payable to the Government of Punjab. The Company has applied for conversion of long term loans into grant or equity which is still under consideration.

23.9 AUTHORITY AND APPROVAL FOR ISSUANCE

The Board of Directors of the Company has authorized the financial statements for issuance on 13 OCT 2024

2.6 GENERAL

Figures have been rounded off to the nearest Rupee.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR