PAKISTAN HORTICULTURE DEVELOPMENT AND EXPORT COMPANY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2024

Independent Auditor's Report to the Members' of
Pakistan Horticulture Development & Export Company

Report on the audit of the financial statements

Qualified opinion

We have audited the annexed financial statements of **Pakistan Horticulture Development & Export Company ('the Company')**, which comprise the statement of financial position as at June 30, 2024, the income and expenditure statement, statement of comprehensive income, the statement of changes in net assets, the statement of cash flows for the year, 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 explanations given to us , except for the matters described in '*Basis for qualified opinion section'* of our report, the statement of financial position as at June 30, 2024, the income and expenditure statement and statement of comprehensive income, the statement of changes in net assets, 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 of the surplus and the comprehensive income, the changes in net assets and its cash flows for the year then ended.

Basis for qualified opinion

(a) Long term loans and advances are carried at Rs. 4,499,309/- in the statement of financial position which are long outstanding. Since we have neither received direct balance confirmation from the third party nor the said balances were subsequently cleared, therefore, we were unable to obtain sufficient appropriate audit evidence about the carrying amount of the aforementioned loan and advances as at June 30, 2024. Consequently, we were also unable to determine whether any adjustment to these amounts is necessary.

(b) Advances prepayments and other receivables are carried at Rs. 1,342,114/- in the statement of financial position which include balances to the extent of Rs. 625,739/- which are long outstanding. The management is positive about the recoverability of these receivables; however, we were unable to obtain sufficient appropriate audit evidence as to their recoverability, adequacy of relevant provisioning and any possible adjustments that may be required in the accompanying financial statements as at June 30, 2024.

(c) Trade and other payables are carried at Rs. 3,573,314/- in the statement of financial position which include balances to the extent of Rs. 1,715,915/ and due to related parties amounting to Rs. 633,849/- which are long outstanding.

The management has shown its intention pay these amounts. However, we were unable to obtain sufficient appropriate audit evidence about the carrying amount of these long outstanding payables as at June 30, 2024 as we have neither aware of the terms of their payments nor received direct balance confirmation from the third parties and the balances were also not subsequently cleared. Consequently, we were unable to determine whether any adjustment to these amounts is necessary.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter

Without qualifying our opinion, we would like to draw attention to Note 16.1 to the financial statements which describes the uncertainty related to lawsuit filed against the company, we are unaware of any outcome or uncertainty related to pending litigation and we have not received any direct confirmation from the legal advisor. Further, we are not aware of any other contingency which require disclosure because we have not received any external legal confirmation. Our opinion is not qualified 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 obtained at the date of auditor's report is 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 on the other information obtained prior to the date of this auditor's report, 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 Managing Committee 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 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate to those charged with governance 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:

a) Except for the matters described in the *Basis of qualified opinion* section of our report proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) Except for the matters described in *Basis of qualified opinion* section of our report the statement of financial position, the income and expenditure statement, statement of comprehensive income, the statement of changes in net assets 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 but not in agreement with tax returns;

c) Investments made and expenditure incurred 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).

Engagement partner on the audit resulting in this independent auditor's report is Gohar Manzoor.

Chartered Accountants

Place: Islamabad

Date: October 24, 2024

UDIN: AR202410755zQMZvG5P1

PAKISTAN HORTICULTURE DEVELOPMENT & EXPORT COMPANY
(A Company Incorporated under section 42 of the Companies Ordinance, 1984 -Repealed)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024	2023
		------------Rupees------------	
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	**2,961,198**	2,091,925
Long term loans and advances	6	**4,499,309**	4,499,309
Long term security deposits	7	**302,500**	302,500
Right of use assets	8	**5,018,221**	-
		12,781,228	6,893,734
CURRENT ASSETS			
Advances prepayments and other receivables	9	**1,342,114**	1,428,859
Accrued income		**154,672**	405,166
Advance tax		**13,586,327**	13,586,240
Short term investment	10	**1,999,778,071**	1,666,483,515
Cash and bank balances	11	**11,186,953**	16,130,519
		2,026,048,137	1,698,034,299
TOTAL ASSETS		**2,038,829,365**	1,704,928,033
LIABILITIES AND NET ASSETS			
NON-CURRENT LIABILITIES			
Long term lease liabilities	14	**2,933,897**	-
CURRENT LIABILITIES			
Trade and other payables	12	**3,573,314**	11,405,446
Due to related parties-considered doubtful	13	**633,849**	633,849
Current portion of long term lease liabilities	14	**2,486,355**	-
		6,693,518	12,039,295
NET ASSETS			
Restricted net assets			
Operating		**1,029,201,950**	692,888,738
Endowment contributions	15	**1,000,000,000**	1,000,000,000
		2,029,201,950	1,692,888,738
		2,038,829,365	1,704,928,033
CONTINGENCIES AND COMMITMENTS	16	-	-

The annexed notes from 1 to 24 form an integral part of these financial statements. RASf

CHIEF EXECUTIVE **DIRECTOR**

PAKISTAN HORTICULTURE DEVELOPMENT & EXPORT COMPANY

(A Company Incorporated under section 42 of the Companies Ordinance, 1984 -Repealed)

INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		------------Rupees------------	
Income			
Other income	17	**385,269,538**	248,639,068
Expenditures			
Salaries, wages and other benefits		**31,675,044**	19,276,110
Travelling and conveyance		**2,706,187**	7,534,681
Board meeting expenses		**1,587,104**	2,565,425
Vehicle running expenses		**699,120**	965,913
Utilities		**879,670**	1,661,461
Auditor's remuneration	16	**80,000**	81,200
Office rent		**780,360**	7,047,321
Legal and professional charges		**100,540**	155,710
Printing and stationery		**994,157**	52,972
Repair and maintenance		**908,227**	3,895,096
Depreciation	5 & 8	**3,085,611**	331,739
Outsourcing		**-**	1,356,852
Interest expense		**1,354,920**	-
Postage and courier expenses		**67,858**	13,356
Bank charges		**11,030**	850
Trade promotional expenses		**3,499,477**	2,392,450
Newspaper, books and periodicals		**373,336**	12,430
Fee and subscription		**153,685**	19,074
Miscellaneous		**-**	515,409
		(48,956,326)	(47,878,049)
Surplus before taxation		**336,313,212**	200,761,019
Taxation	4.12	**-**	-
Surplus after taxation		**336,313,212**	200,761,019

The annexed notes from 1 to 24 form an integral part of these financial statements. RA88

CHIEF EXECUTIVE **DIRECTOR**

PAKISTAN HORTICULTURE DEVELOPMENT & EXPORT COMPANY
(A Company Incorporated under section 42 of the Companies Ordinance, 1984 -Repealed)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	Rupees	
Surplus of income over expenditure after taxation	**336,313,212**	200,761,019
Other comprehensive income	-	-
Total comprehensive income for the year	**336,313,212**	200,761,019

The annexed notes from 1 to 24 form an integral part of these financial statements. RASJ

CHIEF EXECUTIVE **DIRECTOR**

PAKISTAN HORTICULTURE DEVELOPMENT & EXPORT COMPANY
(A Company Incorporated under section 42 of the Companies Ordinance, 1984 -Repealed)
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

	Restricted		
	Operating	Endowment contributions	Total
	----Rupees----		
Balance as at June 30, 2022	492,127,719	1,000,000,000	1,492,127,719
Surplus for the year	200,761,019	-	200,761,019
Balance as at June 30, 2023	692,888,738	1,000,000,000	1,692,888,738
Surplus for the year	**336,313,212**	**-**	**336,313,212**
Balance as at June 30, 2024	**1,029,201,950**	**1,000,000,000**	**2,029,201,950**

The annexed notes from 1 to 24 form an integral part of these financial statements. RASS

CHIEF EXECUTIVE

DIRECTOR

PAKISTAN HORTICULTURE DEVELOPMENT & EXPORT COMPANY

(A Company Incorporated under section 42 of the Companies Ordinance, 1984 -Repealed)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		----------Rupees----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before taxation		**336,313,212**	200,761,019
Adjustment for non-cash expenses:			
Depreciation	5 & 8	**3,085,611**	331,739
Interest income	15	**(385,269,538)**	(248,639,068)
Financial charges		**1,365,951**	850
Operating cash flows before working capital changes		**(44,504,764)**	(47,545,460)
Working capital changes:			
Decrease in advances and other receivables		**86,745**	940,619
Decrease in accrued income		**250,494**	-
(Decrease)/increase in trade and other payables		**(7,832,132)**	3,209,222
		(7,494,893)	4,149,841
Cash (used in) operations		**(51,999,657)**	(43,395,619)
Financial charges paid		**(11,030)**	(850)
Tax paid		**(87)**	-
Rentals paid		**(3,462,000)**	-
Interest income received		**287,010,913**	248,332,794
Net cash generated from operating activities		**231,538,139**	204,936,325
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property and equipment	5	**(1,445,773)**	(1,174,010)
Short term investment redeemed		**5,768,652,700**	-
Short term investment made		**(6,003,688,632)**	(200,383,984)
Net cash (used in) investing activities		**(236,481,705)**	(201,557,994)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash generated from financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		**(4,943,566)**	3,378,331
Cash and cash equivalents at the beginning of the year		**16,130,519**	12,752,188
Cash and cash equivalents at the end of the year	11	**11,186,953**	16,130,519

The annexed notes from 1 to 24 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

PAKISTAN HORTICULTURE DEVELOPMENT & EXPORT COMPANY
(A Company Incorporated under section 42 of the Companies Ordinance, 1984 -Repealed)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. The company and its operations

1.1 "The Pakistan Horticulture Development & Export Company ("the Company") was incorporated on 15 July, 2009 under section 42 of the Companies Ordinance, 1984 -Repealed) sponsored by Ministry of Commerce, Government of Pakistan. The registered office of the company is situated at Ground Floor, State Life Building no. 05, Phase-II, Jinnah Avenue, Blue Area, Islamabad, Pakistan. The main objectives of the Company are to regulate, promote and co-ordinate the export of horticulture products for economic welfare of all the stakeholders in the horticulture value chain and also introduce Pakistan to the high-end international markets through strategies initiative of the value chain.

1.2 Securities and Exchange Commission of Pakistan had granted lifetime exemption to companies registered under section 42 of the Companies Act, 2017 through S.R.O.1574(I)/2021.

2 Basis of preparation

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the Accounting Standard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP), International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as applicable in Pakistan i.e. as notified under the Companies Act, 2017 and provisions and directives issued under Companies Act, 2017 and the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE ACT 2023). Where provisions and directives issued under Companies Act, 2017 differ from IFRS standards, the provisions and directives issued under Companies Act, 2017 have been followed.

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee.

2.3 Changes in accounting standards and interpretations

2.3.1 Standards and amendments to approved accounting standards that are not yet effective:

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the company's annual accounting periods beginning on or after July 1, 2024. However, these will not have any impact on the company's financial reporting and therefore, have not been disclosed in these financial statements.

2.3.2 Amendments to accounting and reporting standards and interpretations which became effective during the year ended June 30, 2024

There are certain amendments that became applicable for the Company during the year but are not considered to be relevant or did not have any significant effect on the Company's operations and have, therefore, not been disclosed in these financial.

3 Basis of measurement

These financial statements have been prepared in accordance with the historical cost convention without any adjustment for the effects of inflation or the prevailing values. The Company material accounting policy information are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgment or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements.

Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas involving high degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.1 Accounting estimates

The preparation of financial statements in conformity with approved accounting standards requires 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 are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values 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. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4 Material accounting policy information

The Company adopted disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice statements 2 'Making Materiality Judgments') from 01 July, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that user need to understand other information in the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 Right-of-use asset

The Company recognises a right-of-use asset at the commencement date of the lease. Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

The cost comprises of the following:

- The amount of initial measurement of lease liabilities;
- Any lease payments made at or before the commencement date less any incentives received any initial direct costs;
- Restoration costs. RASS

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

4.2 Leases

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments at the lease commencement date the Company uses its incremental borrowing rate (IBR). The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of use asset in a similar economic environment. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the extension, renewal or termination option in a lease contract. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

The gain or loss on termination of a lease is recognised as an income or expense in the statement of profit or loss and other comprehensive income at the time of termination.

4.3 Financial Instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company losses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

i. Financial Assets

Classification

Financial assets are classified in following three categories:

a. Amortized cost where the effective interest rate method will apply
b. Fair value through other comprehensive income
c. Fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

a. Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other operating gains/(losses), together with foreign exchange gains and losses.

b. Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of profit or loss and recognized in other income / charges. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / charges and impairment expenses are presented as separate line item in the statement of profit or loss.

c. Fair value through profit and loss (FVTPL)

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in the statement of profit or loss and presented net within other operating gains / (losses) in the period in which it arises.

De-recognition

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of

RAS 8

the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

Effective July 1, 2018, the Company assesses on a forward-looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:
- Trade receivables
- Deposits and other receivables
- Short term investments
- Cash and bank balances

General approach for short term investment, deposits and other receivables and cash and bank balances

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward-looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognized when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognized without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

a. Significant increase in credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk:
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and

RAS

- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

b. Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, in case of trade debts, the Company considers that default has occurred when a financial asset is more than 18 months past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

c. Credit - impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Recognition of loss allowance

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Write-off

The Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

ii. Financial liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

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

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

a) 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.

b) Amortized cost

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 the statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

Off-setting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts, and the Company either intends to settle on a net basis, or realize the asset and settle the liability simultaneously. 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 bankruptcy of the Company or the counter party.

4.4 Property and equipment

Property and equipment including additions are stated at cost, less accumulated depreciation. Depreciation is charged on straight line method at the rates specified in Note 5 to write off the cost of an asset over its estimated useful life. Depreciation is charged from the month of acquisition of the assets while no depreciation is charges in the month in which asset are disposed off.

Normal repairs and maintenance are charged to current year's income as and when incurred, while major renewals and improvements are capitalized if it is probable that the respective future economic benefits will flow to the Company and the cost of the item can be measured reliably, and asset so replaced, if any, are retired.

Gains and losses on disposal of property and equipment are included in statement of income and expenditure.

4.5 Impairment of Assets

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount

RA88

of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss.

4.6 Advances and other receivable

Advances and other receivable are carried at original amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.7 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the statement of financial position. For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand and bank balances.

4.8 Trade and other payable

Trade and other payable are recognized at cost which as the fair value of the consideration to be paid in future for goods and services. The recoverable amount is equal to fair value

4.9 Related party transactions

The Company enters into transactions with related parties on an arm's length basis except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

4.10 Unrestricted contributions

An unrestricted contribution is a contribution that is neither a restricted contribution nor an endowment contribution.

4.11 Restricted contributions

A restricted contribution is a contribution subject to externally imposed stipulations that specify the purpose for which the contributed asset is to be used. A contribution restricted for the purchase of a capital asset or a contribution of the capital asset itself is a type of restricted contribution.

4.12 Endowment contributions

An Endowment contribution is a type of restricted contribution subject to externally imposed stipulations specifying that the resources contributed be maintained permanently, although the constituent assets may change from time to time. It represents restricted fund received by the PHDEC where the principal sum is held for investment while the income earned is expendable for the specific purpose outlined in endowment fund rules and accounting procedures. RA88

4.13 Revenue recognition

The Company follows the deferral method of accounting for contributions, which include government grants only. Restricted contributions are recognized as revenue when received or receivable.

- Endowment contributions are recognized as direct increases in endowment net assets.
- Income on bank deposits and short-term investments are recognized using the effective yield method.

4.14 Taxation

No incidence of tax as the Company has been issued certificate for non-profit organization under section 2(36) of the Income Tax Ordinance, 2001 (Ordinance) under which it is entitled to tax credit under section 100 C of the Ordinance.

4.15 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement.

4.16 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts and the Company intends to settle on a net basis or realize the asset and settle the liability simultaneously.

5 PROPERTY AND EQUIPMENT

5.1 Reconciliation of the carrying amounts at the beginning and end of the year is as follows:

Particulars	Cost				Rate	Accumulated depreciation				Written down
	As at July 01, 2023	Additions	Deletion	As at June 30, 2024	%	As at July 01, 2023	Charge for the year	Deletion	As at June 30, 2024	value as at June 30, 2024
	-------------Rupees-----------					-------------Rupees-----------				----Rupees----
Furniture and fixture	1,378,174	-	-	**1,378,174**	*10*	108,094	137,823	-	245,917	**1,132,257**
Computer and peripherals equipment	2,343,571	1,021,563	-	**3,365,134**	*33.33*	2,343,571	266,437	-	2,610,008	**755,126**
Office equipment	1,450,312	424,210	-	**1,874,522**	*10*	724,717	139,240	-	863,957	**1,010,565**
Generator	96,996	-	-	**96,996**	*20*	96,996	-	-	96,996	**-**
Vehicles	7,245,282	-		**7,245,282**	*20*	7,149,032	33,000	-	7,182,032	**63,250**
2024	**12,514,335**	**1,445,773**	**-**	**13,960,108**		**10,422,410**	**576,500**	**-**	**10,998,910**	**2,961,198**

5.2 The cost of fully depreciated assets which are still in use as at June 30, 2024 is **Rs. 11,092,702 /-** (2023: Rs. 8,133,503/-)

Particulars	Cost				Rate	Accumulated depreciation				Written down
	As at July 01, 2022	Additions	Deletion	As at June 30, 2023	%	As at July 01, 2022	Charge for the year	Deletion	As at June 30, 2023	value as at June 30, 2023
	-------------Rupees-----------					-------------Rupees-----------				----Rupees----
Furniture and fixture	234,164	1,144,010	-	1,378,174	*10*	66,180	41,914	-	108,094	1,270,080
Computer and peripherals equipment	2,343,571	-	-	2,343,571	*33.33*	2,219,342	124,229	-	2,343,571	-
Office equipment	1,420,312	30,000	-	1,450,312	*10*	592,121	132,596	-	724,717	725,595
Generator	96,996	-	-	96,996	*20*	96,996	-	-	96,996	-
Vehicles	7,245,282	-	-	7,245,282	*20*	7,116,032	33,000	-	7,149,032	96,250
2023	11,340,325	1,174,010	-	12,514,335		10,090,671	331,739	-	10,422,410	2,091,925

	Note	2024	2023
		----------Rupees----------	

6. LONG TERM LOANS AND ADVANCES

	Note	2024	2023
Unsecured -considered good:			
Loan/advance to Ex- Chief Executive Officer	6.1	**282,352**	282,352
Others loan	6.2	**4,216,957**	4,216,957
		4,499,309	4,499,309

6.1 This represents advance/loan given to former Chief Executive Officer (Mr. Bashir Hussain) of the Company in prior years for official activities and personal purpose.

6.1.1 The former CEO of the Company terminated by Ministry of Commerce "MOC" vide its Notification No. 22(3)/2013-Admn-III dated May 07, 2015. Maximum aggregate amount due at any time during the year by reference to month end balance was **Rs. 282,352/-** (2023: 282,352).

6.2 Others loan

	Note	2024	2023
Loan to related party	6.2.1	**3,776,375**	3,776,375
Loan to employee	6.2.2	**440,582**	440,582
		4,216,957	4,216,957

6.2.1 This represent non-contractual, unsecured and interest free soft loan given to Pakistan Hortifresh Processing (Private) Limited that is established under a joint venture arrangement between Pakistan Horticulture Development & Export Company (PHDEC) and Durrani Associates. PHDEC has 50% profit sharing in the Company based on the said agreement. Maximum aggregate amount due at any time during the year by reference to month end balance was **Rs. 3,776,375/-** (2023: 3,776,375).

6.2.2 These represent unsecured interest free soft loan given to an employee of the Company for construction of house and is repayable in 50 equal monthly installments started from Sep 2013 and ending in September 2017. No loss allowance is created, as management is confident that whole amount will be recovered.Maximum aggregate amount due at any time during the year by reference to month end balance was **Rs. 440,582/-** (2023: 440,582).

7. LONG TERM SECURITY DEPOSITS

	2024	2023
Against PSO fleet cards	**300,000**	300,000
Against Nayatel	**2,500**	2,500
	302,500	302,500

8. RIGHT OF USE ASSETS

Movement in right of use asset during the year is as follows:

	2024	2023
Opening balance- July 1,2023	-	-
Addition during the year	**7,527,332**	-
Depreciation during the year	**(2,509,111)**	-
Closing balance - June 30,2024	**5,018,221**	-

9. ADVANCES PREPAYMENTS AND OTHER RECEIVABLES

	Note	2024	2023
Unsecured advances -considered good	9.1	**698,120**	226,120
Unsecured advances -considered doubtful	9.2	**202,748**	202,748
Prepayments		**18,255**	577,000
Other receivable	9.3	**607,250**	607,250
		1,526,373	1,613,118
Less: Provision for doubtful debts		**(184,259)**	(184,259)
		1,342,114	1,428,859

9.1 Unsecured advances -considered good

	2024	2023
against expenses	**698,120**	226,120

Rasgf

	Note	2024	2023
		----------*Rupees*----------	

9.2 Unsecured advances -considered doubtful

	Note	2024	2023
to suppliers		**7,024**	7,024
due from Board of Directors	*9.2.1*	**11,465**	11,465
employees		**184,259**	184,259
		202,748	202,748

9.2.1 This represent amount due from Board of Directors for attending the meetings of BOD held in the pervious years.

9.3 Other receivable

	Note	2024	2023
Considered good	*9.3.1*	**607,250**	607,250

9.3.1 Maximum aggregate amount due from different projects, that are sponsored by Ministry of Commerce, Government of Pakistan, with reference to end of any month during the year was **Rs. 607,250/-** (2023: 607,250/-).

10. SHORT TERM INVESTMENT

	Note	2024	2023
Treasury bills (T-bills) - at amortized cost	*10.1*	**1,873,544,938**	1,638,509,006
Accrued profit on T-bills		**126,233,133**	27,974,509
		1,999,778,071	1,666,483,515

10.1 These are investmensts in treasury bills by National Bank of Pakistan which yield interest rate ranging from **19.707% to 22.643%** (2023: 15.573% to 21.988%).

11. CASH AND BANK BALANCES

	Note	2024	2023
At banks -saving accounts-local currency	*11.1*	**11,186,953**	16,130,519

11.1 The balances in saving accounts bear mark-up at rate of **13.45% to 22.55%** (2023: 12.25% to 19.5%) semi-annually.

12. TRADE AND OTHER PAYABLES

	Note	2024	2023
Creditors-unsecured	*12.1*	**1,547,257**	9,846,533
Accrued expenses		**1,409,361**	876,588
Income tax payable		**94,897**	97,179
Audit fee payable		**80,600**	81,200
Due to board of directors		**10,000**	10,000
Contribution payable		**7,993**	70,740
Others	*12.2*	**423,206**	423,206
		3,573,314	11,405,446

12.1 Creditors-unsecured

	2024	2023
Considered-good	**878,468**	9,177,744
Considered-doubtful	**668,789**	668,789
	1,547,257	9,846,533

12.2 This includes **Rs. 25,000/-** (2023: Rs.25,000/-) payable to Paras Food (Private) Limited, which is sponsored by Ministry of commerce, Government of Pakistan and executives of the Company respectively. RA88

13. DUE TO RELATED PARTIES-CONSIDERED DOUBTFUL

This represents funds received from Agribusiness Development and Diversification Project (ADDP) and Agriculture Sector Linkage Program (ASLP).

14. LEASE LIABILITIES

	2024	2023
	----------*Rupees*----------	
Opening balance - July1, 2023	-	-
Addition during the year	**7,527,332**	-
Lease laibilites settled during the year	**(2,107,080)**	-
Closing balaance - June 30,2024	**5,420,252**	-
Current portion of lease liabilities	**2,486,355**	-
Non-current portion of lease liabilities	**2,933,897**	-

15. ENDOWMENT CONTRIBUTIONS

This represent amount received from Government of Pakistan, Ministry of Commerce, against sanction letter # 3(1)/2018-SO(M&I) dated June 29, 2018 and letter # 1(2)/2014-SO(TP) dated June 30, 2017 in respect of Institutional Strengthening of PHDEC". The funds can be utilized in accordance with endowment fund rules and accounting procedure which are under approval of competent authority.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies:

The Company is exposed to uncertainty related to the outcome of the lawsuit filed against the company by various parties through following case:

A suit has been filed by Mr. Abdul Qadeer Khan Durrani in which the company is made a party, whereby it has been claimed by the plantiff that the company did not fulfill its obligations towards Pakistan Hortifresh Processing (Private) Limited (a project in which the company is a profit sharing party through a JV agreement). The case is pending before the Sindh High Court.
Pakistan Horti-Fresh (Pvt.) Limited is a joint venture between PHDEC and Durrani Assiciates. Since the joint venture partner has not complied to the terms and conditions laid down in the agreement including holding of board meetings, ensuring the audited financial are presented to the board, sharing of company accounts. PHDEC has filed winding up of Pakistan Horti-Fresh (Pvt.) Limited in Lahore High Court in April 2021.

16.2 Commitments:

The Company is not exposed to any Commitments as on reporting date.

17. OTHER INCOME

Profit on deposit with banks	**3,716,225**	3,421,028
Profit on Investment	**381,553,313**	245,218,040
	385,269,538	248,639,068

RASS

	Note	2024	2023
		---------Rupees---------	

18. AUDITOR'S REMUNERATION

Audit fee		**68,400**	69,600
Certification services		**11,600**	11,600
		80,000	81,200

19. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

The aggregate amounts charged in these financial statements for the year in respect of benefits to the Chief Executive of the Company are as follows:

Salaries		**-**	-
Allowances	*19.1*	**2,853,543**	1,433,876
Number of persons		**1**	1

19.1 In addition to above, Chief Executive Officer has been provided with the Company's maintained car, mobile and laptop facility.

19.2 No remuneration has been paid during the year to the Directors. (2023: Nill) However, the aggregate amount charged in the financial statements for the year as fees to Directors is **Rs. 1,470,000/-** (2023: Rs. 2,045,000/-) for attending Board of Directors meetings.

20. TRANSACTIONS WITH RELATED PARTIES

The Company is wholly owned and sponsored by Ministry of Commence, Government of Pakistan. Its related parties comprise of Chief Executive Officer, member of Board of Directors (BoD) of the Company, Joint venture, management and those companies which are owned and operated by Ministry of Commerce, Government of Pakistan and have a relationship with the company by virtue of common directorship. Transactions and balances with those and others related parties are given in respective notes to these financial statements. Other significant transactions with related parties are as follows:

Nature of relationship	Nature of transactions	2024	2023
Associated company	Electricity bill reimbursement	**359,632**	1,216,799
	Office Rent	**4,242,360**	7,047,321
		4,601,992	8,264,120

20.1. Following are the related parties with whom the Company had entered into transactions or have arrangement/ agreement in place:

Company name	Basis of association	Aggregate % of shareholding
Ministry of Commerce - Government of Pakistan	Owned/sponsored	-
State life insurance corporation of pakistan	Common controls	-

20.2. Consideration for services is determined with mutual agreement considering the level of services provided. Expenses charged by / to the Company are determined on actual cost basis. Particulars of remuneration of Chief Executive, Directors and Executives are disclosed in note 17 to these financial statements.

20.3. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers Chief Executive Officer and the Directors to be key management personnel. RA88

21 FINANCIAL RISK MANAGEMENT

The Company does not have investments in equity or debt instrument. The Board of Directors of Company has overall responsibility for establishment and oversight of the Company's risk management framework. The Company has exposure to following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

21.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system, etc. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

21.1.1 Exposure to credit risk

Credit risk of the Company arises principally from the advances and other receivables, accrued income, short term investment and bank balances. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment & operational guidelines approved by the Board of Directors. In addition, credit risk is also minimized due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency.

The maximum exposure to credit risk at period end is as follows:	**2024**	2023
	--------- *(Rupees)* ---------	
Long term loans and advances	**4,499,309**	4,499,309
Long term security deposits	**302,500**	302,500
Advances and other receivables	**1,323,859**	871,859
Accrued income	**154,672**	405,166
Short term investment	**1,999,778,071**	1,666,483,515
Cash and bank balances	**11,186,953**	16,130,519
	2,017,245,364	1,688,692,868

21.1.2 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows:

Bank	**Rating Agency**	**Rating** Short term	**Rating** Medium to long term
National Bank of Pakistan	PACRA	A1+	AAA
JS Bank Limited	PACRA	A1+	AA
U micro Finance Bank Limited	PACRA	A1	A+

RASS

21.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

	Carrying amount	Contractual cash flows	Six to twelve months	One to two years	Two to five years
			Rupees		
June 30, 2024					
Trade and other payables	**3,573,314**	**3,573,314**	**2,302,848**	**-**	**1,270,466**
Due to related parties-considered doubtful	**633,849**	**633,849**	**-**	**-**	**633,849**
	4,207,163	**4,207,163**	**2,302,848**	**-**	**1,904,315**
June 30, 2023					
Trade and other payables	11,405,446	11,405,446	10,134,980	-	1,270,466
Due to related parties -considered doubtful	633,849	633,849	-	-	633,849
	12,039,295	12,039,295	10,134,980	-	1,904,315

On the balance sheet date, the Company has cash and bank balances of**Rs. - 11,188,927/-** (2023: Rs. 16,130,244)

21.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines.

Market risk comprises of three types of risk:

- Currency risk
- Interest rate risk
- Other price risk

Yield / interest rate sensitivity position for 'on balance sheet financial instruments' is based on the earlier of contractual repricing or maturity date. The company's market rate of return sensitivity related to financial assets and financial liabilities as at 30 June 2024 can be determined from the following:

	June 30, 2024				
		Exposed to interest rate risk			
	Effective rate of return	Upto one year	More than one year	Not exposed to interest	Total
			Rupees		
Financial assets					
Long term loans and advances		-	-	4,499,309	4,499,309
Long term security deposits		-	-	302,500	302,500
Advances and other receivables		-	-	1,323,859	1,323,859
Accrued income		-	-	154,672	154,672
Investment	19.7% to 22.6%	1,999,778,071	-	-	1,999,778,071
Cash and bank balances	12.25% to 19.5%	11,186,953	-	-	11,186,953
		2,010,965,024	-	6,280,340	2,017,245,364

RAC8

	June 30, 2024				
Financial liabilities					
Trade and other payables		-	-	3,573,314	3,573,314
Due to related parties-considered doubtful		-	-	633,849	633,849
		-	-	4,207,163	4,207,163
On balance sheet gap		2,010,965,024	-	2,073,177	2,013,038,201

	June 30, 2023				
		Exposed to interest rate risk			
	Effective rate of return	Upto one year	More than one year	Not exposed to interest	Total
		Rupees			
Financial assets					
Long term loans and advances		-	-	4,499,309	4,499,309
Long term security deposits		-	-	302,500	302,500
Advances other receivables		-	-	851,859	851,859
Accrued income		-	-	405,166	405,166
Short term investment	15.6% to 21.9%	1,666,483,515	-	-	1,666,483,515
Cash and bank balances	12.25% to 19.5%	16,130,519	-	-	16,130,519
		1,682,614,034	-	6,058,834	1,688,672,868
Financial liabilities					
Trade and other payables		-	-	11,405,446	11,405,446
Due to related parties-considered doubtful		-	-	633,849	633,849
		-	-	12,039,295	12,039,295
On balance sheet gap		1,682,614,034	-	(5,980,461)	1,676,633,573

21.3.1 Interest rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

21.3.2 Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not affect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments it is observed that interest / mark-up rate in terms of KIBOR has changed during the year.

The following information summarizes the estimated effects of 1% hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Effect on surplus	
	100 bp increase	**100 bp decrease**
As at June 30, 2024		
Cash flow sensitivity-Variable rate financial assets	**423,796,492**	**346,742,584**
As at June 30, 2023		
Cash flow sensitivity-Variable rate financial assets	273,502,975	223,775,161

RAS

21.4 FINANCIAL INSTRUMENTS BY CATEGORY

	2024	2023
	-------(Rupees)-------	
Financial assets		
Long term loans and advances	**4,499,309**	4,499,309
Long term security deposits	**302,500**	302,500
Advances and other receivables	**1,323,859**	851,859
Accrued income	**154,672**	405,166
Short term investment	**1,999,778,071**	1,666,483,515
Cash and bank balances	**11,186,953**	16,130,519
	2,017,245,364	1,688,672,868
Financial liabilities		
Financial liabilities at amortized cost		
Trade and other payables	**3,573,314**	11,405,446
Due to related parties-considered doubtful	**633,849**	633,849
	4,207,163	12,039,295

21.5 Capital management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholders' value, for tapping potential investment opportunities and to reduce cost of capital.

The Company finances its operations through equity and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

21.6 Fair values of financial instruments

Fair value is the amount 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. Investment in subsidiary companies and associates are carried at cost. The carrying values of all other financial assets and liabilities reflected in these unconsolidated financial statements approximate their fair values.

22 NUMBER OF EMPLOYEES

	2024	2023
	--------Numbers-------	
Number of employees at the end of the year	14	13
Average number of employees during the year	14	12

23 DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Board of Directors of the Company on 07 OCT 2024.

24 GENERAL

24.1 Figures in the financial statements have been rounded off to the nearest rupee. RASS

CHIEF EXECUTIVE **DIRECTOR**