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**AUDITORS' REPORT  
TO THE MEMBERS OF  
RAWALPINDI WASTE MANAGEMENT COMPANY**

**Opinion**

We have audited the annexed financial statements of "RAWALPINDI WASTE MANAGEMENT COMPANY", which comprise the statement of financial position as at June 30, 2020 and statement of income and expenditure, the statement of comprehensive income, the statement of changes in funds, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund, 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, 2020 and of the loss, the other comprehensive loss, the changes in fund and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan 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**

We draw attention to note 1.3 of the financial statements, which describes that during the year the company has incurred a loss of Rs. 1,548 million (FY 2019: Rs. 1,444 million) and accumulated losses have been increased to Rs. 8,813 million (FY 2019: Rs. 7,264 million) as at June 30, 2020. These events indicate that a material uncertainty exist that may cause significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 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, statement of income and expenditure, statement of comprehensive income, statement of changes in fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with books of account and returns;
- c) Investment 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 Usher Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit of **Rawalpindi Waste Management Company** for the year ended June 30, 2020 resulting in this independent auditors' report is Iqbal Hussain.

Place: Islamabad  
Dated: 21 February 2022

  
CROWE HUSSAIN CHAUDHURY & CO.  
(CHARTERED ACCOUNTANTS) LLP



**RAWALPINDI WASTE MANAGEMENT COMPANY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

	Note	2020 ..... Pak Rupees.....	2019
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	4	378,955,427	396,225,976
Intangible assets	5	1,555,078	2,579,694
Long term advances	6	60,000	65,000
Long term security deposits	7	1,450,000	1,450,000
		<b>382,020,505</b>	<b>400,320,670</b>
<b>CURRENT ASSETS</b>			
Stores and spares	8	20,325,193	10,892,128
Trade and other receivables - considered good	9	205,991,349	154,703,106
Grant receivables	10	12,062,475	12,062,475
Short term advances	11	13,641,425	12,562,576
Short term prepayments	12	6,830,194	1,252,245
Taxation - net	19	22,405,828	8,467,516
Cash and bank balances	13	1,437,708,153	1,265,036,188
		<b>1,718,964,617</b>	<b>1,464,976,234</b>
<b>TOTAL ASSETS</b>		<b>2,100,985,122</b>	<b>1,865,296,904</b>
<b>FUND AND LIABILITIES</b>			
<b>FUND</b>			
General fund - (deficit)		(8,813,418,575)	(7,264,525,812)
<b>NON CURRENT LIABILITIES</b>			
Deferred capital grant	14	6,465,439	7,662,079
Grants	15	399,148,674	474,761,088
Deferred income	16	1,556,488,295	1,450,420,475
Long term loan	17	7,116,920,325	4,793,301,411
		<b>9,079,022,733</b>	<b>6,726,145,053</b>
<b>CURRENT LIABILITIES</b>			
Current portion of long term loan	17	1,689,402,374	2,217,619,118
Trade and other payables	18	145,978,590	186,058,545
Taxation - net	19	-	-
		<b>1,835,380,964</b>	<b>2,403,677,663</b>
<b>TOTAL FUND AND LIABILITIES</b>		<b>2,100,985,122</b>	<b>1,865,296,904</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	20		

The annexed notes from 1 to 34 form an integral part of these financial statements.

  
**MANAGING DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**

RAWALPINDI WASTE MANAGEMENT COMPANY  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ..... Pak Rupees.....	2019
<b>INCOME</b>			
Grant income	15	1,009,704,818	941,278,301
Amortization of deferred capital grant	4	1,196,640	1,431,675
		1,010,901,458	942,709,976
Amortization of deferred income	16	528,450,732	471,033,098
Income from services - net	21	375,168,651	349,783,593
		<u>1,914,520,841</u>	<u>1,763,526,667</u>
<b>EXPENDITURE</b>			
Direct expenses	22	(2,817,293,513)	(2,641,259,237)
Administrative expenses	23	(97,741,661)	(93,521,633)
Finance cost	24	(549,220,866)	(488,951,184)
		(3,464,256,040)	(3,223,732,054)
Other income	25	30,855,928	29,896,435
Deficit for the year before taxation		(1,518,879,271)	(1,430,308,952)
Taxation	26	(30,013,492)	(13,673,545)
Deficit for the year after taxation		<u>(1,548,892,763)</u>	<u>(1,443,982,497)</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

  
MANAGING DIRECTOR

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

RAWALPINDI WASTE MANAGEMENT COMPANY  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	..... Pak Rupees.....	
Deficit for the year	(1,548,892,763)	(1,443,982,497)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	<u>(1,548,892,763)</u>	<u>(1,443,982,497)</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

  
MANAGING DIRECTOR

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

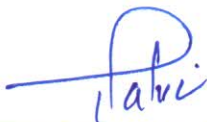
RAWALPINDI WASTE MANAGEMENT COMPANY  
 STATEMENT OF CHANGES IN FUND  
 FOR THE YEAR ENDED JUNE 30, 2020

	General fund (Deficit)	Total
	..... Pak Rupees.....	
Balance as at June 30, 2018	(5,820,543,315)	(5,820,543,315)
Deficit for the year	(1,443,982,497)	(1,443,982,497)
Total comprehensive loss for the year	(1,443,982,497)	(1,443,982,497)
<b>Balance as at June 30, 2019</b>	<b>(7,264,525,812)</b>	<b>(7,264,525,812)</b>
Deficit for the year	(1,548,892,763)	(1,548,892,763)
Total comprehensive loss for the year	<b>(1,548,892,763)</b>	<b>(1,548,892,763)</b>
<b>Balance as at June 30, 2020</b>	<b>(8,813,418,575)</b>	<b>(8,813,418,575)</b>

The annexed notes from 1 to 34 form an integral part of these financial statements.



MANAGING DIRECTOR



CHIEF FINANCIAL OFFICER



DIRECTOR




**RAWALPINDI WASTE MANAGEMENT COMPANY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 ..... Pak Rupees.....	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Deficit for the year before taxation		(1,518,879,271)	(1,430,308,952)
Adjustments for non - cash items:			
Depreciation	4	20,702,210	25,070,335
Amortization	5	1,024,616	1,024,616
Grant income	15	(1,009,704,818)	(941,278,301)
Amortization of deferred capital grant	4	(1,196,640)	(1,431,675)
Amortization of deferred income	16	(528,450,732)	(471,033,098)
Finance cost	24	549,220,866	488,951,184
Loss on disposals	4	339,883	394,805
		(968,064,615)	(898,302,134)
Changes in working capital:			
<b>(Increase) / decrease in current assets</b>			
Stores and spares	8	(9,433,065)	7,547,541
Trade and other receivables - considered good	9	(51,288,243)	102,445,646
Short term advances	11	(1,078,849)	(135,693)
Short term prepayments	12	(5,577,949)	(380,347)
		(67,378,106)	109,477,147
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables	18	(60,842,955)	(319,848,910)
<b>Net cash used in operations</b>		(2,615,164,947)	(2,538,982,849)
Grant received	15	934,092,404	889,524,074
Tax paid	26	(43,951,804)	(49,611,543)
<b>Net cash used in operating activities</b>		(1,725,024,347)	(1,699,070,318)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	4	(3,771,544)	(5,820,278)
Capital work in progress		-	(273,000,000)
Long term advances	6	5,000	273,005,000
<b>Net cash used in investing activities</b>		(3,766,544)	(5,815,278)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term loan	17	1,901,469,990	1,853,155,000
Finance cost paid	24	(7,134)	(15,086)
<b>Net cash generated from financing activities</b>		1,901,462,856	1,853,139,914
<b>Net increase in cash and cash equivalents during the year</b>		172,671,965	148,254,318
Cash and cash equivalents at the beginning of the year		1,265,036,188	1,116,781,870
<b>Cash and cash equivalents at the end of the year</b>		<b>1,437,708,153</b>	<b>1,265,036,188</b>

The annexed notes from 1 to 34 form an integral part of these financial statements.

  
**MANAGING DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**

**RAWALPINDI WASTE MANAGEMENT COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**1 LEGAL STATUS AND OPERATIONS**

- 1.1 Rawalpindi Waste Management Company (the Company) was incorporated as a company limited by guarantee under section 42 of the Companies Act, 2017 (formerly Companies Ordinance 1984) on July 15, 2013, with the goal to provide the efficient and effective and modern services regarding the disposal of solid waste in the modern way in Rawalpindi. The principle activities of the company are to offer sustainable, efficient and affordable waste management services for the citizens of Rawalpindi.
- 1.2 The Company entered into Services and Asset Management Agreement (SAMA) with City District Government Rawalpindi (CDGR) and all UC's of Town Municipal Administrations (TMA's) for solid waste management services in Rawalpindi which was effective from February 28, 2014 and would expire on February 27, 2034. In accordance with terms of the agreement, City District Government Rawalpindi (CDGR) and Town Municipal Administrations had transferred possession, management, use, maintenance and control of machinery, equipment, tools and plants vehicles, land, buildings, structures and all other moveable and immovable assets owned managed or controlled by the CDGR and TMAs on lease money of Rs. 100,000.

The geographical location and address of Company's and its services units are as under:

Registered office/ Service Units	Geographical Location
Head office	81-A/1, Iran Road, Satellite Town, Rawalpindi
<b>Services</b>	
Landfill Dumpsite	Losar Mor, Chakbeli khan Road, Liaqat Road, Rawalpindi
Parking Area	Adjacent to Liaqat Bagh, Liaqat Road, Rawalpindi
Workshop	City District Government near Kehkashan Cinema, Committee Chowk, Rawalpindi
Gujar Khan	Office of the chief officer municipal committee Gujar Khan, District Rawalpindi
Kallar Syedan	Office of the chief officer municipal committee Kallar syedan, District Rawalpindi
Murree	Office of the chief officer municipal committee Murree, District Rawalpindi
Taxila	Office of the chief officer municipal committee Taxila, District Rawalpindi
Kahutta	Office of the chief officer municipal committee Kahuta, District Rawalpindi

- 1.3 The Company incurred deficit amounting to Rs. 1,548 million (2019: Rs. 1,444 million) during the year ended June 30, 2020 and, as of that date, the Company has accumulated deficits of Rs. 8,813 million (2019: Rs. 7,264 million). These conditions indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as going concern. The management is confident of improving results through streamlining the operations of the Company and looking for alternative source of income for sustainability and has a commitments for grant from Government of Punjab.

**2 BASIS OF PREPARATION**

**2.1 Statement of Compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan, as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017;
- Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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RAWALPINDI WASTE MANAGEMENT COMPANY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**2.2 Basis of measurement and preparation**

The accompanying financial statements have been prepared under the historical cost convention.

This is the first set of the company's annual financial statements in which IFRS 16 'Leases' have been applied. Changes to significant accounting policies are described in Note 3.1

**2.3 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Amounts presented in Pakistan Rupee have been rounded off to nearest rupees unless otherwise stated.

**2.4 Use of accounting estimates and judgments**

In preparing these financial statements, management has made judgments, estimates and assumptions that effect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgments made in applying accounting policies that have significant effect on the amounts recognized in the financial statements are discussed in the ensuing paragraph.

**2.4.1 Property and equipment**

The Company reviews the residual values and useful lives of property and equipment on regular basis. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis. Any change in such estimates in future years might affect the carrying amounts of the respective items of property and equipment with corresponding effect on the depreciation charge, impairment and related deferred tax liability.

**2.4.2 Intangible assets**

The Company reviews the residual values and useful lives of intangible assets on regular basis. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis. Any change in such estimates in future years might affect the carrying amounts of the respective items of intangible assets with corresponding effect on the amortization charge, impairment and related deferred tax liability.

**2.4.3 Taxation**

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from that taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

**2.4.4 Impairment**

**2.4.4.1 Impairment of financial assets**

The Company measures loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost after considering the pattern of receipts from and future financial outlook of the counterparty and is reviewed by the management on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding effect on the statement of income and expenditure.

**2.4.4.2 Impairment of non-financial assets**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.



**RAWALPINDI WASTE MANAGEMENT COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**2.4.5 Provisions and contingencies**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost, if any.

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, it is disclosed as contingent liability.

**2.4.6 Stores and spares**

The Company reviews the net realizable value of stores and spare to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated cost to complete and estimated cost to make the sale.

**2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

RAWALPINDI WASTE MANAGEMENT COMPANY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
  - The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
  - There is no substantive change to the other terms and conditions of the lease.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Annual Improvements to IFRS standards 2018-2020 - The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.
- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3.1 below:

- 3.1 IFRS 16 "Leases" replaces IAS 17 "Leases", IFRIC 4, SIC 15 and SIC 27 with effective from January 01, 2019. Assets under operating lease will now be treated as per IFRS 16 instead of IAS 17. As far as operating lease is concerned, figures reported as per previous standard have not changed significantly.

Lessee is exempt to apply accounting requirement as per para 22-49 of IFRS 16 to short term leases and leases for which underlying asset is of low value. The company has acquired assets which are of low value. As per guidance of IFRS 16, the company is recognising lease payments associated with such leases as an expense on straight line basis.

#### 3.2 Impairment

##### (i) Non - derivative financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company measures loss allowances 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 including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:

- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset;
- 12-month 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).

##### Measurement of ECLs

Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

##### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the counterparty will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

##### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the carrying amount of the assets and charged to the statement of income and expenditure.

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**Write-off**

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering 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.

**(i) Non-financial assets**

At each reporting date, the Company reviews the carrying amount of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in the statement of income and expenditure. They are allocated first to reduce the carrying amounts of any goodwill allocated to CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, 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.

**3.3 Financial instruments**

**3.3.1 Classification**

The Company classifies its financial assets on initial recognition in the following categories: at amortized cost, at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial asset, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

**(a) Amortized cost**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**(b) Fair value through other comprehensive income**

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

**(c) Fair value through profit or loss**

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company irrevocably designates a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**3.3.2 Recognition and measurement**

Trade and other receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.



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**3.3.2 Recognition and measurement (continued)**

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**3.3.3 Subsequent measurement and gains and losses**

**(I) Financial assets at amortized costs**

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

**(II) Financial assets at FVOCI**

Debt investments are subsequently measured at fair value. Interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments are subsequently measured at fair value. Interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

**(III) Financial assets at FVTPL**

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

Financial assets of the Company include trade debts, other receivables, cash and bank balances, long term deposits and trade deposits.

**3.3.4 Financial assets at FVTPL**

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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 a financial asset in its entirety or a portion thereof.

**3.3.5 Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying amount of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

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Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amounts of any goodwill allocated to CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. 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.

**3.3.6 Financial liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on derecognition is also recognized in profit or loss. The financial liabilities of the Company includes long term loans, lease liability, creditors, retention money, other liabilities, payable to employees provident fund trust, accrued liabilities, security deposit, unclaimed dividend and short term borrowings.

**3.3.7 Derecognition**

**(I) Financial assets**

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

**(II) Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

**(III) Off-setting of financial assets and liabilities**

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

**3.4 Property and equipment**

Property and equipment except for freehold land and capital work in progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work in progress are stated at cost less allowance for impairment, if any. Cost of property and equipment includes acquisition cost, borrowing cost during construction phase of relevant asset and other directly attributable costs including trial run production expenses (net of income, if any). Transfers from capital work in progress are made to the relevant category of property and equipment as and when the assets are available for use in the manner intended by the Company's management.

Depreciation is charged on the basis of written down value method whereby cost of an asset is written off over its estimated useful lives at the rate specified in note 4 without taking into account any residual value. Full month's depreciation is charged on addition, while no depreciation is charged in the month of disposal or deletion of assets.

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Renewals and repairs which meet capitalization criteria are capitalized and the assets so replaced are retired. Other renewals, replacement, maintenance and repairs are charged to statement of income and expenditure as and when incurred. Gains or losses on disposal of property and equipment are accounted for as other income or loss for the year.

The assets' residual value and useful lives are reviewed, and adjusted if significant, at each reporting date.

Gain and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized in the statement of income and expenditure.

**3.5 Intangible Assets**

Intangible assets are stated at cost less amortization or impairment, if any.

Amortization is charged on the basis of straight line method whereby cost of an asset is written off over its useful life without taking into account any residual value. Full month's amortization is charged on addition, while no amortization is charged in the month of disposal or deletion of assets.

The assets' useful lives are reviewed, and adjusted if significant, at each balance sheet date.

Gain and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized in the statement income and expenditure.

**3.6 Stores and spares**

Stores and spares are stated at lower of cost or NRV. Cost is determined by using the weighted average method. Items in transit are valued at incurred cost upto the reporting date.

Spare parts of capital nature which can be used only in connection with an item of property and equipment are classified as tangible fixed assets under "Plant and machinery" category and are depreciated over a time period not exceeding the useful life of the related assets.

**3.7 Revenue recognition**

**Income recognition**

**i) Grants**

Grants are recognized where there is reasonable assurance that the grants will be received and all attached conditions will be complied with.

**ii) Grant income**

Grants of a non capital nature are recognized at the time of their receipt. Subsequently, these are recognized in the statement income and expenditure to the extent of expenditure incurred. Expenditure incurred against grants, against which grant funds have been committed but not received, is recognized directly in the statement income and expenditure and reflected as a receivable from donors.

**iii) Deferred capital grants**

Grants received for the purchase of fixed assets are initially recorded as deferred capital grant in the statement of financial position upon receipt. Subsequently, these are recognized in the statement income and expenditure, on a systematic basis, over the periods necessary to match them with the carrying value of the related assets.

**vi) Deferred Income**

Loans received from Finance Department, Government of Punjab is initially recorded at present value and gain on initial recognition of loan is recognized as deferred income in the statement of financial position. Subsequently, amortization is charged over the maturity period and the same amount is recognized as amortization of deferred income in the statement of income and expenditure. The effective rate of amortization is 10.78% (2019: 11.41%).

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**v) Income from services**

Income from services is measured on the basis of agreements with the customers. Income is recognized when or as the company satisfies a performance obligation by transferring a promised service to a customer. A service is transferred when the customer obtains control of it. The company satisfies its performance obligation over a period.

**vi) Other Income**

Mark up / interest on bank deposits and return on investments is recognized using the effective interest rate method.

**3.8 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received. Subsequent to initial recognition, these are carried at amortized cost.

**3.9 Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalent comprise cash in hand and at bank. They are carried in the statement of financial position at amortized cost.

**3.10 Provisions**

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre tax rate that reflects current market assessment of the time value of the money and the risk specific to the obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

**3.11 Borrowings**

Subsequent to initial recognition borrowings are measured at amortized cost using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued mark-up on borrowings to the extent of the amount remain unpaid.

Loans and borrowings are recorded at the proceeds received. Mark up, interest and other borrowing costs are charged to income in the period in which they are incurred.

Borrowing cost on long term finances which are specifically obtained for the acquisition of qualifying assets (plant and machinery) are capitalized up to the date of commencement of commercial production on the respective assets. All other borrowing costs are charged to profit and loss account in the period in which these are incurred.

**3.12 Employee benefits**

**3.12.1 Provident fund**

The Company has contributory provident fund for its head office employees, contribution in respect of which is charged to income and expenditure for the year. Contribution is made by employees at the rate of 10% of basic pay at the commencement of financial year. The same amount is contributed by the Company.

**3.12.2 Compensated absences**

All regular employees of the Company are entitled to 18 days annual paid leave during the year. All leaves will be calculated on the basis of fiscal year and may be carried forward to the maximum one year. Leave encashment can be availed upto the limit of 365 days.

**3.12.3 Pension fund**

All regular employees of CDGR are entitled to pension fund. Contributions towards pension fund is made by employees equal to 40% of basic pay on monthly basis.

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**3.13 Income tax**

Income tax expense comprises current and deferred tax. Income tax is recognized in statement of profit or loss account except to the extent that it relates to items recognized directly in statement of comprehensive income or equity.

**Current**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax assets and liabilities are offset if certain criteria is met.

**Deferred**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Taxable temporary difference are adjusted by the portion of income expected to fall under presumptive tax regime in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. The effect of the adjustment is charged or credited to income currently.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. 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 realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset if certain criteria are met.

**3.14 Foreign currency translation and transactions**

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the statement of financial position date. Gains and losses on translation are taken to income currently. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair value was determined.

**3.15 Contingencies**

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4 PROPERTY AND EQUIPMENT

Description	Owned Assets						Finance Department Funded						Grand Total		
	Equipment and tools	Plant and machinery	Motor vehicles		Furniture and fixture	IT equipment	Sub total	Equipment and tools	Motor vehicles	Furniture and fixture	IT equipment	Sub total		Capital work in process	
			Administrative	Operations											
Pak Rupees															
Year ended June 30, 2020															
Net carrying value basis															
Opening net book value	1,604,753	44,696,568	813,102	48,583,709	5,973,293	13,892,473	115,563,897	86,966	7,067,201	192,392	315,520	7,662,079	273,000,000	396,225,976	
Additions	579,800	-	-	-	1,345,872	1,845,872	3,771,544	-	-	-	-	-	-	3,771,544	
Transferred from advances	-	-	-	-	-	-	(339,883)	-	-	-	-	-	-	(339,883)	
Disposal	(247,961)	(6,704,485)	(121,965)	(7,290,758)	(917,762)	(4,222,639)	(19,505,570)	(13,045)	(1,060,080)	(28,859)	(94,656)	(1,196,640)	-	(20,702,210)	
Depreciation charge	1,936,592	37,992,083	691,137	40,953,068	6,401,403	11,515,706	99,489,988	73,921	6,007,121	163,533	220,864	6,465,439	273,000,000	378,955,427	
Closing net book value															
Year ended June 30, 2020															
Gross carrying value basis															
Cost	3,793,337	67,772,774	1,569,092	77,924,305	10,562,289	31,198,367	192,820,164	199,641	16,548,248	440,806	1,931,607	19,120,302	273,000,000	484,940,466	
Disposal	(1,856,745)	(29,780,691)	(877,955)	(36,631,355)	(4,160,886)	(19,682,661)	(92,990,293)	(125,720)	(10,541,127)	(277,273)	(1,710,743)	(12,654,863)	-	(754,908)	
Accumulated depreciation	-	-	-	415,025	-	-	415,025	-	-	-	-	-	-	415,025	
Reversal of Acc. Dep. Of	1,936,592	37,992,083	691,137	40,953,068	6,401,403	11,515,706	99,489,988	73,921	6,007,121	163,533	220,864	6,465,439	273,000,000	378,955,427	
Net book value															
Year ended June 30, 2019															
Net carrying value basis															
Opening net book value	1,805,969	52,584,198	956,591	52,123,814	6,666,051	19,640,461	133,777,084	102,313	8,314,354	226,344	450,743	9,093,754	-	142,870,838	
Additions	80,226	-	-	5,235,000	329,852	175,200	5,820,278	-	-	-	-	-	-	5,820,278	
Transferred from advances	-	-	-	(394,805)	-	-	(394,805)	-	-	-	-	-	-	273,000,000	
Disposal	(281,442)	(7,887,630)	(143,489)	(8,380,301)	(1,022,610)	(5,923,188)	(23,638,660)	(15,347)	(1,247,153)	(33,952)	(135,223)	(1,431,675)	-	(25,070,335)	
Depreciation charge	1,604,753	44,696,568	813,102	48,583,708	5,973,293	13,892,473	115,563,897	86,966	7,067,201	192,392	315,520	7,662,079	273,000,000	396,225,976	
Closing net book value															
Year ended June 30, 2019															
Gross carrying value basis															
Cost	3,213,537	67,772,774	1,569,092	78,619,305	9,216,417	29,352,495	189,743,620	199,641	16,548,248	440,806	1,931,607	19,120,302	273,000,000	481,863,922	
Disposal	(1,608,784)	(23,076,206)	(755,990)	(29,640,792)	(5,243,124)	(15,460,022)	(73,784,918)	(112,675)	(9,481,047)	(248,414)	(1,616,087)	(11,458,223)	-	(695,000)	
Accumulated depreciation	-	-	-	300,195	-	-	300,195	-	-	-	-	-	-	-	(85,243,141)
Reversal of Acc. Dep. Of	1,604,753	44,696,568	813,102	48,583,709	5,973,293	13,892,473	115,563,897	86,966	7,067,201	192,392	315,520	7,662,079	273,000,000	396,225,976	
Disposed Asset															
Net book value															
Annual rate of depreciation	15%	15%	15%	15%	15%	15%	30%	15%	15%	15%	15%	15%	30%	30%	

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- 4.1 Capital work in progress represents an advance payment made to Assistant Commissioner / Land Acquisition Collector amounting to Rs. 273,000,000 for acquisition of land during the year 2017-18 located in villages Bajnial, Dera pothi and Sahang tehsil Gujjar Khan area measuring 2437 kanal and 10 marla. The legal title is in the name of Government of Pakistan.
- 4.2 During the year a motor vehicle having cost of Rs. 754,908 was disposed off due to theft. The accumulated depreciation and net book value of motor vehicle at the time of theft were Rs. 415,025 and Rs. 339,883 respectively. Hence, a loss of Rs. 339,883 was recorded.
- 4.3 Depreciation on Finance Department funded Assets is amounting to Rs. 1,196,640. This is also amortized as income recognized against deferred capital grant.
- 4.4 Operating fixed assets transferred to the Company under operating lease through the Service and Asset Management Agreement (SAMA), as mentioned in note 1.2, are not included in the above mentioned operating fixed assets.

	Note	2020 ..... Pak Rupees.....	2019
4.5 Depreciation charge for the year has been allocated as follows:			
Administrative expenses	4.5.1	6,706,967	8,802,404
Direct cost	4.5.2	13,995,243	16,267,931
		<u>20,702,210</u>	<u>25,070,335</u>
<b>4.5.1 Administrative expenses</b>			
Depreciation charge for the year			
Equipment and tools		261,006	296,789
Motor vehicles		1,182,045	1,390,642
Furniture and fixture		946,621	1,056,562
IT equipments		4,317,295	6,058,411
		<u>6,706,967</u>	<u>8,802,404</u>
<b>4.5.2 Direct cost</b>			
Depreciation charge for the year			
Plant and machinery		6,704,485	7,887,630
Motor vehicles		7,290,758	8,380,301
		<u>13,995,243</u>	<u>16,267,931</u>

**5 Intangible Assets**

	COST				Rate	ACCUMULATED AMORTIZATION				WRITTEN DOWN VALUE
	As at 01 July	Additions	(Disposals)	As at 30 June		As at 01 July	Charge for the year	(On Disposals)	As at 30 June	
	Pak Rupees				%	Pak Rupees				Pak Rupees
<b>Year ended June 30, 2020</b>										
Financial Software	363,080	-	-	363,080	20	163,386	72,616	-	236,002	127,078
Attendance Software (PITB)	4,760,000	-	-	4,760,000	20	2,380,000	952,000	-	3,332,000	1,428,000
	<u>5,123,080</u>	<u>-</u>	<u>-</u>	<u>5,123,080</u>		<u>2,543,386</u>	<u>1,024,616</u>	<u>-</u>	<u>3,568,002</u>	<u>1,555,078</u>
<b>Year ended June 30, 2019</b>										
Financial Software	363,080	-	-	363,080	20	90,770	72,616	-	163,386	199,694
Attendance Software (PITB)	4,760,000	-	-	4,760,000	20	1,428,000	952,000	-	2,380,000	2,380,000
	<u>5,123,080</u>	<u>-</u>	<u>-</u>	<u>5,123,080</u>		<u>1,518,770</u>	<u>1,024,616</u>	<u>-</u>	<u>2,543,386</u>	<u>2,579,694</u>

5.1 Amortization on intangible assets amounting to Rs. 1,024,616 (2019: Rs. 1,024,616) is charged to administrative expenses.

	Note	2020 ..... Pak Rupees.....	2019
<b>6 LONG TERM ADVANCES</b>			
Related parties	6.1	60,000	65,000
		<u>60,000</u>	<u>65,000</u>
<b>6.1 Related parties</b>			
Advance against operating lease		60,000	65,000
		<u>60,000</u>	<u>65,000</u>
<b>6.1.1 Advance against operating lease</b>	6.1.2.1	70,000	75,000
Less: Charged during the year		5,000	5,000
		<u>65,000</u>	<u>70,000</u>
Less: Current portion shown under current assets	11	(5,000)	(5,000)
		<u>60,000</u>	<u>65,000</u>

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	Note	2020 ..... Pak Rupees.....	2019
7	LONG TERM SECURITY DEPOSITS		
7.1	This represents security deposit paid to Mr. Khadim Hussain against rented building of Head Office.	7.1	1,450,000
			1,450,000
8	STORES AND SPARES		
	Stores	8.1	12,733,501
	Spares	8.2	7,591,692
			20,325,193
8.1	Stores		
	Opening stock		3,376,890
	Add: Purchases during the year		21,691,096
	Less: Consumed		(12,334,485)
			12,733,501
8.2	Spares		
	Opening stock		7,515,238
	Add: Purchases during the year		25,021,129
	Less: Consumed		(24,944,675)
			7,591,692
9	TRADE AND OTHER RECEIVABLES - CONSIDERED GOOD		
	<b>Trade receivables:</b>		
	Related parties	9.1	164,579,414
	Other parties	9.2	7,986,171
	Provision for doubtful debts	9.3	(686,805)
			171,878,780
	<b>Other receivables:</b>		
	Related parties		34,112,569
	Other parties		-
			34,112,569
			205,991,349
9.1	Related parties		
	Rawat Union Council		265,556
	National Police Foundation Housing Society		229,490
	Defence Housing Authority		2,552,273
	Pakistan Public Works Department ( Pak PWD)		3,042,844
	Holy Family Hospital		31,602,417
	Cantonment Board Murree		233,819
	Army School of Logistics		10,300
	Punjab Food Authority		537
	Military College Murree		91,820
	Fazaia Housing Scheme		59,135
	Federation Employees Co-Operatives Housing Society		11,100
	Metro Bus Authority		126,480,123
			164,579,414
			149,195,634

