LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Muniff Ziauddin & Co.
Chartered Accountants
An independent member firm of BKR International

BKR INTERNATIONAL

Review Report to the Members
On the Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of **Lahore Division Cattle Market Management Company ("the Company")** for the year ended June 30, 2019.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended June 30, 2019.

Muniff Ziauddin & Co
CHARTERED ACCOUNTANTS

Place: Lahore
Date: 31 OCT 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of Lahore Division Cattle Market Management Company

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Lahore Division Cattle Market Management Company** ("the Company"), which comprise the statement of financial position as at June 30, 2019, and the income and expenditure statement and other comprehensive income, the statement of changes in fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the income and expenditure statement and other comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (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, 2019 and of the surplus and other comprehensive income, the changes in fund and its cash flows for the year then ended.

Basis for Opinion

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

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

Management is responsible for other information. The other information comprises the information included in the Directors' report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is a materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Boards of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the income and expenditure statement and other comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Muniff Ziauddin
Chartered Accountants
Lahore
Date: 31 OCT 2019

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	54,935,018	69,849,056
Intangible assets	7	988,450	1,469,586
		55,923,468	71,318,642
CURRENT ASSETS			
Stores and spares		2,124,240	2,122,730
Trade debts		8,104,083	11,064,906
Advances, deposits and prepayments	8	2,880,698	2,388,371
Tax refund due from Government		1,810,406	1,639,219
Cash and bank balances	9	39,315,123	24,825,265
		54,234,550	42,040,491
TOTAL ASSETS		110,158,018	113,359,133
FUND AND LIABILITIES			
GENERAL FUNDS			
Grant from Government of Punjab	10	53,891,485	53,891,485
Accumulated surplus		1,834,273	403,396
		55,725,758	54,294,881
NON-CURRENT LIABILITIES			
Deferred Liability			
Staff retirement gratuity	11	14,255,897	11,782,232
CURRENT LIABILITIES			
Trade and other payables	12	32,134,169	44,539,072
Contract liabilities	13	8,042,194	2,742,948
		40,176,363	47,282,020
Contingencies and Commitments	15		
TOTAL FUND AND LIABILITIES		110,158,018	113,359,133

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

Asif Balal Lodhi
Chairman

Muhammad Sarfraz Arshad
Acting Chief Executive
&
Chief Financial Officer

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LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
INCOME			
Grant from Government of Punjab	10	-	27,549,085
Income from self-managed services	16	90,887,726	108,359,480
Income from outsourced services	17	50,699,986	49,885,253
Income from marketing	18	749,000	675,500
Other income	19	1,902,519	2,457,401
		144,239,231	188,926,719
EXPENDITURES			
Cost of services	20	119,604,281	158,547,160
General and administrative expenses	21	21,128,187	23,600,388
Marketing expenses for cattle markets	22	3,454,486	6,779,171
		144,186,954	188,926,719
Surplus for the year before taxation		52,277	-
Provision for taxation		-	-
Surplus for the year		52,277	-

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

Asif Balal Lodhi
Chairman

Muhammad Sarfraz Arshad
Acting Chief Executive
&
Chief Financial Officer

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
Surplus for the year		**52,277**	-
Other comprehensive income / (loss)			
Re-measurement gain / (loss) on defined benefit obligation	**11.2**	**1,378,600**	420,227
Total comprehensive income for the year		**1,430,877**	420,227

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

Asif Balal Lodhi
Chairman

Muhammad Sarfraz Arshad
Acting Chief Executive
&
Chief Financial Officer

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2019

		General Fund		
		Grant from Government of Punjab	Accumulated Surplus / (Deficit)	Total
	Note	Rupees	Rupees	Rupees
Balance as at July 1, 2017		**81,440,570**	**(16,831)**	**81,423,739**
Grant utilized during the year against expenses	10	(27,549,085)	-	(27,549,085)
Surplus for the year		-	-	-
Other comprehensive income for the year		-	420,227	420,227
Total comprehensive income for the year		-	420,227	420,227
Balance as at June 30, 2018		**53,891,485**	**403,396**	**54,294,881**
Grant utilized during the year against expenses	10	-	-	-
Surplus for the year		-	52,277	52,277
Other comprehensive income for the year		-	1,378,600	1,378,600
Total comprehensive income for the year		-	1,430,877	1,430,877
Balance as at June 30, 2019		**53,891,485**	**1,834,273**	**55,725,758**

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

Asif Balal Lodhi
Chairman

Muhammad Sarfraz Arshad
Acting Chief Executive
&
Chief Financial Officer

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year before taxation		**52,277**	-
Adjustment for non cash and non operating items:			
Amortization of grant received	10	-	(27,549,085)
Depreciation of property, plant and equipment	6.2	15,111,623	16,629,140
Provision for gratuity	11.3	6,084,012	5,702,604
Amortization of intangible assets	7.1	481,136	877,275
		21,676,771	(4,340,066)
Surplus / (Deficit) before working capital changes		21,729,048	(4,340,066)
Effect of working capital changes:			
Increase / (Decrease) in current assets			
Stores and spares		(1,510)	872,218
Trade debts		2,960,823	(10,117,183)
Advances, deposits and prepayments		(492,327)	1,495,780
		2,466,986	(7,749,185)
Increase / (Decrease) in current liabilities			
Trade and other payables		(14,244,748)	3,083,814
Contract liabilities		5,299,246	(586,653)
		(8,945,502)	2,497,161
Cash generated from / (used in) operations		15,250,532	(9,592,090)
Gratuity paid		(391,902)	(174,867)
Income taxes paid		(171,187)	(338,467)
Net cash generated from / (used in) operating activities (A)		14,687,443	(10,105,424)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6.1	(197,585)	(6,306,786)
Purchase of intangible assets	7.2	-	(1,980,693)
Net cash used in investing activities (B)		(197,585)	(8,287,479)
CASH FLOW FROM FINANCING ACTIVITIES		-	-
Net cash generated from financing activities (C)		-	-
Net increase / (decrease) in cash and cash equivalent (A+B+C)		14,489,858	(18,392,903)
Cash and cash equivalent at the beginning of the year	9	24,825,265	43,218,168
Cash and cash equivalent at the end of the year		39,315,123	24,825,265

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

Asif Balal Lodhi
Chairman

Muhammad Sarfraz Arshad
Acting Chief Executive
&
Chief Financial Officer

1 THE COMPANY AND ITS OPERATIONS

Lahore Division Cattle Market Management Company (the Company) was incorporated in Pakistan on June 16, 2014 under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30,2017) as a company limited by guarantee not having share capital. The Company is an "Association not for profit" registered under section 42 of the repealed Companies Ordinance, 1984.The registered office of the Company is located at plot no. 19, Ahmad Block, New Garden Town, Lahore.

The objective of the Company is to establish, organize, manage, operate and regulate cattle markets, to frame the contracts to outsource internal services, to manage and maintain the services of the cattle market, to manage the data and record for the Company related to sale and purchase of animals, and to devise framework for capacity building / guidance of different stakeholders regarding cattle market management.

The Company is currently operating cattle markets naming Shahpur Kanjran, Sheikhhupura, Pattoki and Nankana Sahib located in Lahore Division.

2 STATEMENT OF COMPLIANCE

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

-International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017

-Accounting standards for Not for Profit Organizations (Accounting Standards for NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017;

-Provision of and directives issued under the Companies Act, 2017.

Where provision of and directives issued under the Companies Act, 2017 differ from the IFRSs or the Accounting Standards for NPOs, the provision of and directives issued under the Companies Act, 2017 have been followed.

3 BASIS OF PREPARATION

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

3.2 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities as well as income and expenses.

The judgements, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the current and future periods if the revision affects both current and future periods.

In particular, the matter involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements are as follows:

(a) Useful lives, residual values and depreciation method of property, plant and equipment of assets (Note: 5.1 and Note: 6)
(b) Useful lives, residual values and amortization method of intangible assets (Note: 5.2 and Note: 7)
(c) Impairment loss (Note: 5.13)
(d) Provisions for impairment of stores and spares (Note: 5.3)
(e) Provisions for doubtful receivables (Note: 4.1.2)
(f) Estimation of provisions (Note: 5.17)
(g) Estimation of contingent liabilities (Note: 5.18 and Note: 15)
(h) Provision for taxation (Note: 5.16 and Note: 23)

3.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of primary economic environment in which the Company operates. These financial statements are presented in Pak Rupee (Rs. / Rupees) which is the Company's functional currency.

4 NEW STANDARDS, AMEMDMENTS TO APPROVED ACCOUNTING STANDARDS AND INTERPRETATIONS

4.1 Adoption of standards and amendments effective during the year

The Company has adopted the following accounting standards, the amendments and interpretations of IFRSs which became effective for the current year:

- IFRS-2	Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)
- IFRS-4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)
- IFRS-9	Financial Instruments
- IFRS-15	Revenue from Contracts with Customers
- IAS-40	Investment Property: Transfers of Investment Property (Amendments)
- IFRIC-22	Foreign Currency Transactions and Advance Consideration

Improvements to accounting standard issued by IASB in December 2017.

IAS 28 Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements. The impact of adoption of IFRS 9 and IFRS 15 is given below:

4.1.1 IFRS 15 Revenue from Contracts with Customers

The Company adopted IFRS 15 – "Revenue from contracts with customers" – as of July 01, 2018. The new standard creates a comprehensive framework for determining whether, how much and when revenue is recognized from contracts with customers.

IFRS 15 replaces the following standards and interpretations:

- IAS 11	"Construction contracts"
- IAS 18	"Revenue"
- IFRIC 13	"Customer loyalty programs"
- IFRIC 15	"Agreements for construction of real estate assets"
- IFRIC 18	"Transfer of assets from customers"
- SIC 31	"Revenue: Barter transactions involving advertising services"

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Key changes arising from the adoption of IFRS 15

Revenue recognition

The core revenue recognition principle under IAS 18 was as follows:

- Sale of goods – revenue was recognized when the seller has transferred to the customer (buyer) the significant risks and rewards of ownership, measured at the fair value of the consideration received or receivable
- Rendering of service – revenue was recognized by reference to the stage of completion of the transaction at the balance sheet date (the percentage of completion method) measured at the fair value of the consideration received or receivable

IFRS 15 requires that revenue is recognized from contracts with customers based on a five step model as follows:

- identification of contracts with customer
- identification of performance obligations in the contract
- determination of transaction price
- allocation of transaction price to performance obligations in the contract and
- recognition of revenue when the Company satisfies the performance obligation

Measurement of revenue

Revenue comprises of sales to third parties and is measured based on the considerations specified in contracts with customers and excludes rebates and amounts, if any, collected on behalf of third parties. Revenue is recognised, when or as the Company satisfies the performance obligations as specified in the contract with the customer, when the seller has transferred to the customer control over the promised goods and services, either:

- at a point in time or
- over a time basis equivalent to the stage of completion of the service

Transition

The Company has adopted IFRS 15, using the modified retrospective transitional method, taking into consideration the exemption allowing it not to restate the comparative financial information for the prior periods presented with respect to the changes resulting from the recognition and measurement of revenue and the corresponding adjustment to the carrying amounts of trade receivables.

Any difference in the amounts recognized as revenue and the corresponding carrying amounts of trade receivables, resulting from the adoption of IFRS 15, are recognized in the opening retained earnings as at July 01, 2018, if any.

Reconciliation of the revenue recognized under IFRS 15 with the revenue recognized under IAS 18

The impact of adoption of IFRS 15 was not material and did not require any adjustment to the retained earnings as at July 01, 2018.

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4.1.2 IFRS 9 Financial Instruments

The Company adopted IFRS 9 – "Financial instruments" – as of June 30, 2019. IFRS 9 replaces IAS 39 – "Financial instruments: Recognition and measurement". IFRS 9 eliminates the following categories of financial assets previously recognised under IAS 39:

- held-to-maturity,
- loans and receivables and
- available-for-sale.

IFRS 9 utilizes:

- a revised model for recognition and measurement of financial assets and
- a single, forward-looking lifetime "expected credit loss" ("ECL") impairment model.

IFRS 9 retained the existing requirements in IAS 39 for the classification of financial liabilities. Under IAS 39 all the fair value changes of financial liabilities, designated under the fair value option, were recognized in the consolidated statement of profit or loss. However, under IFRS 9 all the fair value changes are presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the financial liability, is presented in the consolidated statement of other comprehensive income and
- the remaining amount of change in the fair value is presented in the consolidated statement of profit or loss.

Impairment of financial assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward looking "expected credit loss" ("ECL") model. The new impairment model applies to all financial assets measured at amortized cost.

Measurement of financial assets and financial liabilities

The following table shows the new measurement categories under IFRS 9 for the Company's financial assets and financial liabilities as at June 30, 2019, compared to the original measurement categories in accordance with IAS 39:

	Note	New measurement Under IFRS9	Original measurement under IAS 39	New carrying value under IFRS 9	Original carrying value under IAS 39
Financial assets					
Trade and other receivables		Amortised cost	Amortised cost	8,104,083	8,104,083
Cash and cash equivalents	9	Amortised cost	Amortised cost	39,315,123	39,315,123
Total				**47,419,206**	**47,419,206**
Financial Liabilities					
Trade and other payables	12	Amortised cost	Amortised cost	**32,134,169**	**32,134,169**

Transition

The Company has adopted IFRS 9, using the modified retrospective transitional method, taking into consideration the exemption allowing it not to restate comparative information for prior periods presented with respect to the changes resulting from the measurement of financial assets and financial liabilities.

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Any differences in the carrying amounts of financial assets and financial liabilities, resulting from the adoption of IFRS 9 are recognized in the opening retained earnings as at July 01, 2018, if any.

Reconciliation of the carrying amounts under IFRS 9 to the carrying amounts under IAS 39

The following table reconciles the carrying amounts under IFRS 9 to the carrying amounts under IAS 39 on transition to IFRS 9.

	Note	IFRS 9 carrying amount	Re-measurements	IAS 39 carrying amount
Financial assets at amortized cost				
Trade and other receivable		8,104,083	-	8,104,083
Cash and cash equivalent		39,315,123	-	39,315,123
Total		**47,419,206**	-	**47,419,206**

The impact of applying FVTPL to trade receivables that do not meet the solely payment of principal and interest ("SPPI") is immaterial and therefore all trade receivables are accounted for on amortized cost.

Reconciliation of retained earnings as at July 01, 2018 and retained earnings as at June 30, 2018

	As at July 1, 2018	Re-measurements	As at June 30, 2018
June 30, 2018 as previously reported	**403,396**	-	403,396
IFRS 9 adjustment for Expected Credit Losses(ECL)	-	-	-
July 1, 2018 as restated	**403,396**	-	403,396

4.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective and have not been early adopted by the Company

	Standards, Interpretations or Amendments	Effective date (accounting period beginning on or after)
IFRS-3	Definition of Business (Amendments)	January 01, 2020
IFRS-3	Business Combinations: Previously held interest in a joint operation	January 01, 2019
IFRS-9	Prepayment Features with Negative Compensation (Amendments)	July 01, 2019
IFRS-10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet Finalised

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IFRS-11	Joint Arrangements: Previously held interest in a joint operations	January 01, 2019
IFRS-16	Leases	January 01, 2019
IAS-1/IAS-8	Definition of Material (Amendments)	January 01, 2020
IAS-12	Income Taxes: Income Tax consequences of payments on Financial Instruments classified as equity	January 01, 2019
IAS-19	Plan Amendment, Curtailment or settlement	January 01, 2019
IAS-23	Borrowing Cost	January 01, 2019
IAS-28	Long-term interests in Associates and Joint Ventures (Amendments)	January 01, 2019
IFRIC-23	Uncertainty Over Income Tax Treatments	January 01, 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application. The Company is currently evaluating the impact of these standards.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

4.3 Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	Standard	IASB effective date (annual period beginning on or after)
IFRS-14	Regulatory Deferral Accounts	January 01, 2016
IFRS-17	Insurance Contracts	January 01, 2021

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Cost in relation to property, plant and equipment comprises cost of acquisition and other directly attributable cost.

Subsequent costs are capitalized when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other costs are charged to income and expenditure statement during the period.

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Depreciation is charged to income and expenditure statement on straight-line method at the rates specified in note no.6 to the financial statements. Depreciation on additions is charged from the month in which the property, plant and equipment are acquired while no depreciation is charged for the month in which the property, plant and equipment are disposed off.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income and expenditure statement in the year the asset is de-recognized.

The Company reviews the rates of depreciation and residual value of assets for possible impairment on regular basis. Any change in the estimates might affect the carrying amounts of the respective items of property, plant and equipment with corresponding affect on the depreciation charge and impairment.

Capital work in progress

Capital work-in-progress (CWIP), if any, is stated at cost less any recognized impairment loss. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are available for use.

5.2 Intangible assets

Intangible assets are capitalized and stated at cost less accumulated amortization and any accumulated impairment loss, if any. Intangibles are amortized at 20% per annum on straight line basis.

Amortization on addition is charged from the month in which the intangible asset is acquired while no amortization is charged for the month in which the intangible asset is disposed off.
Amortization period and amortization method are reviewed at each reporting date.

5.3 Stores and spares

These are valued at cost determined on FIFO basis less allowance for obsolete, slow moving and damage items. Items in transit are valued at invoice value plus other charges incurred thereon.

5.4 Advances, deposits and prepayments

These are stated at nominal values net of any allowance for uncollectable amounts. These are included in current assets except for maturities greater than twelve months after reporting date which are defined as non-current assets.

5.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at book value which approximates their fair value. For the purpose of statement of cash flow , cash and cash equivalents comprise of cash in hand, cash at banks on current, saving and deposit accounts, other short term highly liquid instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

5.6 Trade and other payables

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

5.7 Employee benefits

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

(a) Defined contribution plans

Provident fund

The Company operates a registered contributory provident fund for all of its permanent employees. Equal monthly contributions are made both by the Company and its employees at the rate of 10% of the basic salary of the employees.

(b) Defined benefit plans

Gratuity

The Company operates unfunded gratuity scheme for all its employees who have completed the minimum qualifying period. Annual provision is made to cover the obligations under the scheme on the basis of actuarial valuation using Projected Unit Credit Method and are charged to the income and expenditure statement. Actuarial gains / losses arising from re-measurement are recognized in other comprehensive income in the period of occurrence.

The amount recognized in the statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of plan assets, if any.

5.8 Government grants

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

(a) the entity will comply with the conditions attaching to them, if any ; and
(b) the grants will be received.

Government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. The grant receivable as compensation for expenses or loss already incurred or for the purpose of giving immediate financial support with no future related costs is recognized as income in the period in which it becomes receivable. Government grants related to assets, including non monetary grants at fair value, is presented in the statement of financial position by setting up the grant as deferred income which is recognized as income on a systematic and rational basis over the useful life of the asset.

5.9 Related party transaction

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes managing directors, members, key management personnel, employee retirement benefit funds and associated undertakings. The transaction with related parties are carried out at commercial terms and conditions and compensation to key management personnel is on employment term. The Company is purely owned by the Government of Punjab.

The related parties of the Company comprise of Punjab Revenue Authority, Government of Punjab (GoP) and other entities owned and controlled by GoP.

The Company availed exemption available under the applicable reporting framework and therefore did not provide detailed disclosures of its transactions with GoP and related entities in these financial statements except for transactions which the Company deemed significant.

Grant received from GoP is amounting to Rs. Nil (2018: Rs. Nil)

The transactions described below are collectively, but not individually, significant to these financial statements and therefore disclosed below:

a) The Company has banking relationships with Bank of Punjab owned and controlled by GoP.
b) The Company collects and pays punjab sales tax in the capacity of Withholding Agent on behalf of GoP to Punjab Revenue Authority (PRA).
c) The status of outstanding receivables and payables from/to related parties as at June 30, 2019 are included in respective notes to these financial statements.
d) All the transaction with Chief Executive and Executives have been disclosed in the note 26 to these financial statements.

There are no other transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements.

5.10 New accounting policies under IFRS 9 and IFRS 15 effective for period beginning on July 01, 2018

During the year, the Company has adopted IFRS 9 and IFRS 15 which became applicable on July 01, 2018. This has resulted in a change in accounting policies of the Company for financial instruments and revenue recognition. The changes are discussed in note 4 to these financial statements.

The new accounting policies for financial instruments and revenue recognition are as follows:

5.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through income and expenditure.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through income and expenditure, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through income and expenditure

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the statement of income and expenditure when the asset is derecognized, modified or impaired.

(iii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of income and expenditure. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

(iv) Financial assets at fair value through income and expenditure

Financial assets at fair value through income and expenditure include financial assets held for trading, financial assets designated upon initial recognition at fair value through income and expenditure, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through income and expenditure, irrespective of the business model. Not withstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through income and expenditure on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through income and expenditure are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of income and expenditure.

(v) De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- 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.

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When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. 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.

(b) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through income and expenditure, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through income and expenditure:

Financial liabilities at fair value through income and expenditure include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through income and expenditure. Gains or losses on liabilities held for trading are recognized in the statement of income and expenditure. Financial liabilities designated upon initial recognition at fair value through income and expenditure are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through income and expenditure.

Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of income and expenditure when the liabilities are derecognized as well as through the EIR amortization process

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of income and expenditure.

This category generally applies to interest-bearing loans and borrowings.

(ii) De-recognition

A financial liability is de-recognized 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of income and expenditure.

(iii) Provision for expected credit losses of certain financial assets

The Company uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for Company's of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

5.12 Offsetting of financial instruments

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 either on a net basis or realize the asset and settle the liability simultaneously.

5.13 Impairment of financial assets other than receivables

The financial assets other than those that are carried at fair value are assessed at each reporting date to determine whether there is any objective evidence of their impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

The impairment loss is recognized immediately in the income and expenditure statement and the carrying amount of the related financial asset is reduced accordingly. An impairment loss is reversed only if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

5.14 Revenue recognition

(i) Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

(ii) Revenue is measured based on the considerations specified in contracts with customers and excludes rebates and amounts, if any, collected on behalf of third parties. Revenue is recognised, when or as the Company satisfies the performance obligations as specified in the contract with the customer, when the Company has transferred to the customer control over the promised services over a time basis equivalent to the stage of completion of the service.

(iii) Return of bank deposits is accrued on time basis by reference to the principal outstanding and the applicable rate of return.

(iv) Other fees are recognized on as when received.

5.15 General fund

This is an unrestricted fund. Grants and assistances from the Government, utilization of which is not restricted for a specific purpose, are credited to this fund. Revenue from different activities is used to meet expenses for the year, deficit, if any, is financed by utilization of expense related grants.

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5.16 Provision for taxation

Income tax expense represents current tax expense. Provision for current taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum tax on turnover under the Income Tax Ordinance 2001, whichever is higher.

The Company has obtained approval from Commissioner Inland as "NON Profit Organization" under section 2(36) of Income Tax Ordinance, 2001 on 04 January, 2017 for three tax years from tax year 2017 to 2019 subject to compliance with relevant provision and rules including section 100C of the Income Tax Ordinance, 2001 and chapter XVII of the Income Tax Rule, 2002. Therefore, no provision for taxation has been recognized in the financial statements.

5.17 Provisions

Provisions are recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of past events, 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. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

5.18 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence 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.

Following accounting policies were effective for the period ended on or before June 30, 2018

5.19 Trade debts and other receivables

Trade debts are carried at original invoice value less any estimate made for doubtful receivables based on review of outstanding amount at the year end. Balances considered bad and irrecoverable are written off when identified. Other receivables are carried at nominal amount which is the fair value of the consideration received in future.

5.20 Impairment of non-financial assets

The assets that are subject to depreciation or amortization are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.
An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognized in the income and expenditure statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset 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. The Company recognizes the reversal immediately in the income and expenditure statement, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

5.21 Revenue recognition

Revenue is recognized when it becomes probable that economic benefits will flow to the Company and revenue can be measured reliably. Revenue from various transactions is recognized as follows:

(a) Income from self managed services is measured at fair value of the consideration received and is recognized on accrual basis.

(b) Income from outsourced services is measured at fair value of the consideration received for the contract and is recognized over the period to which it relates.

(c) Interest / return on bank deposits is recognized on time proportionate basis.

5.22 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to contractual provisions of the instrument, the particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The Company de-recognizes the financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments. The Company recognizes the regular way of purchase or sale of financial assets using settlement date accounting.

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6 PROPERTY, PLANT AND EQUIPMENT

	Note	2019 Rupees	2018 Rupees
Operating property, plant and equipment	6.1	**54,935,018**	69,849,056

6.1 Operating property, plant and equipment-owned

	Civil Works & Structures	Operational Assets	Furniture and Fixtures	Office Equipment	Electrical Equipment	Computer Equipment	Total
	......	......	......	Rupees	......	......	......
Cost							
Balance as July 01, 2017	2,237,606	63,209,771	10,892,542	1,188,789	7,339,145	20,995,397	105,863,250
Additions during the year	-	5,070,738	584,956	-	514,710	136,382	6,306,786
Disposals	-	-	-	-	-	-	-
Balance as at June 30, 2018	**2,237,606**	**68,280,509**	**11,477,498**	**1,188,789**	**7,853,855**	**21,131,779**	**112,170,036**
Additions during the year	-	-	49,500	-	58,492	89,593	197,585
Disposals	-	-	-	-	-	-	-
Balance as at June 30, 2019	**2,237,606**	**68,280,509**	**11,526,998**	**1,188,789**	**7,912,347**	**21,221,372**	**112,367,621**
Accumulated depreciation							
Balance as at July 01, 2017	1,510,784	14,018,866	2,552,077	237,399	2,538,600	4,834,114	25,691,840
Charge for the year	565,349	8,367,464	1,339,893	138,336	1,225,838	4,992,260	16,629,140
Balance as June 30, 2018	**2,076,133**	**22,386,330**	**3,891,970**	**375,735**	**3,764,438**	**9,826,374**	**42,320,980**
Charge for the year	**161,473**	**8,760,205**	**1,359,064**	**137,179**	**863,056**	**3,830,646**	**15,111,623**
Balance as at June 30, 2019	**2,237,606**	**31,146,535**	**5,251,034**	**512,914**	**4,627,494**	**13,657,020**	**57,432,603**
Net book value as at June 30, 2019	-	**37,133,974**	**6,275,964**	**675,875**	**3,284,853**	**7,564,352**	**54,935,018**
Net book value as at June 30, 2018	161,473	45,894,179	7,585,528	813,054	4,089,417	11,305,405	69,849,056
Rate of depreciation per annum	**20% - 50%**	**10% - 85.71%**	**10% - 85.71%**	**10% - 85.71%**	**10% - 85.71%**	**10% - 85.71%**	

6.2 Depreciation charge for the year has been allocated as under:

	Note	2019 Rupees	2018 Rupees
Cost of Services-Shahpur Kanjran	20.1	**8,938,434**	9,966,188
Cost of Services-Sheikupura	20.1	**5,159,874**	5,418,396
General and administrative expenses	21	**1,013,315**	1,244,556
		15,111,623	16,629,140

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	Note	2019 Rupees	2018 Rupees
7 INTANGIBLE ASSETS			
Cost			
Opening balance		**2,405,682**	424,989
Additions during the year	7.2	**-**	1,980,693
Closing balance		**2,405,682**	2,405,682
Amortization			
Opening balance		**936,096**	58,821
Charge for the year	7.1	**481,136**	877,275
Accumulated amortization		**1,417,232**	936,096
Net Book Value		**988,450**	1,469,586
Amortization rate per annum (%)		**20%**	**20%**

7.1 Amortization charged for the year has been allocated as under:

	Note	2019 Rupees	2018 Rupees
Cost of services-Shahpur Kanjran	20.1	**249,567**	499,134
Cost of services-Sheikhupura	20.1	**146,571**	293,143
General and administrative expenses	21	**84,998**	84,998
		481,136	877,275

7.2 This represents purchase of Animal Tagging and Registration System during previous year. The amortization has been charged on straight line basis at the rate of 20% per annum.

8 ADVANCES, DEPOSITS AND PREPAYMENTS

	2019 Rupees	2018 Rupees
Advances-considered good		
-To Vendors	**124,295**	215,372
-To Employees:		
against expenses	**868,320**	782,489
against salary	**697,583**	425,010
	1,690,198	**1,422,871**
Deposits	**965,500**	965,500
Prepayments	**225,000**	-
	2,880,698	**2,388,371**

9 CASH AND BANK BALANCES

	Note	2019 Rupees	2018 Rupees
Cash in hand		**91,782**	515,513
Cash at bank-saving accounts	9.1	**39,223,341**	24,309,752
		39,315,123	**24,825,265**

9.1 The effective rate of markup during the year ranges from **4.5% to 10.25%** (2018: 3.75% to 4.5%).

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10 GRANT FROM GOVERNMENT OF PUNJAB

Organisational/human resource expenditures	**Note**	**2019 Rupees**	**2018 Rupees**
Opening balance	10.1	-	3,279,728
Grant received		-	-
Less: Income recognized during the year		-	- 3,279,728
		-	-
Operational expenditures			
Opening balance	10.2	53,891,485	78,160,842
Grant received		-	-
Less: Income recognized during the year		-	(24,269,357)
		53,891,485	53,891,485
		53,891,485	53,891,485

10.1 Grant received from Government of Punjab to meet organisational / human resources expenditure of the Company.

10.2 Grant received from Government of Punjab to meet operational expenditure incurred at cattle markets being operated by the Company.

11 STAFF RETIREMENT GRATUITY

The scheme provides terminal benefits for all employees who attains the minimum qualifying period. Annual charge is based on actuarial valuation using Projected Unit Credit Method. Details of the defined benefit plan are :

11.1 The amount recognised in the statement of financial position are as follows:

	Note	**2019 Rupees**	**2018 Rupees**
Present value of defined benefit obligations	11.2	14,255,897	11,782,232

11.2 Changes in present value of defined benefit obligation:

Opening liability		11,782,232	7,386,079
Expenses recognized in income and expenditure statement	11.3	6,084,012	5,702,604
Benefits paid		(391,902)	(174,867)
Remeasurement gain/(loss) on defined benefit obligation recognized in statement of comprehensive income		(1,378,600)	(420,227)
Benefits due but not paid		(1,839,845)	(711,357)
Closing liability		14,255,897	11,782,232

11.3 Expenses recognized in income and expenditure statement are as follows:

Current service cost		5,017,376	5,060,380
Interest cost on defined benefit obligation		1,066,636	642,224
		6,084,012	5,702,604
Expenses allocated in income and expenditure statement:			
Cost of service	20.1	4,672,010	4,336,750
General and administrative expenses	21	1,052,632	1,003,750
Marketing expenses	22	359,370	362,104
		6,084,012	5,702,604

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11.4 Principal actuarial assumptions used:

Discount Rate	**14.50%**	10.00%
Expected rate of salary increase	**13.50%**	9.00%
Mortality rates	**SLIC 2001-2005**	SLIC 2001-2005

11.5 The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is as under:

Reworked defined benefit obligations			
	Changes in Assumptions	Increase in assumptions Rupees	Decrease in assumptions Rupees
Discount rate	100 bps	12,943,989	15,841,643
Salary growth rate	100 bps	15,886,963	12,881,822

11.6 The above sensitivity analysis is based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (Projected Unit Credit Method) has been applied as for calculating the liability of staff retirement gratuity.

12 TRADE AND OTHER PAYABLES

	Note	2019 Rupees	2018 Rupees
Trade creditors		**4,675,755**	11,046,217
Accrued liabilities	12.1	**10,443,336**	18,199,099
Bid security payables	12.2	**790,110**	1,362,875
Payable to Tehsil Municipal Administrations (TMA's)	12.3	**12,015,042**	12,015,042
Gratuity Payable	11.2	**1,839,845**	711,357
Provident fund		**761,164**	678,433
Other payables		**1,608,917**	526,049
		32,134,169	**44,539,072**

12.1 Accrued liabilities

Salaries and wages payable	**5,527,596**	9,767,379
Utility expenses payable	**793,552**	655,836
Legal and professional charges payable	**192,611**	123,750
Auditor's remuneration payable	**118,000**	124,000
Vehicle fuel expenses payable	**-**	1,288,749
Annual leave encashment payable	**3,811,577**	6,239,385
	10,443,336	**18,199,099**

12.2 This represents the refundable bid security amount received at the rate of 5% against total bid amount of each outsourcing contract.

12.3 Payable to TMA's

	Note	2019 Rupees	2018 Rupees
Payable to TMA Iqbal town	12.3.1	**8,535,856**	8,535,856
Payable to TMA Sheikhupura	12.3.2	**2,511,724**	2,511,724
Payable to TMA Pattoki		**810,000**	810,000
Payable to TMA Nankana Sahib		**157,462**	157,462
		12,015,042	**12,015,042**

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12.3.1 These are reimbursable expenses incurred by and payable to TMA Iqbal Town for Shahpur Kanjran Cattle Market. Total amount of reimbursable expenses claimed by TMA Iqbal Town is Rs. 13,533,856 of which claim for expenses amounting to Rs.4,998,000 has not been accepted by the Company. The Company has negotiated the matter with TMA and is certain that the claim will be settled upon payment of recorded amount only, hence, no more liability is recognized in the financial statements.

12.3.2 These are reimbursable expenses incurred by and payable to TMA Sheikhupura for Sheikhupura Model Cattle Market. Total amount of reimbursable expenses claimed by TMA Sheikhupura is Rs.8,787,333 of which claim for expenses amounting to Rs.6,275,610 has not been accepted by the Company. The Company has negotiated the matter with TMA and is certain that the claim will be settled upon payment of recorded amount only, hence, no more liability is recognized in the financial statements.

13 CONTRACT LIABILITIES	**Note**	**2019 Rupees**	**2018 Rupees**
Opening balance of contract income		**2,742,948**	3,329,601
Contract income received	**13.1**	**40,705,537**	38,518,974
Less: Income recognised during the year		**(35,406,291)**	(39,105,627)
		8,042,194	2,742,948
13.1 Contract income received from:			
Shahpur Kanjran Cattle Market		**37,921,273**	34,161,922
Sheikhupura Model Cattle Market		**2,784,264**	4,357,052
		40,705,537	38,518,974

14 DISCLOSURES WITH REGARD TO PROVIDENT FUND	**Note**	**2019 Rupees**	**2018 Rupees**
Size of the fund (Rs.)	**14.1**	14,764,537	11,539,980
Cost of investment made (Rs.)		14,764,537	11,539,980
Percentage of investments made (%)		100%	100%
Fair value of investment		14,764,537	11,539,980

14.1 The Company has created contributory provident fund with equal contribution of employee and employer namely "Lahore Division Cattle Market Management Company Employees Provident Fund" for its regular / permanent employee under Trust Deed dated February 15, 2016 registered with Sub-Registrar, Allama Iqbal Town, Lahore. The investment is made in the form of Term Deposit Receipt (TDR) amounting to Rs. 8,000,000 at 8.25% and Rs. 4,000,000 at 8.50% per annum and in regular monthly saving account amounting to Rs. 2,764,537 at 7% per annum.

14.2 The breakup of investment is as follows:

	2019 Rupees	**%**	2018 Rupees	%
On fair value				
Bank deposits TDRs	**12,000,000**	81%	8,000,000	69%
Saving account	**2,764,537**	19%	3,539,980	31%
	14,764,537	100%	11,539,980	100%

14.3 Investment out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 Writ Petitions (WP) were filed before Honorable Lahore High Court namely:

WP No. 94609 of 2017 titled Munir Ahmed Vs. Federation of Pakistan & Others;

The above Petitions have challenged the formation of Companies owned by Government of Punjab, including Lahore Division Cattle Market Management Company, on the grounds that the formation of such Companies is ultra vires to the Constitution of Pakistan as the objects and functions of these Companies fall within the purview of municipal activities of Local Government. The Petitioners further alleged that these Companies have not been compliant with the audit laws, companies laws and are responsible for financial irregularities.

However, WP No. 94609 of 2017 is pending before Honorable Lahore High Court for argument.

Given the specific nature and scope of Article 199 of the Constitution (Writ Jurisdiction) of the Courts, the management of the Company is of view that pending litigation listed above on the balance of probabilities is not likely to affect the Company's legal right to perform under the the Act and enter into lawful contracts under and in accordance with the laws of Pakistan.

There are some other cases (Individual vs the Company / Managing Director of the Company) pending as at June 30, 2019 in different civil and labour courts. As per legal advisor confirmation the likely amount of liability as at June 30, 2019 stand zero. The Company is confident that the above cases would be decided in Company's favour. Accordingly, no provision in this respect has been made in these financial statements.

15.2 Commitments

There are no commitments as at year end June 30, 2019 (2018 : Nil).

16 INCOME FROM SELF MANAGED SERVICES

	Shahpur Kanjran	Sheikhupura	Pattoki	Nakana Sahib	2019	2018
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Income from parking	60,371,586	16,822,960	-	-	77,194,546	73,172,240
Income from Khurlees	3,621,200	35,360	-	-	3,656,560	3,806,590
Income from charpais	89,220	250,900	-	-	340,120	616,600
Income from Bamboo sheds	9,696,500	-	-	-	9,696,500	3,992,000
Income from E-tagging	-	-	-	-	-	26,772,050
	73,778,506	17,109,220			90,887,726	108,359,480

17 INCOME FROM OUTSOURCED SERVICES

	Shahpur Kanjran	Sheikhupura	Pattoki	Nakana Sahib	2019	2018
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Fodder shops	24,005,773	746,542	-	-	24,752,315	20,797,910
Toori / parali	2,295,606	1,472,200	-	-	3,767,806	4,177,834
Canteen / hotel	6,430,153	3,049,363	-	-	9,479,516	9,596,339
Khokha / tea stall	7,853,628	1,530,000	-	-	9,383,628	11,629,115
Ornamental shops	1,192,666	1,461,784	-	-	2,654,450	3,038,395
Ice points	137,313	-	-	-	137,313	185,610
Mobile shops	413,176	-	-	-	413,176	460,050
Khoka Hajam/Dhobi	111,782	-	-	-	111,782	-
	42,440,097	8,259,889	-	-	50,699,986	49,885,253

18 INCOME FROM MARKETING

	2019 Rupees	2018 Rupees
Income Form advertisement / news letter	5,000	3,500
Income from bill board	-	120,000
Income from dormitory	27,000	12,000
Income from Pakistan Cattle Show	717,000	500,000
Income from promotional stalls	-	40,000
	749,000	675,500

19 OTHER INCOME

	2019	2018
Income from financial assets		
Income on savings accounts	1,396,156	1,160,022
Income from non- financial assets		
Income from tender fee	354,000	289,000
Income from bed mattress	-	24,650
Income from fine	100,568	545,489
Miscellaneous income	51,795	438,240
	1,902,519	2,457,401

20 COST OF SERVICES

	Note	2019 Rupees	2018 Rupees
Shahpur Kanjran	20.1	81,164,101	98,456,156
Sheikhupura	20.1	34,569,636	56,809,346
Pattoki	20.1	1,349,152	184,757
Nankana Sahib	20.1	2,521,392	3,096,901
		119,604,281	158,547,160

20.1 COST OF SERVICES

	Note	Shahpur Kanjran Rupees	Sheikhupura Rupees	Pattoki Rupees	Nankana Sahib Rupees	2019 Rupees	2018 Rupees
Salaries, wages and other benefits	20.1.1	32,429,941	20,572,347	-	501,972	53,504,260	77,054,319
Staff retirement gratuity	11.3	1,716,192	1,981,051	-	974,767	4,672,010	4,336,750
Group medical insurance		-	-	-	-	-	3,960,942
Tag consumed		-	-	-	-	-	11,935,361
Entertainment expenses		17,292	7,736	-	-	25,028	981,203
Utility expenses		8,277,946	1,366,851	5,000	-	9,649,797	9,721,307
Electrical and Other materials		327,104	-	-	-	327,104	1,875,342
Repairs and maintenance		1,506,055	249,750	-	-	1,755,805	1,879,710
Depreciation of property, plant and equipment	6.2	8,938,434	5,159,874	-	-	14,098,308	15,384,584
Amortization	7.1	249,567	146,571	-	-	396,138	792,277
Security expenses		-	538,267	-	-	538,267	1,352,425
Vehicle running and maintenance		758,207	17,771	-	-	775,978	850,588
Insurance expense		25,305	-	-	-	25,305	101,027
Staff vehicle fuel expenses		1,854,272	82,417	-	-	1,936,689	1,980,796
Rent, rate and taxes		23,614,250	3,521,829	1,344,152	1,044,653	29,524,884	21,186,220
Printing and stationery		78,996	20,686	-	-	99,682	984,896
Communication expenses		317,567	18,570	-	-	336,137	704,739
Travelling expenses		-	713,075	-	-	713,075	1,626,605
Cleaning expenses		525,300	-	-	-	525,300	1,103,343
Carriage and freights		-	-	-	-	-	14,500
Quality control test		-	-	-	-	-	27,500
Health and safety		11,654	18,277	-	-	29,931	56,413
Miscellaneous expenses		92,392	91,900	-	-	184,292	640
Advertisement		423,627	62,664	-	-	486,291	635,673
		81,164,101	34,569,636	1,349,152	2,521,392	119,604,281	158,547,160

20.1.1 Salaries, wages and other benefits include provident fund contribution of **Rs. 2,514,745** (2018: Rs.2,782,948).

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21 GENERAL AND ADMINISTRATIVE EXPENSES	Note	2019 Rupees	2018 Rupees
Salaries, wages and other benefits	21.1	**15,027,627**	14,673,849
Staff retirement gratuity	11.3	**1,052,632**	1,003,750
Group medical insurance		-	669,972
Rent, rates and taxes		**572,500**	970,530
Vehicle running and maintenance		**648,981**	1,243,151
Advertisement expenses		**36,070**	70,631
Communication expenses		**291,777**	322,225
Entertainment expenses		**229,846**	160,749
Printing and stationary		**312,550**	791,239
Utility expenses		**347,065**	345,377
Repairs and maintenance		**150,039**	133,230
Auditor's remuneration	21.2	**118,000**	124,000
Legal and professional charges		**854,886**	1,466,000
Fee and subscription		**73,120**	97,182
Travelling and conveyance expenses		**66,600**	47,530
Postage and telegram		**51,555**	36,824
Depreciation of property, plant and equipment	6.2	**1,013,315**	1,244,556
Amortization	7.1	**84,998**	84,998
Bank charges		**183,126**	79,655
Staff training and development		**8,500**	25,000
Miscellaneous expenses		**5,000**	9,940
		21,128,187	23,600,388

21.1 Salaries, wages and other benefits includes provident fund contribution of **Rs. 659,013** (2018: Rs.558,607).

21.2 Auditor's remuneration	**118,000**	124,000
	118,000	124,000

22 MARKETING EXPENSES FOR CATTLE MARKETS	Note	2019 Rupees	2018 Rupees
Salaries, wages and other benefits	22.1	**2,544,354**	3,639,307
Staff retirement gratuity	11.3	**359,370**	362,104
Group medical insurance		-	250,796
Pakistan Cattle Show expenses		**550,762**	2,474,442
Entertainment expenses		-	43,981
Travelling expenses		-	8,541
		3,454,486	**6,779,171**

22.1 Salaries, wages and other benefits includes provident fund contribution of **Rs. 135,227** (2018: Rs. 162,372).

23 TAXATION

23.1 The Company is enjoying Tax Credit under Section 100-C being a Non Profit Organization (the "NPO") equal to 100 percent of its tax liability so disclosure regarding management assessment of sufficiency of tax provision made in financial statements and along with comparison of tax provision is not relevant to the Company.

23.2 As the Company's income falls under Section 100-C of the Income Tax Ordinance, 2001 for tax credit, therefore deferred taxation is not relevant to the Company.

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24 FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise of trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company's principal financial assets comprise of advances and deposits, trade debts and cash and bank balances that arrive directly from its operations and Government grants. The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk and market risk (including currency risk ,interest rate risk and price risk).

24.1 Market risk

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

24.2 Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rate. The Company has no significant long term interest bearing financial assets and liabilities whose fair value of future cash flows will fluctuate due to changes in market interest rates.

24.3 Currency risk management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk mainly rises from future commercial transactions or receivables or payables that exist due to transactions in foreign currencies. As at the reporting date the Company is not exposed to any foreign currency risk.

24.4 Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at reporting date, the Company is not materially exposed to equity securities price risk as it has no investment in equity securities.

24.5 Concentration of credit risk

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

	2019 Rupees	2018 Rupees
Trade debts	**8,104,083**	11,064,906
Advances and deposits	**1,663,083**	1,390,510
Bank balances	**39,223,341**	24,309,752
	48,990,507	36,765,168

24.6 Credit quality of financial assets

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

	2019 Rupees	2018 Rupees
Bank balances		
The Bank of Punjab A1+ rating - PACRA	**39,223,341**	**24,309,752**

Trade debts are contract based and the Company has policy to obtain bid security along with performance guarantee from respective parties. Therefore, outstanding balance is past due but not impaired, so credit risk is minimum in respect of trade debts.

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24.7 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. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company is exposed to liquidity risk is respect of trade and other payables amounting to Rs. 32,134,169 (2018: Rs. 44,539,072) out of which Rs. 12,015,042 (2018: Rs. 12,015,042) is payable to TMAs. The Company has cash and bank balances amounting to Rs. 39,315,123 (2018: RS. 24,825,265) at the reporting date to manage liquidity risk.

June 30, 2019	**Carrying amount**	**Contractual cash flow**	**1 to 12 months**	**1 to 5 years**
	............................Rupees............................			
Trade and other payables	32,134,169	32,134,169	32,134,169	-
June 30, 2018				
Trade and other payables	44,539,072	44,539,072	44,539,072	-

24.8 Fair value of financial instruments

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

The carrying value of all the financial instruments reported in the financial statements approximates their fair values.

24.9 Financial instruments by category

	2019 Rupees	**2018 Rupees**
Assets as per statement of financial position		
Loans and Receivables		
Trade debts	**8,104,083**	11,064,906
Advances and deposits	**1,663,083**	1,390,510
Cash and bank balances	**39,315,123**	24,825,265
	49,082,289	37,280,681
Liabilities as per statement of financial position		
Other financial liabilities		
Trade and other payables	**32,134,169**	44,539,072

25 CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns and benefits for stakeholders and to maintain a strong capital base to support the sustained development of its business and to comply with the regulatory requirements. The Company manages its capital structures by monitoring return on net assets and assessing its requirements for various transactions to be undertaken. The Company is not exposed to capital risk.

26 REMUNERATION OF MANAGING DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to Managing Director and Executives of the Company is as follows:

	Managing Director		Executive	
	2019	2018	**2019**	2018
	........Rupees........		..................Rupees..................	
Basic salary	**2,511,432**	2,743,089	**1,710,198**	1,902,752
Other allowances	**2,271,024**	2,142,442	**930,183**	1,284,747
Utilities	**441,376**	417,400	**671,061**	272,437
Company's contribution to provident fund	**262,015**	228,312	**178,423**	155,471
	5,485,847	5,531,243	3,489,865	3,615,407
	1	1	**1**	1

27 NUMBER OF EMPLOYEES

Number of employees at the end of the year	**144**	225
Average number of employees	**184**	227

28 EVENTS AFTER THE REPORTING DATE

No adjusting or significant non-adjusting event in accordance with IAS-10 'Events after the Reporting Period' have occurred between reporting date and date of authorization.

29 CORRESPONDING FIGURES

Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification to report.

29.1 Figures have been rounded off to the nearest rupee.

30 AUTHORIZATION FOR ISSUE

These financial statements were approved by the Company's board of directors and authorized for issue on 31 OCT 2019

Asif Balal Lodhi
Chairman

Muhammad Sarfraz Arshad
Acting Chief Executive
&
Chief Financial Officer