

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY

FINANCIAL STATEMENTS

FOR THE PERIOD FROM JUNE 16, 2014 TO JUNE 30, 2015



RSM Avals Hyder Liaquat Nauman

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Lahore Division Cattle Market Management Company** (the "Company") as at **June 30, 2015**, related income & expenditure account, cash flow statement, statement of changes in fund together with the notes forming part thereof, for the period then ended 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 purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet, income & expenditure account, cash flow statement and statement of changes in fund together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the period was for the purpose of the Company's business; and

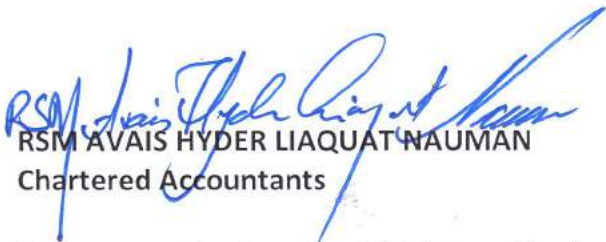
RSM

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- iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income & expenditure account, cash flow statement and statement of changes in fund together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2015 and of the surplus / deficit, its cash flows and changes in fund for the period then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVII of 1980).

RSM


RSM AVAIS HYDER LIAQUAT NAUMAN
Chartered Accountants

Engagement Partner: Syed Ali Adnan Tirmizey

Date: 05 JAN 2016

Place: Lahore

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY**(A Company set up u/s 42 of the Companies Ordinance 1984)****BALANCE SHEET****AS AT JUNE 30, 2015**

	NOTE	June 30, 2015 Rupees
NON-CURRENT ASSETS		
Property, plant and equipment	5	5,095,949
Intangible asset	6	46,894
		5,142,843
CURRENT ASSETS		
Advances, deposits and short term prepayments	7	4,078,152
Receivable from TMA Iqbal Town	8	2,537,623
Tax refund due from Government		24,929
Cash and bank balances	9	124,137,275
		130,777,979
CURRENT LIABILITIES		
Creditors, accrued and other liabilities	10	21,925,055
Deferred income	11	4,416,255
Bid security payable	12	1,396,780
Payable to Tehsil Municipal Administrations	13	10,183,856
Provision for expenses	14	967,162
		38,889,108
NET CURRENT LIABILITIES		91,888,871
NET ASSETS		97,031,714
REPRESENTED BY:		
ACCUMULATED FUNDS		
Grant from Government of Punjab	15	97,031,714
Accumulated surplus / (deficit)		-
		97,031,714
CONTINGENCIES AND COMMITMENTS	16	-

The annexed notes 1 to 26 form an integral part of these financial statements.


DIRECTOR



MANAGING DIRECTOR


CHIEF FINANCIAL OFFICER

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY
 (A Company set up u/s 42 of the Companies Ordinance 1984)
INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD FROM JUNE 16, 2014 TO JUNE 30, 2015

	NOTE	June 16, 2014 to June 30, 2015 Rupees
INCOME		
Grant from Government of Punjab		17,450,286
Income from self-managed services	17	6,880,183
Income from outsourced services	18	3,787,314
Other income	19	538,558
		28,656,341
EXPENDITURES		
Cost of services	20	22,832,419
Administrative expenses	21	5,823,922
		28,656,341
SURPLUS / (DEFICIT) FOR THE PERIOD		-

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 DIRECTOR


 MANAGING DIRECTOR


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LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY

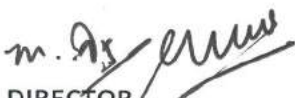
(A Company set up u/s 42 of the Companies Ordinance 1984)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM JUNE 16, 2014 TO JUNE 30, 2015

	NOTE	June 16, 2014 to
		June 30, 2015
		Rupees
SURPLUS / (DEFICIT) FOR THE PERIOD		-
Other comprehensive income		-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-

The annexed notes 1 to 26 form an integral part of these financial statements.


 DIRECTOR


 MANAGING DIRECTOR


 CHIEF FINANCIAL OFFICER

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY

(A Company set up u/s 42 of the Companies Ordinance 1984)

STATEMENT OF CHANGES IN FUND

FOR THE PERIOD FROM JUNE 16, 2014 TO JUNE 30, 2015

	Grant from Government of Punjab	Accumulated Surplus / (Deficit)	Total
R u p e e s			
Grant received during the year	114,482,000	-	114,482,000
Less: Grant recognized during the year against expenses	(17,450,286)	-	(17,450,286)
Balance as at June 30, 2015	<u>97,031,714</u>	<u>-</u>	<u>97,031,714</u>

The annexed notes 1 to 26 form an integral part of these financial statements.


DIRECTOR


MANAGING DIRECTOR


CHIEF FINANCIAL OFFICER

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY**(A Company set up u/s 42 of the Companies Ordinance 1984)****STATEMENT OF CASH FLOWS****FOR THE PERIOD FROM JUNE 16, 2014 TO JUNE 30, 2015**

	NOTE	June 16, 2014 to June 30, 2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Deficit for the year		-
Add / (less) adjustment for non cash items		
Amortization of grant received		(17,450,286)
Depreciation		1,518,333
Amortization of software		795
		(15,931,158)
Deficit before working capital changes		(15,931,158)
Increase in current assets		
Advances, deposits and short term prepayments		(4,078,152)
Receivable from TMA Iqbal Town		(2,537,623)
		(6,615,775)
Increase in current liabilities		
Creditors, accrued and other liabilities		21,925,055
Deferred income		4,416,255
Bid security payable		1,396,780
Payable to TMA Iqbal Town		10,183,856
Payable to TMA Sheikhpura		967,162
		38,889,108
Effect on cash flow due to working capital changes		32,273,333
Cash flow from operating activities		16,342,175
Taxes paid		(24,929)
Net cash flow from operating activities		16,317,246
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment		(6,614,282)
Purchase of intangible asset		(47,689)
Net cash flow from investing activities		(6,661,971)
CASH FLOW FROM FINANCING ACTIVITIES		
Grant received		114,482,000
Net cash flow from financing activities		114,482,000
Net increase in cash and cash equivalents		124,137,275
Cash and cash equivalents at the beginning of the year		-
Cash and cash equivalents at the end of the year	9	124,137,275

The annexed notes from 1 to 26 form an integral part of these financial statements.



DIRECTOR



MANAGING DIRECTOR



CHIEF FINANCIAL OFFICER

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY

(A Company set up u/s 42 of the Companies Ordinance 1984)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM JUNE 16, 2014 TO JUNE 30, 2015

1 THE COMPANY AND ITS OPERATIONS

Lahore Division Cattle Market Management Company (the Company) was incorporated in Pakistan on June 16, 2014 under section 42 of the Companies Ordinance 1984 as a company limited by guarantee not having share capital. The registered office of the Company is 408-J, DHA EME, Multan Road, 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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the 'Ordinance') and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. Wherever the requirements of the ordinance or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS, the requirements of the ordinance or the requirements of the said directives shall prevail.

2.2 Use of estimates and judgments

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

The judgments, 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 recognised 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 judgment or complexity, or area where assumptions and estimates are significant to the financial statements is in determining the useful life of fixed assets.

2.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

Amendments to published standards effective in current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on June 16, 2014 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after July 1, 2015 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY

(A Company set up u/s 42 of the Companies Ordinance 1984)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM JUNE 16, 2014 TO JUNE 30, 2015

2.3 Functional and presentation currency

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

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except otherwise as stated.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment - owned

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, 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 during the period.

Depreciation is charged on straight line method at the rates specified in note no. 5 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.

Gains and losses on disposal of property, plant and equipment are included in current income.

4.2 Intangible

Expenditures incurred to acquire computer software are capitalized as intangible asset and stated at cost less accumulated amortization and any accumulated impairment loss. Intangibles are amortized over a period of five years.

Amortization on addition is charged from the month in which the intangible asset is acquired while no depreciation is charged for the month in which the intangible asset is disposed off.

Amortization period and amortization method are reviewed at each balance sheet date.

4.3 Receivables

Receivables are carried at original invoice amount less provision made for receivables considered doubtful for recovery.

4.4 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank. Cash and cash equivalents are carried in the balance sheet at cost.

4.5 Creditors, accrued and other liabilities

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.

4.6 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

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY

(A Company set up u/s 42 of the Companies Ordinance 1984)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM JUNE 16, 2014 TO JUNE 30, 2015

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 balance sheet 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.

4.7 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument, the particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The Company derecognizes 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.

4.8 Income recognition

Income from self managed services is measured at fair value of the consideration received and is recognised on accrual basis.

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

Interest / return on bank deposits is recognized on accrual basis.

4.9 Expenses

Expenses are recognised in the income and expenditure account when incurred.

4.10 Provision for taxation

The entity is a non profit organization as defined under section 2(36) of the Income Tax Ordinance, 2001 and is allowed 100% tax credit in terms of section 100C of the said ordinance. Therefore no provision for taxation is made in the financial statements.

4.11 Provisions

Provisions are recognized in the balance sheet 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.

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY

(A Company set up u/s 42 of the Companies Ordinance 1984)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM JUNE 16, 2014 TO JUNE 30, 2015

5 PROPERTY, PLANT AND EQUIPMENT

	Building and civil work	Cattle market assets	Furniture and fixtures	Electrical equipment	Computer equipment	June 30, 2015 Total
CostRupees.....					
Balance as at June 16, 2014	-	-	-	-	-	-
Addition during the period	1,000,000	5,291,233	40,878	178,330	103,841	6,614,282
Disposals	-	-	-	-	-	-
Balance as at June 30, 2015	<u>1,000,000</u>	<u>5,291,233</u>	<u>40,878</u>	<u>178,330</u>	<u>103,841</u>	<u>6,614,282</u>
Depreciation						
Balance as at June 16, 2014	-	-	-	-	-	-
Charge for the period	208,333	1,290,706	3,021	9,644	6,629	1,518,333
Balance as at June 30, 2015	<u>208,333</u>	<u>1,290,706</u>	<u>3,021</u>	<u>9,644</u>	<u>6,629</u>	<u>1,518,333</u>
Written down value as at June 30, 2015	<u>791,667</u>	<u>4,000,527</u>	<u>37,857</u>	<u>168,686</u>	<u>97,212</u>	<u>5,095,949</u>
Rate of depreciation	50%	50% - 85.71%	66.67%	20% - 50%	33.33%	

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY

(A Company set up u/s 42 of the Companies Ordinance 1984)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM JUNE 16, 2014 TO JUNE 30, 2015

6		INTANGIBLE ASSET - SOFTWARE	June 30, 2015
			Rupees
		Cost	47,689
		Accumulated amortization	(795)
			46,894
7		ADVANCES, DEPOSITS AND SHORT TERM PREPAYMENTS	NOTE
			June 30, 2015
			Rupees
		Advances	2,916,912
		Prepayments	917,740
		Deposits	243,500
			4,078,152
7.1		Advances to vendors	2,908,912
		Advances for expenses	8,000
			2,916,912
8		RECEIVABLE FROM TMA IQBAL TOWN	NOTE
			June 30, 2015
			Rupees
		Receivable from TMA Iqbal Town	8.1 2,537,623
8.1	<p>It was decided in first board of directors meeting of the Company dated June 17, 2014 that for each cattle market, a management committee should be formed. For Shahpur Kanjran Cattle Market, District Coordination Officer (DCO) Lahore, administrator and others are part of that committee. A separate bank account was opened with The Bank of Punjab to collect all the revenues from Shahpur Kanjran Cattle Market. This account was jointly operated by DCO Lahore and Administrator Tehsil Municipal Administration (TMA) Iqbal Town Lahore. Further, it was decided in second board of directors meeting of the Company dated August 16, 2014 to close the bank account and to instruct TMA Iqbal Town to transfer the revenue amounts to the Company's commercial bank account.</p>		
9		CASH AND BANK BALANCES	June 30, 2015
			Rupees
		Cash in hand	284,255
		Cash at bank - savings account	123,853,020
			124,137,275
10		CREDITORS, ACCRUED AND OTHER LIABILITIES	NOTE
			June 30, 2015
			Rupees
		Trade creditors	1,480,020
		Accrued liabilities	14,427,194
		Other payables	10.1 6,017,841
			21,925,055
10.1	<p>This amount includes a balance of Rs. 5,627,823 refundable to contractors for outsourcing contracts cancelled during the period.</p>		

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY**(A Company set up u/s 42 of the Companies Ordinance 1984)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD FROM JUNE 16, 2014 TO JUNE 30, 2015**

11	DEFERRED INCOME	NOTE	June 30, 2015
			Rupees
	Deferred income from outsourcing	11.1	11,440,861
	Less: Income recognised during the period		(2,472,783)
	Less: Amount refundable for cancelled contracts		(4,551,823)
			<u>4,416,255</u>
11.1	Shahpur Kanjran Cattle Market		10,423,351
	Sheikhupura Model Cattle Market		1,017,510
			<u>11,440,861</u>

This represents first instalment of outsourcing contacts under PPRA Rules 2014 for Shahpur Kanjran Cattle Market and Sheikhupura Model Cattle Market in respect of outsourced services.

12	BID SECURITY PAYABLE	NOTE	June 30, 2015
			Rupees
	Bid security payable		2,472,780
	Less: Amount refundable for cancelled contracts		(1,076,000)
			<u>1,396,780</u>

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

13	PAYABLE TO TEHSIL MUNICIPAL ADMINISTRATIONS	NOTE	June 30, 2015
			Rupees
	Payable to TMA Iqbal Town	13.1	7,891,732
	Payable to TMA Sheikhupura	13.2	2,292,124
			<u>10,183,856</u>

13.1 These are reimbursable expenses up to February 28, 2015 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. 13,495,910 of which claim for expenses amounting to Rs. 5,604,178 has not been accepted by the Company.

13.2 These are reimbursable expenses upto March 31, 2015 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. 6,498,209 has not been accepted by the Company.

14	PROVISION FOR EXPENSES	NOTE	June 30, 2015
			Rupees
	TMA Pattoki		810,000
	TMA Nankana Sahib		157,162
			<u>967,162</u>

14.1 These are reimbursable expenses claimed by TMA Pattoki and TMA Nankana Sahib for expenditure incurred at Pattoki Cattle Market (Rs. 810,000) and Nankana Sahib Cattle Market (Rs. 157,162) during the period ended June 30, 2015. The Company has yet to verify the related expenses as supporting documents have not been submitted by the TMAs. These expenses will be payable once the supporting documents are received and the amount is verified by the Company.

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY

(A Company set up u/s 42 of the Companies Ordinance 1984)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM JUNE 16, 2014 TO JUNE 30, 2015

15	GRANT FROM GOVERNMENT OF PUNJAB	NOTE	June 30, 2015 Rupees
Organisational / human resource expenditures:			
	Grant received	15.1	25,000,000
	Less: Income recognised during the period		(5,823,922)
			19,176,078
Operational expenditures:			
	Grant received	15.2	89,482,000
	Less: Income recognised during the period		(11,626,364)
			77,855,636
			<u>97,031,714</u>

15.1 Grant received during the period from Government to meet organisational / human resource expenditures of the Company.

15.2 Grant received during the period from Government to meet operational expenditures incurred at cattle markets being operated by the Company.

16 CONTINGENCIES AND COMMITMENTS

There are no known contingencies and commitments as at June 30, 2015.

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY

(A Company set up u/s 42 of the Companies Ordinance 1984)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM JUNE 16, 2014 TO JUNE 30, 2015

17	INCOME FROM SELF-MANAGED SERVICES	Shahpur Kanjran	Sheikhupura	Nankana Sahib	June 16, 2014 to June 30, 2015
		Rupees	Rupees	Rupees	Rupees
	Khurlee	3,633,810	27,920	10,960	3,672,690
	Electricity	1,421,130	-	-	1,421,130
	Loading fee	1,038,723	-	-	1,038,723
	Toilet	481,500	5,520	-	487,020
	Charpai	212,650	34,350	8,620	255,620
	Tents	5,000	-	-	5,000
		<u>6,792,813</u>	<u>67,790</u>	<u>19,580</u>	<u>6,880,183</u>

17.1 In view of decision of board of directors of the Company, all concerned TMAs of Lahore Division including TMA Iqbal Town Lahore, TMA Sheikhupura and TMA Nankana Sahib are collecting revenues from respective cattle markets and depositing all collections in the Company's commercial bank account.

18	INCOME FROM OUTSOURCED SERVICES	Shahpur Kanjran	Sheikhupura	Nankana Sahib	June 16, 2014 to June 30, 2015
		Rupees	Rupees	Rupees	Rupees
	Toori / parali	575,343	170,516	-	745,859
	Fodder shops without toka	818,614	-	-	818,614
	Khokha / tea stall	651,524	127,434	6,800	785,758
	Canteen / hotel	696,469	11,700	-	708,169
	Fodder shops with toka	358,834	48,047	-	406,881
	Parking income	165,783	-	-	165,783
	Ornamental shops	156,250	-	-	156,250
		<u>3,422,817</u>	<u>357,697</u>	<u>6,800</u>	<u>3,787,314</u>

18.1 Parking income was collected by Lahore Parking Company in the month of July 2014 and is shown as per net sharing ratio of 65% for the Company and 35% for Lahore Parking Company.

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY

(A Company set up u/s 42 of the Companies Ordinance 1984)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 16, 2014 TO JUNE 30, 2015

19	OTHER INCOME	Note	June 16, 2014 to
			June 30, 2015
			Rupees
	Income on savings account	19.1	115,058
	Income from tender fee		423,500
			<u>538,558</u>

19.1 The Company has a saving account with The Bank of Punjab, Arfa Software Technology Park Branch, Lahore with rate of return per annum of 7% from September 1, 2014 to November 30, 2014, 6.5% from December 1, 2014 to January 31, 2015, 5.5% from February 1, 2015 to March 31, 2015, 5% from April 1, 2015 to May 31, 2015 and 4.5% from June 1, 2015 to June 30, 2015.

20	COST OF SERVICES	Shahpur Kanjran	Sheikhupura	June 16, 2014 to
		Rupees	Rupees	June 30, 2015
				Rupees
	Salaries, wages and other benefits	958,402	2,114,566	3,072,968
	Utility expenses	12,206,562	424,575	12,631,137
	Repair and maintenance	2,320,025	250,408	2,570,433
	Depreciation	1,086,250	416,227	1,502,477
	Security expense	457,845	279,185	737,030
	Vehicle running and maintenance	374,130	21,200	395,330
	Rent, rate and taxes	119,664	223,870	343,534
	Printing and stationery	73,770	216,221	289,991
	Entertainment expense	500	22,411	22,911
	Communication expense	2,698	10,444	13,142
	Traveling expenses	-	8,598	8,598
	Cleaning expense	-	7,635	7,635
	Carriage and freights	2,000	3,600	5,600
	Miscellaneous expenses	13,451	251,020	264,471
		<u>17,615,297</u>	<u>4,249,960</u>	<u>21,865,257</u>
	Add: Provision for expenses			
	Pattoki Cattle Market			810,000
	Nanakana Sahib Cattle Market			157,162
				<u>967,162</u>
				<u>22,832,419</u>

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY

(A Company set up u/s 42 of the Companies Ordinance 1984)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM JUNE 16, 2014 TO JUNE 30, 2015

21	GENERAL AND ADMINISTRATIVE EXPENSES	Note	June 16, 2014 to
			June 30, 2015
			Rupees
	Salaries, wages and other benefits		3,631,044
	Rent, rates and taxes		865,000
	Vehicle running and maintenance		371,382
	Advertisement expenses		349,392
	Communication expenses		75,076
	Entertainment expenses		71,136
	Printing and stationary		57,437
	Utility expenses		46,010
	Repair and maintenance		35,600
	Audit fee	21.1	99,000
	Legal and professional charges		44,500
	Fee and subscription		43,200
	Travelling and conveyance expenses		12,467
	Postage and telegram		12,330
	Depreciation		15,856
	Amortization		795
	Carriage and freights		3,650
	Bank charges		3,658
	Miscellaneous expenses		86,389
			<u>5,823,922</u>
21.1	Audit fee		90,000
	Out of pocket expenses		9,000
			<u>99,000</u>
22	REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS		June 16, 2014 to
			June 30, 2015
			Rupees
			Chief Executive
	Basic salary		650,000
	Vehicle allowance		242,888
	Utilities		100,000
	House rent allowance		250,000
			<u>1,242,888</u>
	Number of persons at period end		<u>1</u>
23	NUMBER OF EMPLOYEES		June 30, 2015
	Total number of employees at period end		<u>93</u>
	Average number of employees during the period		<u>52</u>

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JUNE 16, 2014 TO JUNE 30, 2015**

24 RELATED PARTY TRANSACTIONS

Related parties comprise of directors, members, key management personnel and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions and compensation to key management personnel is on employment terms. There are no other transactions or balances with related parties other than those which have been specifically disclosed elsewhere in these financial statements.

25 FINANCIAL INSTRUMENTS BY CATEGORY June 30, 2015

	Rupees
Assets as per balance sheet as at June 30, 2015	
Advances, deposits and short term prepayments	4,078,152
Receivable from TMA Iqbal Town	2,537,623
Advance tax	24,929
Cash and bank balances	124,137,275
	130,777,979
Liabilities as per balance sheet as at June 30, 2015	
Creditors, accrued and other liabilities	21,925,055
Bid security payable	1,396,780
Payable to Tehsil Municipal Administrations	10,183,856
Provision for expenses	967,162
	34,472,853

26 FINANCIAL RISK MANAGEMENT

26.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

(a) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company's credit risk is primarily attributable to its advances, deposits, investments and balances at banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	June 30, 2015
	Rupees
Advances, deposits and short term prepayments	4,078,152
Receivable from TMA Iqbal Town	2,537,623
Advance tax	24,929
Cash and bank balances	124,137,275
	130,777,979

The credit quality of the Company's bank balance can be assessed with reference to external credit ratings;

	Short term	Long term	Rating Agency	June 30, 2015
				Rupees
The Bank of Punjab	A1+	AA-	PACRA	123,853,020

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY

(A Company set up u/s 42 of the Companies Ordinance 1984)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM JUNE 16, 2014 TO JUNE 30, 2015

(b) Liquidity risk

Liquidity risk represents a risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. To guard against the risk, the Company maintains balance of cash and other equivalents. The Company has received Government grant of Rs. 114,482,000 during the period. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained. All financial liabilities of the Company are short term in nature.

Following are the contractual maturities of financial liabilities as at June 30, 2015:

	Carrying amount	Less than one year	One to five years	More than five years
	----- Rupees -----			
Creditors, accrued and other liabilities	21,925,055	21,925,055	-	-
Bid security payable	1,396,780	1,396,780	-	-
Payable to Tehsil Municipal Administrations	10,183,856	10,183,856	-	-
Provision for expenses	967,162	967,162	-	-
	<u>34,472,853</u>	<u>34,472,853</u>	<u>-</u>	<u>-</u>

(c) Market risk

(i) Currency risk

Currency risk represents a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is not maintaining any foreign currency account.

(ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changed in market interest rates.

Fair value sensitivity analysis of fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

(iii) Price risk

Price risk represents 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. The Company is not exposed to equity price risk since there are no investments in equity securities.

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY**(A Company set up u/s 42 of the Companies Ordinance 1984)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD FROM JUNE 16, 2014 TO JUNE 30, 2015****25 DATE OF AUTHORIZATION**

The financial statements have been authorized for issue by the board of directors of the Company on 05 JAN 2016.

26 GENERAL

26.1 The Company incorporated on June 16, 2014 and this is the first period in business. Therefore, there are no comparative figures.

26.2 Figures have been rounded off to the nearest rupee.


DIRECTOR


MANAGING DIRECTOR


CHIEF FINANCIAL OFFICER

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