



B K R
INTERNATIONAL

Audited Accounts for the year ended June 30, 2018
Lahore Division Cattle Market Management Company

MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTANTS

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, 2018, 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, 2018 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.

Emphasis of Matter

We draw attention to note no.14.1.2 to the financial statements, which states that the Company has not filed statement of compliance with Securities and Exchange Commission of Pakistan (SECP) as per, Public Sector Companies (Corporate Governance) Rules, 2013. Our opinion is not modified in respect of this matter.

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 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).

Other Matters

The financial statements of Lahore Division Cattle Market Management Company for the year ended June 30, 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 09, 2017.


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

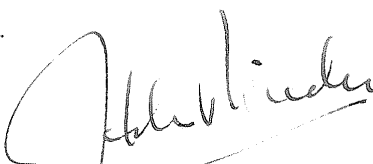
Muniff Ziauddin
Chartered Accountants
Lahore
Date: October 26, 2018

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	69,849,056	80,171,410
Intangible assets	6	1,469,586	366,168
		71,318,642	80,537,578
CURRENT ASSETS			
Stores and spares		2,122,730	2,994,948
Trade debts		11,064,906	947,723
Advances, deposits and prepayments	7	2,388,371	3,884,151
Tax refunds due from Government		1,639,219	1,300,752
Cash and bank balances	8	24,825,265	43,218,168
		42,040,491	52,345,742
TOTAL ASSETS		113,359,133	132,883,320
FUNDS AND LIABILITIES			
GENERAL FUNDS			
Grant from Government of Punjab	9	53,891,485	81,440,570
Accumulated surplus / (deficit)		403,396	(16,831)
		54,294,881	81,423,739
NON-CURRENT LIABILITIES			
<i>Deferred liability</i>			
Staff retirement gratuity	10	11,782,232	7,386,079
CURRENT LIABILITIES			
Trade and other payables	11	44,539,072	40,743,901
Deferred income	12	2,742,948	3,329,601
		47,282,020	44,073,502
Contingencies and Commitments	14		
TOTAL FUNDS AND LIABILITIES		113,359,133	132,883,320

The annexed notes, from 1 to 29, form an integral part of these financial statements.


Dr. Ahtasham-Ur-Rehman
Chief Executive


Muhammad Mujtaba Piracha
Chairman/Director


Muhammad Sarfraz Arshad
Chief Financial Officer

LAHORE DIVISION CATTLE MARKET MANGEMENT COMPANY
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
INCOME			
Grant from Government of Punjab	9	27,549,085	11,486,276
Income from self-managed services	15	108,359,480	120,466,971
Income from outsourced services	16	49,885,253	48,503,292
Income from marketing	17	675,500	1,893,453
Other income	18	2,457,401	1,654,818
		188,926,719	184,004,810
EXPENDITURES			
Cost of services	19	158,547,160	126,500,581
General and administrative expenses	20	23,600,388	48,657,751
Marketing expenses for cattle markets	21	6,779,171	8,846,478
		188,926,719	184,004,810
Surplus for the year before taxation		-	-
Provision for taxation		-	-
Surplus for the year after taxation		-	-

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Dr. Ahtasham-Ur-Rehman
Chief Executive



Muhammad Mujtaba Piracha
Chairman/Director

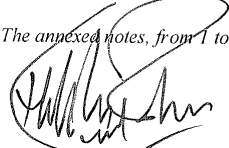


Muhammad Sarfraz Arshad
Chief Financial Officer


LAHORE DIVISION CATTLE MARKET MANGEMENT COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year before taxation		-	-
Adjustment for non cash and non operating items:			
Amortization of grant received	9	(27,549,085)	(11,486,276)
Depreciation of property, plant and equipment	5.2	16,629,140	14,980,470
Provision for gratuity	10.3	5,702,604	4,888,433
Amortization of intangible assets	6	877,275	38,598
		<u>(4,340,066)</u>	<u>8,421,225</u>
(Deficit) / surplus before working capital changes		(4,340,066)	8,421,225
Effect of working capital changes			
(Increase) / Decrease in current assets			
Stores and spares		872,218	(1,470,381)
Trade debts		(10,117,183)	(376,438)
Advances, deposits and prepayments		1,495,780	12,818,063
		<u>(7,749,185)</u>	<u>10,971,244</u>
Increase / (Decrease) in current liabilities			
Trade and other payables		3,083,814	8,696,568
Deferred income		(586,653)	(7,421,883)
		<u>2,497,161</u>	<u>1,274,685</u>
Cash flow from operations		(9,592,090)	20,667,154
Gratuity paid		(174,867)	(238,589)
Income taxes paid		(338,467)	(191,369)
Net cash (used in) / generated from operating activities		(10,105,424)	20,237,196
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5.1	(6,306,786)	(33,553,338)
Purchase of intangible asset	6	(1,980,693)	(278,400)
Net cash (used in) investing activities		(8,287,479)	(33,831,738)
CASH FLOW FROM FINANCING ACTIVITIES			
Grant received		-	29,827,000
Net cash generated from financing activities		-	29,827,000
Net decrease / (increase) in cash and cash equivalents		(18,392,903)	16,232,458
Cash and cash equivalents at the beginning of the year	8	43,218,168	26,985,710
Cash and cash equivalents at the end of the year	8	24,825,265	43,218,168

The annexed notes, from 1 to 29, form an integral part of these financial statements.


Dr. Ahtasham-Ur-Rehman
Chief Executive

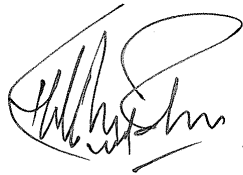

Muhammad Mujtaba Piracha
Chairman/Director


Muhammad Sarfraz Arshad
Chief Financial Officer

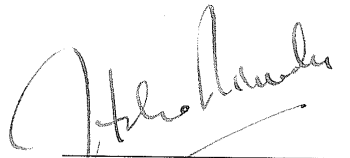
LAHORE DIVISION CATTLE MARKET MANGEMENT COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Surplus for the year after taxation		-	-
Other comprehensive income / (loss):			
Remeasurement gain / (loss) on defined benefit obligation	10.2	420,227	(16,831)
Total comprehensive income / (loss) for the year		<u>420,227</u>	<u>(16,831)</u>

The annexed notes, from 1 to 29, form an integral part of these financial statements.



Dr. Ahtasham-Ur-Rehman
Chief Executive



Muhammad Mujtaba Piracha
Chairman/Director



Muhammad Sarfraz Arshad
Chief Financial Officer


LAHORE DIVISION CATTLE MARKET MANGEMENT COMPANY
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	General Fund		
		Grant from Government of Punjab	Accumulated Surplus / (Deficit)	Total
		Rupees	Rupees	Rupees
Balance as at July 1, 2016		63,099,846	-	63,099,846
Grant received during the period against expenses	9	29,827,000	-	29,827,000
Grant utilized during the year against expenses	9	(11,486,276)	-	(11,486,276)
Total comprehensive (loss) for the year		-	(16,831)	(16,831)
Balance as at June 30, 2017		81,440,570	(16,831)	81,423,739
Grant utilized during the year against expenses	9	(27,549,085)	-	(27,549,085)
Total comprehensive income for the year		-	420,227	420,227
Balance as at June 30, 2018		53,891,485	403,396	54,294,881

The annexed notes, from 1 to 29, form an integral part of these financial statements.



Dr. Ahtasham-Ur-Rehman
Chief Executive



Muhammad Mujtaba Piracha
Chairman/Director



Muhammad Sarfraz Arshad
Chief Financial Officer

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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 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.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The 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; and
- 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.

In previous year the financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the IASB. Due to this change, certain additional disclosures are required, which have been detailed in these financial statements. There is no effect of adopting Accounting Standards for NPOs along with IFRSs on the accumulated deficit for the year ended June 30, 2017 as previously reported in the financial statements, hence, its reconciliation has not been presented.

2.2 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.

2.3 Basis of measurement

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

2.4 Use of estimates and judgments

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:

**LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

- a) Useful lives, residual values and depreciation method of property, plant and equipment of assets (Note: 4.1 and Note: 5)
- b) Useful lives, residual values and amortization method of intangible assets (Note: 4.2 and Note: 6)
- c) Impairment loss (Note:4.3)
- d) Provisions for impairment of stores and spares (Note: 4.4)
- e) Provisions for doubtful receivables (Note: 4.5)
- f) Estimation of provisions (Note: 4.17)
- g) Estimation of contingent liabilities (Note: 4.18 and Note: 14)
- h) Provision for taxation (Note: 4.16)

3 NEW AND AMENDED STANDARDS AND INTREPRETATIONS

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of financial statements of the Company. The Act (including its fifth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst other, prescribe the nature and content of disclosures for certain elements of the financial statements.

3.1 Standards, amendments to approved accounting standards effective in current year

The new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2017 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not detailed in these financial statements.

3.2 Standards, amendments to approved accounting standards and interpretations 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 2- Share-based Payment (Amendments)	January 1, 2018
IFRS 4- Insurance Contracts (Amendments)	January 1, 2018
IFRS 9 - Financial Instruments	July 1, 2018
IFRS 15- Revenue from contracts	July 1, 2018
IFRS 16- Leases	January 1, 2019
IAS 19- Employee benefits (Amendments)	January 1, 2019
IAS 28- Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IAS 40- Investment Property (Amendments)	January 1, 2018
IFRIC 22- Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23- Uncertainty Over Income Tax	January 1, 2019

The management anticipates that adoption of above standards, amendments and interpretations in future periods will have no material impact on the financial statements other than presentation / disclosures except the changes laid down by the IFRS 9, IFRS 16, IFRS 15, IAS 40 and IAS 19, for which management is in the process of assessing the impact on the financial statements of the Company.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 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 during the period.

Depreciation is charged to income and expenditure statement 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.

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 derecognized.

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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.

4.2 Intangible assets

Expenditures incurred to acquire computer software are capitalized as intangible asset 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 .

4.3 Impairment

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.

4.4 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.

4.5 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.

4.6 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.

4.7 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 cash flow statement of cash flows, 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.

4.8 Trade and other payables

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

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

4.9 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 remeasurement 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.

4.10 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.

4.11 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.

4.12 Offsetting of financial assets and liabilities

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

4.13 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.

4.14 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.

**LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

4.15 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.

4.16 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.

4.17 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.

4.18 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.

4.19 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 directors and associated undertakings. The Company is purely owned by the Government of Punjab and the City District Government Lahore.

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

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 (2017: Rs 29,827,000)

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, 2018 are included in respective notes to these financial statements.
- d) All the transaction with chief executive and executives have been disclosed in the note 25 to these financial statements.

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5	PROPERTY, PLANT AND EQUIPMENT	2018	2017
	Operating fixed assets	Rupees	Rupees
5.1 Operating fixed assets - owned			
	<u>Cost</u>		
	Balance as at July 01, 2016	6,418,815	19,487,203
	Additions during the year	340,843	1,508,194
	Disposals	-	-
	Balance as at June 30, 2017	7,339,145	20,995,397
	Additions during the year	514,710	136,382
	Disposals	-	-
	Balance as at June 30, 2018	7,853,855	21,131,779
	<u>Accumulated depreciation</u>		
	Balance as at July 01, 2016	1,048,673	1,363,376
	Charge for the year	1,489,927	3,470,738
	Balance as at June 30, 2017	2,538,600	4,834,114
	Charge for the year	1,225,838	4,992,260
	Balance as at June 30, 2018	3,764,438	9,826,374
	Net book value as at June 30, 2018	4,089,417	11,305,405
	Net book value as at June 30, 2017	4,800,545	16,161,283
	Rate of depreciation per annum	10% - 85.71%	10% - 85.71%
5.2 Depreciation charge for the year has been allocated as under:			
	Cost of services - shahpur kanjran	9,966,188	8,202,446
	Cost of services - sheikhpura	5,418,396	1,979,525
	General and administrative expenses	1,244,556	4,798,499
		16,629,140	14,980,470

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY
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	Note	2018 Rupees	2017 Rupees
6 INTANGIBLE ASSETS			
Cost			
Opening balance		424,989	146,589
Addition during the year	6.2	1,980,693	278,400
Closing balance		2,405,682	424,989
Amortization			
Opening balance		58,821	20,223
Charge for the year	6.1	877,275	38,598
Accumulated amortization		936,096	58,821
Net book value		1,469,586	366,168
Amortization rate per annum (%)		20%	20%
6.1 Amortization charge for the year has been allocated as under:			
Cost of services - shahpur kanjran	19.1	499,134	-
Cost of services - sheikhupura	19.1	293,143	-
General and administrative expenses	20	84,998	38,598
		877,275	38,598
6.2			
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.			
7 ADVANCES, DEPOSITS AND PREPAYMENTS			
Advances-considered good			
-To vendors		215,372	370,567
-To employees			
against expenses		782,489	835,917
against salary		425,010	495,236
		1,422,871	1,701,720
Deposits		965,500	864,500
Prepayments		-	1,317,931
		2,388,371	3,884,151
8 CASH AND BANK BALANCES			
Cash in hand		515,513	405,680
Cash at bank - saving accounts	8.1	24,309,752	42,812,488
		24,825,265	43,218,168
8.1			
The effective rate of markup during the year ranges from 3.75% to 4.5% (2017: 3.75% to 4.5%).			
9 GRANT FROM GOVERNMENT OF PUNJAB			
Organisational / human resource expenditures:			
Opening balance	9.1	3,279,728	7,299,924
Grant received		-	-
Less: Income recognised during the year		(3,279,728)	(4,020,196)
		-	3,279,728
Operational expenditures:			
Opening balance	9.2	78,160,842	55,799,922
Grant received		-	29,827,000
Less: Income recognised during the year		(24,269,357)	(7,466,080)
		53,891,485	78,160,842
		53,891,485	81,440,570
9.1			
Grant received from the Government of Punjab to meet organisational / human resources expenditure of the Company.			
9.2			
Grant received from Government of Punjab to meet operational expenditure incurred at cattle markets being operated by the Company.			

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
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10 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 :

10.1 The amounts recognised in the statement of financial position are as follows:

	Note	2018 Rupees	2017 Rupees
Present value of defined benefit obligations	10.2	<u>11,782,232</u>	<u>7,386,079</u>
10.2 Changes in present value of defined benefit obligation:			
Opening liability		7,386,079	2,719,404
Expense recognised in the income and expenditure statement	10.3	5,702,604	4,888,433
Benefits paid		(174,867)	(238,589)
Remeasurement gain / (loss) on defined benefit obligation recognised in statement of comprehensive income		(420,227)	16,831
Benefits due but not paid	11	<u>(711,357)</u>	
Closing liability		<u>11,782,232</u>	<u>7,386,079</u>

10.3 Expenses recognised in the income and expenditure statement are as follows:

Current service cost		5,060,380	4,197,905
Past service cost			502,020
Interest cost on defined benefit obligation		<u>642,224</u>	<u>188,508</u>
		<u>5,702,604</u>	<u>4,888,433</u>
Expenses allocated in the income and expenditure statement:			
Cost of services	19.1	4,336,750	3,030,829
General and administrative expenses	20	1,003,750	1,613,183
Marketing expenses	21	<u>362,104</u>	<u>244,422</u>
		<u>5,702,604</u>	<u>4,888,434</u>

Estimated expenses to be charged to the income and expenditure statement for the year ended June 30, 2019 are amounting to Rs.6,099,804.

10.4 Principal actuarial assumptions used:

Discount rate	10%	9.25%
Expected rate of salary increase	9%	8.25%
Mortality rates	SLIC 2001-2005	SLIC 2001-2005

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

Reworked defined benefit obligations			
	Change in assumptions	Increase in assumptions	Decrease in assumptions
		Rupees	Rupees
Discount rate	100 bps	10,701,826	13,098,678
Salary growth rate	100 bps	13,139,307	10,647,005

10.6 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.

LAHORE DIVISION CATTLE MARKET MANAGEMENT COMPANY
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	Note	2018 Rupees	2017 Rupees	
11	TRADE AND OTHER PAYABLES			
Trade creditors		11,046,217	16,202,449	
Accrued liabilities	11.1	18,199,099	1,327,158	
Bid security payables	11.2	1,362,875	933,455	
Payables to Tehsil Municipal Administrations (TMA)	11.3	12,015,042	12,015,042	
Gratuity payable	10.2	711,357	-	
Provident fund		678,433	9,341,990	
Other payables		526,049	923,807	
		<u>44,539,072</u>	<u>40,743,901</u>	
11.1	Accrued liabilities			
Salaries and wages payable		9,767,379	310,240	
Utility expenses payable		655,836	554,480	
Legal and professional charges payable		123,750	123,750	
Auditors' remuneration payable		124,000	163,350	
Vehicle fuel expenses payable		1,288,749	175,338	
Annual leaves encashment payable		6,239,385	-	
		<u>18,199,099</u>	<u>1,327,158</u>	
11.2	This represents the refundable bid security amount received at the rate of 5% against total bid amount of each outsourcing contract and refundable performance guarantee received against health insurance at the rate of 10%.			
	Note	2018 Rupees	2017 Rupees	
11.3	Payable to TMA Iqbal Town	11.3.1	8,535,856	8,535,856
	Payable to TMA Sheikhpura	11.3.2	2,511,724	2,511,724
	Payable to TMA Pattoki		810,000	810,000
	Payable TMA Nankana Sahib		157,462	157,462
		<u>12,015,042</u>	<u>12,015,042</u>	
11.3.1	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.			
11.3.2	These are reimbursable expenses incurred by and payable to TMA Sheikhpura for Sheikhpura Model Cattle Market. Total amount of reimbursable expenses claimed by TMA Sheikhpura 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.			
12	DEFERRED INCOME			
	Note	2018 Rupees	2017 Rupees	
Opening balance of deferred income		3,329,601	10,751,484	
Deferred income received	12.1	38,518,974	37,392,356	
Less: Income recognised during the year		(39,105,627)	(44,814,239)	
		<u>2,742,948</u>	<u>3,329,601</u>	
12.1	Deferred income received from:			
	Shahpur Kanjran Cattle Market	34,161,922	32,018,277	
	Sheikhpura Model Cattle Market	4,357,052	5,374,079	
		<u>38,518,974</u>	<u>37,392,356</u>	

LAHORE DIVISION CATTLE MARKET MANGEMENT COMPANY
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	Note	2018 Rupees	2017 Rupees
13 DISCLOSURE WITH REGARD TO PROVIDENT FUND			
Size of the fund (Rs.)	13.1	11,539,980	9,341,990
Cost of investments made (Rs.)		11,539,980	9,341,990
Percentage of investments made (%)		100%	-
Fair value of investments (Rs.)		11,539,980	-
13.1	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 5.75% per annum and in regular monthly saving account amounting to Rs. 3,539,980 at 3.75% per annum.		
13.2	The breakup of investment is as follows:		
		2018	
		Rupees	%
On fair value			
Bank deposits TDR		8,000,000	69%
Saving account		3,539,980	31%
		11,539,980	100%
14 CONTINGENCIES AND COMMITMENTS			
14.1 CONTINGENCIES			
14.1.1	Writ Petitions (WP) were filed before Honorable Lahore High Court namely:		
	1. WP No. 94609 of 2017 titled Munir Ahmed Vs. Federation of Pakistan & Others;		
	2. WP No. 105294 of 2017 titled Ramis Sohail Vs. Federation of Pakistan & Others;		
	3. WP No. 112301 of 2017 titled Shan Saeed Ghumman 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.		
	The WP No. 105294 of 2017 was dismissed by the Honorable Lahore High Court for non- prosecution. However, WP No. 94609 of 2017 and WP No 112301 of 2017 are 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.		
14.1.2	As per section 3 of Companies Act, 2017, Public Sector Companies (Corporate Governance) Rules, 2013 ("the Rules") is not applicable to non-trading Companies with purely provincial objects, so the Company has not filed the statement of compliance with Securities and Exchange Commission of Pakistan (SECP). However, the management of the Company is in process of voluntary compliance with the Rules and will file statement of compliance with Securities and Exchange Commission of Pakistan (SECP). Accordingly, the Company is not expected to attract any penal actions.		
14.2 COMMITMENTS			
	There are no commitments as at year end June 30, 2018 (2017 : Nil).		

LAHORE DIVISION CATTLE MARKET MANGEMENT COMPANY
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FOR THE YEAR ENDED JUNE 30, 2018

15 INCOME FROM SELF - MANAGED SERVICES	Shahpur Kanjran	Sheikhupura	Pattoki	Nankana Sahib	2018	2017
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Income from parking	58,167,120	15,005,120	-	-	73,172,240	65,726,601
Income from khurlees	3,738,430	68,160	-	-	3,806,590	4,305,520
Income from charpais	402,550	214,050	-	-	616,600	726,300
Income from bamboo sheds	3,992,000	-	-	-	3,992,000	3,528,650
Income from E-tagging	11,995,850	14,776,200	-	-	26,772,050	46,179,900
	<u>78,295,950</u>	<u>30,063,530</u>	<u>-</u>	<u>-</u>	<u>108,359,480</u>	<u>120,466,971</u>
16 INCOME FROM OUTSOURCED SERVICES	Shahpur Kanjran	Sheikhupura	Pattoki	Nankana Sahib	2018	2017
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Fodder shops	20,019,402	778,508	-	-	20,797,910	20,688,742
Toori / parali	3,072,850	1,104,984	-	-	4,177,834	3,437,590
Canteen / hotel	6,494,977	3,101,362	-	-	9,596,339	10,264,286
Khokha / tea stall	9,870,115	1,759,000	-	-	11,629,115	9,969,064
Ornamental shops	1,580,864	1,457,531	-	-	3,038,395	3,370,431
Ice points	170,610	15,000	-	-	185,610	405,880
Mobile shops	460,050	-	-	-	460,050	367,299
	<u>41,668,868</u>	<u>8,216,385</u>	<u>-</u>	<u>-</u>	<u>49,885,253</u>	<u>48,503,292</u>
17 INCOME FROM MARKETING					2018	2017
					Rupees	Rupees
Income Form advertisement / news letter					3,500	37,000
Income from electric poles					-	198,394
Income from tag rooms					-	190,587
Income from bill board					120,000	469,670
Income from dormitory					12,000	33,000
Income from Pakistan Cattle Shows					500,000	824,152
Income from sheds					-	140,650
Income from promotional stalls					40,000	-
					<u>675,500</u>	<u>1,893,453</u>
18 OTHER INCOME						
Income from financial assets						
Income on savings accounts					1,160,022	1,238,264
Income from temporary bank					-	73,240
Income from non- financial assets						
Income from tender fee					289,000	264,500
Income from bed mattress					24,650	39,850
Income from fine					545,489	38,964
Miscellaneous income					438,240	-
					<u>2,457,401</u>	<u>1,654,818</u>

LAHORE DIVISION CATTLE MARKET MANGEMENT COMPANY
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018

19	COST OF SERVICES	Note	2018 Rupees	2017 Rupees
	Shahpur Kanjran	19.1	98,456,156	80,867,814
	Sheikhupura	19.1	56,809,346	43,076,697
	Pattoki	19.1	184,757	292,495
	Nankana Sahib	19.1	3,096,901	2,263,575
			<u>158,547,160</u>	<u>126,500,581</u>

19.1	COST OF SERVICES	Note	Shahpur Kanjran Rupees	Sheikhupura Rupees	Pattoki Rupees	Nankana Sahib Rupees	2018 Rupees	2017 Rupees
	Salaries, wages and other benefits	19.1.1	42,544,446	31,731,605	-	2,778,268	77,054,319	43,185,175
	Staff retirement gratuity	10.3	2,407,240	1,826,118	-	103,392	4,336,750	3,030,829
	Group medical insurance		2,171,841	1,640,417	-	148,684	3,960,942	1,459,716
	Tag consumed		5,540,069	6,395,292	-	-	11,935,361	21,160,457
	Entertainment expenses		754,388	226,815	-	-	981,203	281,309
	Utility expenses		8,147,423	1,538,884	35,000	-	9,721,307	6,105,326
	Electrical and Other materials		968,346	904,506	2,490	-	1,875,342	1,182,498
	Repairs and maintenance		1,746,898	132,812	-	-	1,879,710	4,789,755
	Depreciation of property, plant and equipment	5.2	9,966,188	5,418,396	-	-	15,384,584	10,181,971
	Amortization	6.1	499,134	293,143	-	-	792,277	-
	Security expenses		383,036	969,389	-	-	1,352,425	10,926,529
	Vehicle running and maintenance		757,075	93,513	-	-	850,588	1,085,799
	Insurance expense		47,015	54,012	-	-	101,027	116,791
	Staff vehicle fuel expenses		1,139,660	841,136	-	-	1,980,796	619,128
	Rent, rate and taxes		18,501,159	2,485,297	135,207	64,557	21,186,220	15,077,690
	Printing and stationery		809,147	174,249	-	1,500	984,896	1,539,610
	Communication expenses		422,867	281,372	-	500	704,739	372,551
	Traveling expenses		50,737	1,563,808	12,060	-	1,626,605	2,420,085
	Cleaning expenses		959,563	143,780	-	-	1,103,343	2,437,924
	Carriage and freights		10,000	4,500	-	-	14,500	22,780
	Quality control test		27,500	-	-	-	27,500	18,000
	Health and safety		36,741	19,672	-	-	56,413	252,861
	Miscellaneous expenses		640	-	-	-	640	233,798
	Advertisement		565,043	70,630	-	-	635,673	-
			<u>98,456,156</u>	<u>56,809,346</u>	<u>184,757</u>	<u>3,096,901</u>	<u>158,547,160</u>	<u>126,500,582</u>

19.1.1 Salaries, wages and other benefits include provident fund contribution of Rs.2,782,948 (2017 : Rs: 3,367,602).

LAHORE DIVISION CATTLE MARKET MANGEMENT COMPANY
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018

20	GENERAL AND ADMINISTRATIVE EXPENSES	Note	2018 Rupees	2017 Rupees
	Salaries, wages and other benefits	20.1	14,673,849	26,423,218
	Staff retirement gratuity	10.3	1,003,750	1,613,183
	Group medical insurance		669,972	776,946
	Rent, rates and taxes		970,530	4,704,750
	Vehicle running and maintenance		1,243,151	2,934,571
	Advertisement expenses		70,631	626,810
	Communication expenses		322,225	928,244
	Entertainment expenses		160,749	782,064
	Printing and stationary		791,239	1,198,055
	Utility expenses		345,377	1,902,195
	Repairs and maintenance		133,230	159,790
	Auditor's remuneration	20.2	124,000	163,350
	Legal and professional charges		1,466,000	550,735
	Fee and subscription		97,182	167,899
	Traveling and conveyance expenses		47,530	148,991
	Postage and telegram		36,824	73,192
	Depreciation of property, plant and equipment	5.2	1,244,556	4,798,499
	Amortization	6.1	84,998	38,598
	Carriage and freights		-	1,320
	Bank charges		79,655	83,694
	Staff training and development		25,000	160,828
	Honorarium		-	239,988
	Miscellaneous expenses		9,940	180,831
			<u>23,600,388</u>	<u>48,657,751</u>
20.1	Salaries, wages and other benefits includes provident fund contribution of Rs.558,607 (2017 : Rs: 2,506,715).			
20.2	Auditor's remuneration-annual		124,000	148,500
	Out of pocket expenses		-	14,850
			<u>124,000</u>	<u>163,350</u>
21	MARKETING EXPENSES			
	Salaries, wages and other benefits	21.1	3,639,307	3,465,367
	Staff retirement gratuity	10.3	362,104	244,422
	Group medical insurance		250,796	117,719
	Pakistan Cattle Show expenses		2,474,442	3,470,181
	Printing and Stationary		-	257,962
	Marketing and sales promotion		-	1,167,319
	Entertainment expenses		43,981	123,508
	Travelling expenses		8,541	-
			<u>6,779,171</u>	<u>8,846,478</u>
21.1	Salaries, wages and other benefits includes provident fund contribution of Rs. 162,372 (2017 : Rs. 136,745).			

LAHORE DIVISION CATTLE MARKET MANGEMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
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22 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).

22.1 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.

22.2 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.

22.3 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.

22.4 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.

22.5 Other price risk

Other price risk represents the risk that the future cash flows of financial instrument will fluctuate because of changes in market price (other than those arising from interest risk or currency risk), whether those changes are caused by changes specific to the individual financial risk, whether these changes are caused by the factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to commodity price risk.

22.6 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:

	2018	2017
	Rupees	Rupees
Trade debts	11,064,906	947,723
Advances and deposits	2,388,371	2,566,220
Bank balances	24,309,752	42,812,488
	<u>37,763,029</u>	<u>46,326,431</u>

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

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quality of cash at bank (in deposit account) as per credit rating agencies are as follows:

	2018 Rupees	2017 Rupees
Bank balances		
The Bank of Punjab A1+ rating - PACRA	<u>24,309,752</u>	<u>42,812,488</u>

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

22.7 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 in respect of trade and other payables amounting to Rs. 44,539,072 (2017: Rs. 40,743,901) out of which Rs. 12,015,042 (2017: Rs. 12,015,042) is payable to TMAs. The Company has cash and bank balances amounting to Rs. 24,825,265 (2017: RS. 43,218,168) at the reporting date to manage liquidity risk. However the risk has been minimized as the trade debts has been recovered subsequent to the reporting date.

22.8 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.

22.9 Financial instruments by category

	2018 Rupees	2017 Rupees
Assets as per statement of financial position		
Loans and Receivables		
Trade debts	11,064,906	947,723
Advances and deposits	2,388,371	2,566,220
Cash and bank balance	<u>24,825,265</u>	<u>43,218,168</u>
	<u>38,278,542</u>	<u>46,732,111</u>
Liabilities as per statement of financial position		
Other financial liabilities		
Trade and other payables	<u>44,539,072</u>	<u>40,743,901</u>
	<u>44,539,072</u>	<u>40,743,901</u>

23 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.

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24 RELATED PARTY TRANSACTION

Related parties comprise of Managing director, members, key management personnel and employee retirement benefit funds. The transaction 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 with related parties other than those which have been specifically disclosed elsewhere in these financial statements.

25 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:

	<u>Managing Director</u>		<u>Executives</u>	
	2018	2017	2018	2017
	-----Rupees-----		-----Rupees-----	
Remuneration	2,743,089	2,289,007	1,902,752	1,577,717
Vehicle allowance	1,264,323	1,390,162	686,776	707,242
House rent allowance	878,119	805,332	597,971	548,400
Utilities	417,400	417,585	272,437	281,511
Company's contribution to the provident fund	228,312	209,388	155,471	142,584
	<u>5,531,243</u>	<u>5,111,474</u>	<u>3,615,407</u>	<u>3,257,454</u>
Number of person(s)	1	1	1	1

26 NUMBER OF EMPLOYEES

Number of employees at the end of the year	<u>225</u>	<u>235</u>
Average number of employees	<u>227</u>	<u>201</u>

27 EVENTS AFTER THE REPORTING DATE

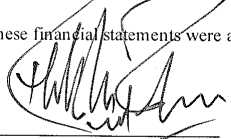
No adjusting or significant non-adjusting event in accordance with IAS-10 'Events after the Reporting Period' have been occurred between reporting date and date of authorization.

28 CORRESPONDING FIGURES


The preparation and presentation of these financial statements for the year ended June 30, 2018 is in accordance with requirements in Companies Act, 2017. The fifth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017.

29 AUTHORIZATION FOR ISSUE

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


 Dr. Ahtasham-Ur-Rehman
 Chief Executive


 Muhammad Mujtaba Piracha
 Chairman/Director


 Muhammad Sarfraz Arshad
 Chief Financial Officer

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