

**TRADING CORPORATION OF PAKISTAN  
(PRIVATE) LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2024**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Qualified Opinion**

We have audited the annexed financial statements of **TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED** (the Company), which comprise the statement of financial position as at **June 30, 2024**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flow 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, except for the possible effects of the matters described in paragraphs (a) to (c) below, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flow together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Qualified Opinion**

- a) As disclosed in note no. 12 to the financial statements, trade debts include receivables of Rs. 9,899.130 million from various government institutions. During the course of our audit, we circularized confirmations to these debtors however, we have not received responses to our confirmation requests and there have been no movements or recoveries in the last six years. Therefore, we were unable to assess their ageing and recoverability. Further, one of the debtor M/s: Utilities Stores Corporation of Pakistan (USCP) confirmed its balance for the first time during the year and the amount not confirmed by USCP is also included in the above qualified amount.

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- b) as disclosed in note 14.1 to the financial statements, other receivables include Rs. 16,032.99 million (including accrued mark-up and other charges of Rs. 13,653.44 million till June 30, 2024 from sugar mills on account of sugar not supplied by them under the contractual terms. The Company had initiated legal action and also referred the matter to National Accountability Bureau (NAB). In the absence of management objective evaluation of probable outcome of the said legal action, we are unable to satisfy ourselves as to the recoverability of receivables from sugar mills under the head prepayment and other receivables.
- c) as stated in note no 24.1.1 and 24.1.4 to 24.1.14, the Company has pending litigations and open tax assessments against the company aggregating to Rs. 12,195.65 million. The ultimate outcome of these litigations cannot presently be determined, and no provision that may result, has been made in the financial statements.

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

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

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report.

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

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

If based on the work we have performed, on other information obtained prior to the date of this auditor's report, we conclude 'that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. For the matters described in the *Basis for Qualified Opinion* section of our report, we conclude that the other information is also materially misstated with respect to those matters.

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

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

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

Board of directors 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.

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- 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, except for the possible effects of the matters referred in paragraphs (a) to (c) in the Basis for Qualified Opinion section of our report:

- 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 statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flow 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).

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The engagement partner on the audit resulting in this independent auditor's report is *Muhammad Aqeel Ashraf Tabani*.

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*Baker Tilly Mehmood Idrees Qamar*  
BAKER TILLY MEHMOOD IDREES QAMAR  
Chartered Accountants

*Karachi*

Date: October 25, 2024

UDIN: AR202410542HlsoTvqC5



TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2024

	Note	2024	2023
		----- Rupees in 000 -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	46,454,849	483,494
Intangible asset	6	1,558	2,261
Long-term investments	7	10,709,509	10,439,414
Long-term loans	8	62,788	66,647
Long-term deposits		16,449	15,603
		57,245,153	11,007,419
<b>CURRENT ASSETS</b>			
Current maturity of long-term investments	7	-	-
Stores	9	-	-
Stock-in-trade held on behalf of Government of Pakistan	10	-	6,097
Due from Government of Pakistan	11	208,053,896	159,230,360
Trade debts	12	56,891,348	81,542,806
Loans and advances	13	25,149	21,576
Accrued interest		70,671	4,706
Prepayments and other receivables	14	20,728,713	17,746,175
Sales tax refundable	15	7,324,493	7,290,327
Short-term investments	16	16,818,972	13,004,333
Cash and bank balances	17	2,158,076	2,191,393
		312,071,318	281,037,773
<b>TOTAL ASSETS</b>		<b>369,316,471</b>	<b>292,045,192</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital	18	1,000,000	1,000,000
Issued, subscribed and paid-up share capital	18	1,000,000	1,000,000
Surplus revaluation on property and equipment		45,739,625	-
Reserves		23,100,410	20,501,204
		69,840,035	21,501,204
<b>NON-CURRENT LIABILITIES</b>			
Long-term loan	19	16,649	16,649
Loan for FMCL sprinkler system	20	22,401	29,868
Deferred liabilities - staff compensated absences	21	153,272	132,622
		192,322	179,139
<b>CURRENT LIABILITIES</b>			
Trade and other payables	22	1,394,866	1,540,862
Commodity finance under markup arrangements	23	281,225,025	252,393,479
Current portion of loan for FMCL sprinkler system	20	7,467	7,467
Interest accrued		15,524,584	14,843,914
Taxation - net		1,132,172	1,579,127
		299,284,114	270,364,849
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>369,316,471</b>	<b>292,045,192</b>
<b>CONTINGENCIES</b>			
	24		

The annexed notes from 1 to 39 form an integral part of these financial statements.

*Signature*

*Signature*  
Chief Executive Officer

*Signature*  
Chief Financial Officer

*Signature*  
Director

TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees in 000	2023
Service charges / commission income	25	481,352	3,102,771
Administrative expenses	27	(1,449,717)	(1,590,384)
<b>Operating (loss) / profit</b>		<b>(968,365)</b>	<b>1,512,387</b>
Finance cost		(3,761)	(2,326)
Other income	28	5,384,520	4,571,796
<b>Profit before levy (final and minimum tax) and income tax</b>		<b>4,412,394</b>	<b>6,081,857</b>
Minimum tax	29.2	(57,762)	(668,536)
<b>Profit before income tax</b>		<b>4,354,632</b>	<b>5,413,321</b>
Taxation			
- For the year	29.3	(1,559,992)	(1,559,835)
- Prior year		(193,446)	146,979
		(1,753,438)	(1,412,856)
- Deferred		-	-
<b>Profit after taxation</b>		<b>2,601,194</b>	<b>4,000,465</b>
<b>Other comprehensive income:</b>			
Items that will not be reclassified to profit or loss		-	-
Revaluation of property and equipment		45,739,625	-
Remeasurement loss on staff compensated absences		(6,279)	(18,879)
Remeasurement gain on defined benefit plan - gratuity		14,291	-
<b>Total comprehensive income for the year</b>		<b>48,348,831</b>	<b>3,981,586</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.

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Chief Executive Officer

  
Chief Financial Officer

  
Director



TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2024

	Issued, subscribed and paid-up share capital	Reserves				Unappropriated profit	Total reserves excluding surplus	Surplus on revaluation on PPE-net of tax	Total Equity
		General reserve	Building reserve	Reserve for contingencies	Revenue reserves				
Rupees in 000									
<b>Balance as at July 01, 2022</b>	1,000,000	7,500,000	1,680,000	100,000	239,000	7,390,618	16,909,618	-	17,909,618
Profit for the year	-	-	-	-	-	4,000,465	4,000,465	-	4,000,465
Other comprehensive income for the year	-	-	-	-	-	(18,879)	(18,879)	-	(18,879)
Total comprehensive income for the year	-	-	-	-	-	3,981,586	3,981,586	-	3,981,586
<b>Transaction with the owners:</b>									
Final dividend for the year ended June 30, 2022	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Interim dividend for the half year ended December 31, 2022	-	-	-	-	-	(190,000)	(190,000)	-	(190,000)
<b>Balance as at June 30, 2023</b>	1,000,000	7,500,000	1,680,000	100,000	239,000	10,982,204	20,501,204	-	21,501,204
Profit for the year	-	-	-	-	-	2,601,194	2,601,194	-	2,601,194
Other comprehensive loss for the year	-	-	-	-	-	8,012	8,012	45,739,625	45,747,637
Total comprehensive income for the year	-	-	-	-	-	2,609,206	2,609,206	45,739,625	48,348,831
<b>Transaction with the owners:</b>									
Final dividend for the year ended June 30, 2023	-	-	-	-	-	(10,000)	(10,000)	-	(10,000)
Interim dividend for the half year ended December 31, 2023	-	-	-	-	-	-	-	-	-
<b>Balance as at June 30, 2024</b>	1,000,000	7,500,000	1,680,000	100,000	239,000	13,581,410	23,100,410	45,739,625	69,840,035

The annexed notes from 1 to 39 form an integral part of these financial statements.

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Chief Executive Officer

  
Chief Financial Officer

  
Director

TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
Note	----- Rupees in 000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,412,394	6,081,857
<b>Adjustments of non cash and other items</b>		
Depreciation on property and equipment	5.1 37,633	31,007
Amortization on intangible asset	6 703	703
Gain on disposal of property and equipment	(2,918)	(1,572)
Interest on investments	(318,818)	(859,609)
Subsidy to be reimbursed - net	(62,641,544)	(79,712,363)
Provision for compensated absences	90,929	82,229
	(62,834,015)	(80,459,605)
<b>Decrease / (increase) in current assets</b>		
Stock-in-trade held on behalf of Government of Pakistan	6,097	19,185,777
Trade debts	24,651,458	(15,257,071)
Loans and advances	(3,573)	1,148
Prepayments and other receivables	(2,937,715)	(1,843,283)
Sales tax refundable	(34,166)	(301,662)
	21,682,101	1,784,909
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	(37,952)	(19,086,831)
Interest accrued	680,670	9,684,018
	642,718	(9,402,813)
<b>Cash used in operations</b>	<b>(36,096,801)</b>	<b>(81,995,653)</b>
<b>Income tax paid</b>		
Income tax paid	(2,258,156)	(1,886,564)
Staff retirement gratuity - net	(138,576)	36,442
Compensated absences paid	(76,558)	(60,074)
	(2,473,290)	(1,910,196)
<b>Net cash used in operating activities</b>	<b>(38,570,091)</b>	<b>(83,905,849)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment	(270,132)	(70,459)
Sale proceeds from disposal of property and equipment	3,687	1,620
Net proceeds (investment in) / from market treasury bills	(3,814,639)	(9,160,774)
Net change in investment in Pakistan investment bonds	(270,095)	(238,006)
Net proceeds from / (investment in) term deposit receipts	-	3,880,000
Interest received on investments	252,853	863,128
Long term deposits	(846)	(1,762)
Long-term loans received	(7,467)	37,335
Long-term loans recovered - net	3,859	10,057
<b>Net cash (used in) / generated from investing activities</b>	<b>(4,102,780)</b>	<b>(4,678,861)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Subsidy received / adjusted during the year	13,818,008	1,598,983
Dividend paid	(10,000)	(390,000)
<b>Net cash generated from financing activities</b>	<b>13,808,008</b>	<b>1,208,983</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(28,864,863)</b>	<b>(87,375,727)</b>
Cash and cash equivalents at beginning of the year	(250,202,086)	(162,826,359)
<b>Cash and cash equivalents at end of the year</b>	<b>30 (279,066,949)</b>	<b>(250,202,086)</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chairman

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

**TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Trading Corporation of Pakistan (Private) Limited (the Company) was incorporated in Pakistan on July 28, 1967 as a private limited company under the repealed Companies Act, 1913 (now Companies Act, 2017). It is wholly owned by the Federal Government and operates under the administrative control of the Ministry of Commerce (MoC), Government of Pakistan (GoP). The registered office of the Company is situated at Finance and Trade Centre, Shahrah-e-Faisal, Karachi. The principal activity of the Company is to cater strategic imports as per directives of Government of Pakistan. The Company acts as an agent in those transactions and is entitled to commission on services rendered and does not carry any risks and rewards related to those transactions as such and therefore, the sales and cost of sales relating to those transactions are not presented in the statement of profit or loss of the Company.
- 1.2** Cotton Exchange Corporation of Pakistan (Private) Limited (CEC) and Rice Export Corporation of Pakistan (Private) Limited (RECP) were merged with and into the Company in 2001 under an order of Sindh High Court dated January 19, 2001. Further, Cotton Trading Corporation of Pakistan (Private) Limited (CTC) was merged with and into the Company in 2008 by another order of the Sindh High Court. As a result of these orders, the assets and liabilities of these defunct companies were transferred to the Company without any subsidiary records.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Provision and directives issued under State Owned Enterprises Act, 2023.

Where the provisions of and directives issued under the State Owned Enterprises Act, 2023, Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017, State owned Enterprises Act, 2023 have been followed.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, unless otherwise specifically stated.

**2.3 Functional and presentation currency**

These financial statements are presented in Pakistani Rupees which is also the Company's functional currency.

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## 2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgment that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Areas where judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent year are as follows:

	Note
- Residual values and useful lives of property and equipment	5.1
- Valuation of stores and stock in trade	3.5 & 3.6
- Provision for impairment of trade debts and other receivables	3.7
- Provision for taxation	3.15
- Provision for compensated absence	3.13
- Estimation of contingent liabilities	24

## 2.5 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

During the year the Institute of Chartered Accountants of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance – "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires taxes paid under final tax regime to be shown separately as a levy instead of showing it in current tax. Further the treatment of minimum taxes has been presented differently in this guidance.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) – 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the Statement of Financial Position, Earnings per share and Statement of Changes in Equity as a result of this change.

### Effect on profit or loss and other comprehensive income

	Had there been no Change in accounting policy	Impact of Change in accounting policy	After incorporating effects of change in accounting policy
	----- Rupees -----		
<b>For the year ended June 30, 2024</b>			
Taxation-Final taxes	-	-	-
Taxation-Minimum Taxes	-	(57,762)	(57,762)
Profit before taxation	4,412,394	-	4,412,394
Prior tax	(193,446)	-	(193,446)
Taxation-Income tax	(1,617,754)	57,762	(1,559,992)
	<b>2,601,194</b>	<b>-</b>	<b>2,601,194</b>
<b>For the year ended June 30, 2023</b>			
Taxation-Final taxes	-	-	-
Taxation-Minimum Taxes	-	(668,536)	(668,536)
Profit before taxation	6,081,857	-	6,081,857
Prior tax	146,979	-	146,979
Taxation-Income tax	(2,228,371)	668,536	(1,559,835)
	<b>4,000,465</b>	<b>-</b>	<b>4,000,465</b>

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## 2.6 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	<u>Effective date (annual periods beginning on or after)</u>
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

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

Management reviewed the accounting policies and updates to the information disclosed in Note 3 Material accounting policies (2023: Summary of significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

## 2.7 New accounting standards, amendments and interpretations that are either not yet effective or relevant to the Company

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	<u>Effective date (annual periods beginning on or after)</u>
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures'- Amendments regarding the classification and measurement of financial instruments	January 01, 2026

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	<u>Effective date (annual periods beginning on or after)</u>
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026
IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).	
IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.	
IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.	
IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption.	

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 3.1 Property and equipment

##### *Initial Recognition*

An item of property, plant and equipment is initially recognized at cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Operating fixed assets under construction are disclosed as capital work in progress (CWIP). The cost of self constructed assets includes the cost of materials, fixed labour and any other cost directly attributable to bringing the asset into service for its intended use including, where applicable, the cost of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

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The assets which are available for intended use are initially capitalized at cost as operating fixed asset and depreciated over its useful life. While assets under construction are capitalized to CWIP.

#### **Capital work-in-progress**

CWIP is stated at cost less accumulated impairment losses, if any. All expenditure in connection with specific assets incurred during construction / installation period are carried to CWIP. These expenditures are transferred to operating fixed assets as and when these are available for intended use.

#### **Measurement subsequent to initial recognition**

##### **Carried using revaluation model**

Following classes of operating owned assets are subsequently measured under revaluation model (i.e. fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses).

- Leasehold Land
- Building on Leasehold Land
- Godown on Leasehold Land

Fair value is determined by external professional valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the statement of financial position date.

A revaluation surplus is recorded in statement of comprehensive income and credited to the asset revaluation surplus in equity. However, the increase is recorded in the unconsolidated statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognized in the statement of profit or loss, however, decrease is recorded in statement of comprehensive income to the extent of any credit balance entry in revaluation surplus in respect of the same assets.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revaluation of carrying amount of the asset and the depreciation based on asset's original cost. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit / loss.

##### **Carried using cost model**

Fixed assets other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

#### **Depreciation**

Depreciation is charged to the statement of profit or loss and claimed under trading and other expenses to be reimbursed by GoP, as the case may be, using reducing balance method at the rates given in note 5.1 to these financial statements. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the preceding month of disposal. Assets' residual values, useful lives and depreciation rates are reviewed, and adjusted, if appropriate at each statement of financial position date. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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Major renewals and improvements for assets are capitalised and the assets so replaced, if any, are retired.

Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense in the statement of profit or loss.

### **3.2 Right-of-use assets**

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenor.

Right-of-use assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

### **3.3 Lease liability against right-of-use assets**

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the statement of profit or loss as mark-up expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

### **3.4 Intangible asset**

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged to the statement of profit or loss applying the straight line method, whereby, the cost of intangible asset is written off over its useful economic life. The Amortization rate of the intangible assets are stated in note 6 to these financial statements. Full month's Amortization is charged in the month of addition when the asset is available for use, whereas, Amortization on disposals is charged upto the month in which the disposal takes place.

*Leasing*



### 3.5 Stores

These are valued at weighted average cost less impairment losses, if any, except for stores in transit which are valued at cost (invoice value) plus other charges accumulated up to the reporting date. Cost comprises of invoice value and other direct costs but excludes borrowing costs. Provision is made for slow moving / obsolete items, where necessary and is recognised in the statement of profit or loss account. Provision for slow moving / obsolete stores relating to transactions carried out on behalf of the GoP is claimed under trading and other related expenses to be reimbursed by GoP.

### 3.6 Stock-in-trade held on behalf of Government of Pakistan (GoP)

Stock-in-trade except for stock of urea is valued at the lower of weighted average cost and net realizable value. Urea is valued at weighted average cost less impairment, if any, as it is sold at subsidized rates under the directives of the GoP. Cost comprises of invoice value, charges like excise, custom duties and other similar levies and other direct costs.

Provision made for obsolete / slow moving stocks, where necessary, is included in the trading and other expenses to be reimbursed by the GoP.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to be incurred in order to make a sale.

### 3.7 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost. An allowance for expected credit loss is recognized in accordance with IFRS - 9. Trade debts and other receivable are written off, when considered irrecoverable. In case of default by the counter parties in transactions executed on behalf of the GoP, the same is recoverable / claimed from GoP under trading and other expenses to be reimbursed by the GoP.

### 3.8 Financial Assets

All the financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments.

#### *Initial Measurement*

The company classifies its financial assets into following three categories:

- measured at amortized cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

#### *Subsequent Measurement*

##### **i. Equity Instruments as FVOCI**

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

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ii. **Financial assets at FVTPL**

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

iii. **Financial assets measured at amortized cost**

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

***De-recognition***

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

***Impairment of financial assets***

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach to recognise lifetime expected credit losses for trade and other receivables.

***Off-setting of financial assets and financial liabilities***

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**3.9 Financial Liabilities**

Financial liabilities are classified as measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

**3.10 Cash and cash equivalents**

Cash and cash equivalents are stated at cost. For the purpose of cash flow statement, cash and cash equivalents include bank balances and commodity finance under markup arrangements.

**3.11 Trade and other payables**

Trade and other payables are recognised initially at fair value plus directly attributable cost to be paid in future for goods and services received, whether or not billed to the Company.

**3.12 Provisions**

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate. The amount recognised as provision is the best estimate of consideration required to settle the present obligation at the end of reporting period, taking into account the risk and uncertainties surrounding the obligation.

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### 3.13 Employees' retirement benefits

#### Employees' gratuity fund - defined benefit plan

Gratuity is based on employees' last drawn salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gain or loss (remeasurements) are immediately recognized in 'Other Comprehensive Income' as they occur. The amount recognized in the statement of financial position represents the present value of defined benefit obligation as reduced by the fair value of the plan assets. Current service costs and any past service costs together with net interest cost are charged to the statement of profit or loss.

#### Employees' provident fund - defined contribution plan

The Company operates a recognised provident fund for its employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of basic salary.

#### Compensated absences

The Company accounts for all accumulated compensated absences when the employees render service that increase their entitlement to future compensated absences on the basis of actuarial valuation that is carried out annually.

### 3.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of borrowings using the effective interest rate method. Finance cost on borrowings made for executing transactions on behalf of government are included in the cost to be reimbursed by the government.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the statement of financial position date. Exchange gains and losses arising in respect of borrowings in foreign currency, if any, are added in the carrying amount of the borrowing.

### 3.15 Taxation and levy

#### 3.15.1 Levy - final and minimum tax

Computation of minimum tax chargeable under various sections of ITO 2001, provisions of such sections require its comparison with amount of tax attributable to income streams taxable at general rate of taxation, such minimum taxes are not fully outside the scope of IAS-12 and a certain portion of them falls in scope of IAS - 12. Based on this, the minimum taxes under ITO 2001 are hybrid taxes which comprise of a component within the scope of IAS - 12 and a component within the scope of IFRIC - 21 / IAS - 37.

As regards final taxes, its computation is based on revenue or other bases other than taxable income, therefore, final taxes fall under levy within the scope of IFRIC - 21 / IAS - 37, hence treated and classified accordingly, as per the requirements of / and guidelines issued by ICAP.

In identifying and classifying each component of minimum tax being hybrid in nature, company designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS - 12 "Income taxes" and recognize it as current income tax expense. Any excess over the amount designed as income tax, is recognized as a levy falling under the scope of IFRIC - 21 / IAS - 37.

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### 3.15.2 Taxation

Income tax expense comprises current, prior and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to item recognized directly in other comprehensive income in which case it is recognized in other comprehensive income.

#### **Current tax**

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted.

#### **Prior tax**

The charge for prior tax includes adjustments where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

#### **Deferred**

Deferred tax is recognised using the statement of financial position method, on all temporary differences arising at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability for all taxable temporary differences, while deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forwards of unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the statement of financial position date. Deferred tax is charged or credited to the statement of profit or loss.

Deferred tax relating to items recognised directly in the other comprehensive income or equity is recognised in the other comprehensive income or equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

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### 3.16 Foreign currency translation

Transactions in foreign currencies are translated into Pakistani Rupee at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pakistani Rupees at the rates of exchange ruling at the statement of financial position date. Exchange gains and losses from the settlement of foreign currency transactions and translation of monetary assets and liabilities at the statement of financial position date rates are included in the statement of profit or loss. Exchange gains / losses on transactions carried out on behalf of GoP are included in the cost related to such transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

### 3.17 Revenue

Revenue is measured at the fair value of consideration received or receivable and is recognised in the statement of profit or loss.

As the Company acts as an agent on behalf of the GoP, it earns commission income on the supplied value of commodities except for Urea on which commission is recorded on import value (C&F), Rice on which commission is recorded on its purchase cost (C&F) unless specifically mentioned in a directive of GoP. The rate of commission depends upon the directive of GoP. Commission income is recorded on accrual basis when the transaction has been executed.

- Profits on bank and term deposits is accounted for on time proportion basis using effective interest method.
- Rental income is recorded on accrual basis.
- Income in respect of services provided are recognized when services have been rendered.
- Sales made on behalf of the GoP are credited to "due from GoP" through trading surplus / deficit to be reimbursed by GoP.

### 3.18 Subsidies from the GoP

Subsidies from the Government are calculated separately for each consignment, which represent the difference between the supply price to recipient agencies like NFML and the cost incurred on transactions executed on behalf of GoP by TCP. All direct and indirect income and expenses related to these transactions are borne by GoP and claimed (on net basis) under trading and other expenses to be reimbursed by GoP.

### 3.19 Expenses

Expenses incurred in relation to import and trading on behalf of GoP is charged to trading and other expenses to be reimbursed by GoP whereas, payroll and other costs are charged in administrative expenses in the statement of profit or loss.

### 3.20 Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is declared. Appropriations of profit including transfer to reserves are reflected in the statement of changes in equity in the period in which such appropriations are approved by the shareholders of the Company.

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#### 4. CHANGE IN ACCOUNTING POLICY

##### 4.1 From cost to revaluation model

Previously, the Company's policy for measurement of lease hold land, building and plant and machinery was to record on cost less accumulated depreciation and impairment (if any). The Company has changed its accounting policy from cost to revaluation model for lease hold land, building and plant and machinery.

As per the new accounting policy, "Any revaluation increase arising on the revaluation of assets is recognised in statement of comprehensive income and presented as a separate component of equity as "Surplus on revaluation of property and equipment - net of tax", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in statement of profit or loss, in which case the increase is credited to statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation is charged to statement of profit or loss to the extent that it exceeds the balance, if any, held in the Surplus on revaluation of property and equipment relating to a each specific asset.

In these financial statements the above explained change in accounting policy has been accounted for prospectively, as per the requirements of IAS - 8 'Accounting Policies, Changes in Accounting Estimates and Error'. Since the accounting policy has been applied prospectively therefore this change has not impacted the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cashflows of prior year.

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5. PROPERTY AND EQUIPMENT	Note	2024	2023
		Rupees in 000	
Operating fixed assets	5.1	46,454,165	483,494
Advances against purchase of land	5.2	81,428	81,428
Provision against advances		(81,428)	(81,428)
Capital work in progress	5.3	684	-
		<u>46,454,849</u>	<u>483,494</u>

5.1 Operating fixed assets

Leasehold Land	Building on leasehold land	Godowns on leasehold land	Structural Improvements	Godown Equipments	Office Equipments	Furniture, Fixtures And Fittings	Computer Equipment	Laboratory Handling Equipments	Electric Sub Stations	Workshop Complex	Vehicles	Total
Rupees in 000												

Net carrying value basis

Year ended June 30, 2023

Opening net book value

Addition (at cost)

Disposal

Cost

Accumulated depreciation

Depreciation charged

Closing net book value

47,526	19,338	332,010	2,390	3,259	4,961	3,886	9,420	9	-	-	21,291	444,090
-	44,802	-	-	-	1,807	957	6,531	-	-	-	16,361	70,459
-	-	-	-	-	-	-	-	-	-	-	(1,925)	(1,925)
-	-	-	-	-	-	-	-	-	-	-	1,877	1,877
-	-	-	-	-	-	-	-	-	-	-	(48)	(48)
-	(3,207)	(16,600)	(120)	(326)	(898)	(424)	(2,836)	(1)	-	-	(6,595)	(31,007)
<u>47,526</u>	<u>60,933</u>	<u>315,410</u>	<u>2,270</u>	<u>2,933</u>	<u>5,870</u>	<u>4,419</u>	<u>13,115</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>31,009</u>	<u>483,494</u>

Gross carrying value basis

As at June 30, 2023

Cost

Accumulated depreciation

Net book value

47,526	211,068	802,385	53,538	57,417	49,379	18,846	34,592	3,151	11,559	5,353	69,895	1,364,710
-	(150,135)	(486,975)	(51,268)	(54,484)	(43,509)	(14,427)	(21,477)	(3,143)	(11,559)	(5,353)	(38,886)	(881,216)
<u>47,526</u>	<u>60,933</u>	<u>315,410</u>	<u>2,270</u>	<u>2,933</u>	<u>5,870</u>	<u>4,419</u>	<u>13,115</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>31,009</u>	<u>483,494</u>

Net carrying value basis

Year ended June 30, 2024

Opening net book value

Addition (at cost)

Transfer from CWIP

Revaluation surplus

Disposal

Cost

Accumulated depreciation

Depreciation charged

Closing net book value

47,526	60,933	315,410	2,270	2,933	5,870	4,419	13,115	8	-	-	31,009	483,494
-	17,903	200,617	-	14,552	10,180	1,212	6,760	-	-	-	4,699	255,923
-	4,410	-	9,115	-	-	-	-	-	-	-	-	13,525
43,564,219	1,214,063	961,343	-	-	-	-	-	-	-	-	-	45,739,625
-	-	-	-	-	-	-	(267)	-	-	-	(4,143)	(4,410)
-	-	-	-	-	-	-	92	-	-	-	3,549	3,641
-	-	-	-	-	-	-	(175)	-	-	-	(594)	(769)
-	(3,495)	(19,114)	(2,290)	(715)	(1,854)	(497)	(3,359)	(1)	-	-	(6,308)	(37,633)
<u>43,611,745</u>	<u>1,293,814</u>	<u>1,458,256</u>	<u>9,095</u>	<u>16,770</u>	<u>14,196</u>	<u>5,134</u>	<u>16,341</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>28,806</u>	<u>46,454,165</u>

Gross carrying value basis

As at June 30, 2024

Cost / revalued amount

Accumulated depreciation

Net book value

43,611,745	1,447,444	1,964,345	62,653	71,969	59,559	20,058	41,085	3,151	11,559	5,353	70,451	47,369,373
-	(153,630)	(506,089)	(53,558)	(55,199)	(45,363)	(14,924)	(24,744)	(3,144)	(11,559)	(5,353)	(41,645)	(915,208)
<u>43,611,745</u>	<u>1,293,814</u>	<u>1,458,256</u>	<u>9,095</u>	<u>16,770</u>	<u>14,196</u>	<u>5,134</u>	<u>16,341</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>28,806</u>	<u>46,454,165</u>

Depreciation (% per annum)

-	5	5	5 - 25	10 - 25	10 - 20	10	20	15	33	5	20
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5.1.1 The management engaged independent valuer to carry out valuations of lands and buildings as of June 30, 2024. Revalued amount of assets was Rs. 46,330 million resulting in surplus amount to Rs. 45,739 million.

Leasehold land  
Building on leasehold land  
Godown on leasehold land

Note	Assets carrying at revalued amount	Assets carried at NBV - cost model	Total
	Rupees in 000		
	43,593,750	17,995	43,611,745
	1,292,948	866	1,293,814
	1,443,445	14,811	1,458,256
5.1.1.1	<u>46,330,143</u>	<u>33,672</u>	<u>46,363,815</u>

5.1.1.1 The Company adopted the revaluation model on June 30, 2024. The class of assets under this model has not yet been fully revalued. In accordance with the requirements of paragraph 38 of IAS 16, the Company expects to complete the revaluation exercise in the near term within a short period of time, with the remaining valuation effects of Pipri Land, Multan Godown, etc. to be reflected in the forthcoming financial year.

5.1.2 Had there been no revaluation, the written down value of the following assets in the statement of financial position would have been as follows:

Leasehold land  
Building on leasehold land  
Godown on leasehold land

Cost	Accumulated depreciation	Written down value	
		2024	2023
Rupees in 000			
47,526	-	47,526	47,526
233,381	153,631	79,750	60,933
1,003,002	506,089	496,913	315,410
<u>1,283,909</u>	<u>659,720</u>	<u>624,189</u>	<u>423,869</u>

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5.1.3 Included in the property and equipment are certain godowns (land and buildings) which have been partially given on rent, however, details of cost of these land and construction of godowns thereon are not available separately, as these godowns were taken over by the Company, as a result of mergers as disclosed in note 1.2 to these financial statements.

5.1.4 The management has decided not to declare godowns as 'investment properties' in these financial statements as these are actually held and maintained for storage of strategic stock as and when procured on behalf of Government of Pakistan as and when required.

5.1.5 During the year, written down value of operating fixed assets that have been disposed off amounting to Rs. 769 million (2023: 48 million). Details of operating fixed assets disposed of with WDV above 0.5 million are given below:

Description of asset	Cost	W.D.V.	Sale Proceed	Particulars of Purchaser	Relationship of Purchaser with company or any of its directors
	----- Rupees -----				
GPA-755 Toyota Corolla 2018	1,894,000	502,535	903,098	Rafeo Bashir shah	Chairman TCP

## 5.2 Advances against purchase of land

5.2.1 In 1991, Rice Export Corporation of Pakistan (Private) Limited (RECP) (defunct) paid advance of Rs. 80.73 million to Port Qasim Authority (PQA) for purchase of two plots of land. Due to some dispute regarding transfer fee, PQA unilaterally cancelled the allotment of these plots of land. The management has recorded full provision against this advance. However, the Company has filed a legal suit against PQA for re-allotment of the land, which is pending adjudication.

5.2.2 RECP (defunct) had also given advance of Rs. 0.69 million to Karachi Development Authority (KDA) for purchase of 100 acres of land. Due to dispute regarding title of land, the land was not allotted to the Company. The management has recorded full provision against this advance.

## 5.3 Movement during the year

	2024	2023
	----- Rupees in 000-----	
Opening balance	-	-
Additions	14,209	-
Transfer	(13,525)	-
<b>Closing balance</b>	<b>684</b>	<b>-</b>

*2/11/24*

Computer Software	
2024	2023
----- Rupees in 000-----	

6. INTANGIBLE ASSET

**Net carrying value basis**

**Year ended June 30,**

Opening net book value

2,261 2,964

Addition (at cost)

- -

Amortization charged

(703) (703)

**Closing net book value**

**1,558 2,261**

**Gross carrying value basis**

**As at June 30,**

Cost

7,031 7,031

Accumulated amortization

(5,473) (4,770)

**Net book value**

**1,558 2,261**

10%

6.1 Amortization charge for the year has been allocated to administrative expenses.

7. LONG-TERM INVESTMENTS

Note

2024

2023

----- Rupees in 000-----

**Financial assets measured at amortised cost**

Pakistan Investment Bonds (PIBs)

7.1

10,643,682

10,373,587

Current maturity

-

-

10,643,682

10,373,587

**Financial assets measured at cost - unquoted**

FTC Management Company (Private) Limited

7.2

1,000

1,000

Lahore Development Authority (LDA)

7.3

64,827

64,827

**10,709,509**

**10,439,414**

7.1 The investment in PIBs consists of two transactions:

7.1.1 The first investment of Rs. 4.124 billion (including accrued interest of Rs. 205.402 million) was made on December 28, 2018 at effective interest rate of 13.0% per annum and maturity date of July 12, 2028.

7.1.2 The second investment of Rs. 5.199 billion (including accrued interest of Rs. 118.968 million) was made on March 28, 2019 at effective interest rate of 13.1% per annum and maturity date of July 12, 2028.

7.2 Represents investment in 100,000 shares of FTC Management Company (Private) Limited (FMCL), a company formed to oversee the operations, maintenance and up-keep of the Finance and Trade Centre, Karachi. Out of total 100,000 shares, 49,999 shares are held in the name of CEC (Defunct) and 02 shares are held in the name of ex-employees of CEC (Defunct).

7.3 Represents investment towards equity participation of 10.65% (2023: 10.65%) to Lahore Development Authority (LDA) and other sponsors for constructing a multi-story commercial building named LDA Plaza at Edgerton Road, Lahore. The Company is entitled 10.65% of the annual profit earned by the LDA Plaza. Based on the valuation carried out in 2016 by an independent valuer, "Industrial Consultant and Machinery Linkers", the fair value worked out to be Rs. 309.07 million for the Company's share of 10.65%.

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	2024	2023
	----- Rupees in 000-----	
<b>8. LONG-TERM LOANS</b>		
<b>Loans - secured and considered good</b>		
Employees	78,729	80,871
Less: Current portion	(15,941)	(14,224)
	<u>62,788</u>	<u>66,647</u>

**8.1** Loan to employees are given for the purchase of motor cars, purchase / construction of residential houses and for meeting various personal needs of employees in accordance with the policy of the Company. Loans were given for purchase / construction / renovation of residential houses to the staff of the Company other than officers are interest free while other loans carry interest ranging from 2% to 6% (2023: 2% to 6%) and are re-payable in 3 to 15 years (2023: 3 to 15 years). These loans are secured against provident fund / gratuity entitlement of employees and mortgage of properties. These loans have been carried at cost as the effect of carrying these loans at amortised cost would not be material in the overall content of these financial statements. The maturity profile of loans is as under:

	2024	2023
	----- Rupees in 000-----	
Less than 1 year	15,941	14,224
1-3 year	40,641	29,669
More than 3 years	22,147	36,978
	<u>78,729</u>	<u>80,871</u>

**9. STORES**

Gunny bags	21,836	21,836
Less: Provision for obsolete stores	(21,836)	(21,836)
	<u>-</u>	<u>-</u>

**10. STOCK-IN-TRADE HELD ON BEHALF OF GOVERNMENT OF PAKISTAN**

Sugar	35,381	35,381
Rice	2,925,801	2,925,801
Wheat	296,588	296,588
Urea	-	6,097
Black matpe	1,066	1,066
	<b>26.2</b> 3,258,836	3,264,933
Provision for impairment	<b>10.1</b> (3,258,836)	(3,258,836)
	<u>-</u>	<u>6,097</u>

**10.1 Movement of provision of expired / obsolete stock is as follows:**

Balance at beginning of the year	3,258,836	3,258,836
Charged / reversed during the year	-	-
	<u>3,258,836</u>	<u>3,258,836</u>

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11. DUE FROM GOVERNMENT OF PAKISTAN	Note	2024 ----- Rupees in 000-----	2023
<b>Secured - considered good</b>			
Subsidy receivable	11.1	<u>208,053,896</u>	<u>159,230,360</u>
<b>Movement of subsidy receivable during the year is as follows:</b>			
Balance at beginning of the year		159,230,360	81,116,980
Subsidy to be reimbursed	26	62,641,544	79,712,363
Subsidy received / adjusted during the year	11.2, 11.3 & 11.4	(13,818,008)	(1,598,983)
<b>Balance at end of the year</b>		<u>208,053,896</u>	<u>159,230,360</u>

11.1 This balance is net of Rs. 22,163.90 million (2023: Rs. 22,163.90 million) payable to GoP in respect of proceeds (net of incidental expenses) from sale of Urea imported from Saudi Arabia Basic Industries Corporation (SABIC).

11.2 This includes Subsidy received during the year from the Government of Pakistan (GoP) amounting to Rs. 6,000.00 million and includes markup claimed from Utility Stores Corporation (USC), Food department government of Punjab, Pakistan Agricultural Storage & Services Corporation (PASSCO) and National Fertilizer Marketing Limited (NFML) due on uncleared balances amounting to Rs. 1,281.470 million, Rs. 174.545 million, Rs. 2,645.713 million and Rs. 793.390 million respectively pertaining to the year ended June 30, 2024.

11.3 This includes adjustment of markup charges amounting to Rs. 2,891.754 million being claimed from 9 sugar mills as disclosed in note 14.1.

11.4 In the year 2022, the Company had completed an exercise of third-party verification of debtors and subsidy receivable as at a cut-off date of June 30, 2018. The final report on this exercise was issued in October 2022. The company had engaged an external consultant for verification and compilation of trade debts and subsidy in respect of commodity operations pertaining to Urea, Cotton, Rice, Wheat, and Sugar for the period from June 30, 2004, till June 30, 2018 (The starting cut-off date for each commodity was based on age of outstanding receivables). The exercise has been carried out based on source documents i.e., bank statements, invoices, Delivery orders, acknowledgement certificates, banks' term sheets, minutes of meetings with recipient agencies etc. Consequently, the Company has made adjustments in receivables in year 2022 from NFML amounting to Rs. 2,760.223 million and receivables from Food Department, Government of AJK amounting to Rs. 231.422 million.

Based on the subsidy audit report, the Company has initiated reconciliation exercise of balances with recipient parties. The management of the Company is confident to finalize the reconciliation exercise as soon as possible.

12. TRADE DEBTS	Note	2024 ----- Rupees in 000-----	2023
<b>Unsecured</b>			
Considered good		56,891,348	81,542,806
Considered doubtful		25,252	25,252
		56,916,600	81,568,058
Less: Allowance for expected credit loss	12.1	(25,252)	(25,252)
	11.4	<u>56,891,348</u>	<u>81,542,806</u>

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	2024	2023
	----- Rupees in 000-----	
<b>12.1 Movement of allowance for expected credit loss is as follows:</b>		
Balance at beginning of the year	25,252	25,252
Charged during the year	-	-
<b>Balance at end of the year</b>	<b><u>25,252</u></b>	<b><u>25,252</u></b>

**12.2** As at June 30, 2024, receivables from different government institutions aggregating Rs. 56,891.348 million (2023: Rs. 81,542.806 million) were past due but not considered impaired by the management of the Company. The ageing of trade debts is as follows:

	2024	2023
	----- Rupees in 000-----	
Within 1 Year	4,101,728	27,175,075
1-3 Year	8,768,454	8,558,564
More than 3 years	44,046,419	45,834,419
	<b><u>56,916,601</u></b>	<b><u>81,568,058</u></b>

**12.3** The management is actively pursuing for the recovery of these outstanding amounts and is confident that significant amount out of these overdue receivables will be recovered and remaining amount, if any, will be reimbursed by the GoP.

**12.4** Ageing analysis of the gross amount is as follows:

	Within 1 Year	1-3 year	More than 3 years (11.4)	2024	2023
	----- Rupees in 000-----				
Utility Stores Corporation of Pakistan	1,281,470	1,336,768	24,361,975	26,980,213	29,729,993
National Fertilizer Marketing Limited	-	682,430	11,454,299	12,136,729	12,281,303
Sindh Food Department	-	-	1,096,616	1,096,616	2,884,616
Punjab Food Department	174,545	3,811,657	1,617,362	5,603,564	5,429,019
Baluchistan Food Department	-	-	1,814,715	1,814,715	1,814,715
Khyber Pakhtoon Khwa Food Department	-	-	1,950,040	1,950,040	1,950,040
PASSCO	2,645,713	2,937,599	-	5,583,312	25,726,960
AJK Food Department	-	-	231,422	231,422	231,422
Government of Gilgit Baltistan	-	-	1,252,029	1,252,029	1,252,029
Directorate General Procurement Army	-	-	185,404	185,404	185,404
Pakistan Navy	-	-	79,075	79,075	79,075
TCP employees	-	-	64	64	64
Others	-	-	3,418	3,418	3,418
	<b><u>4,101,728</u></b>	<b><u>8,768,454</u></b>	<b><u>44,046,419</u></b>	<b><u>56,916,601</u></b>	<b><u>81,568,058</u></b>

**12.5** The Company has been doing comprehensive reconciliation process with parties against their outstanding balances.

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13. LOANS AND ADVANCES	Note	2024	2023
		----- Rupees in 000-----	
<b>Short-term loan - secured</b>			
Due from employees	13.1	2,691	4,794
<b>Current portion of long term loans</b>			
	8	15,941	14,224
<b>Advances - unsecured</b>			
<b>Considered good</b>			
Employees		1,937	1,682
Sundry advances		4,580	876
		6,517	2,558
<b>Considered doubtful</b>			
Suppliers		9,625	9,625
Contractors		560	560
Employees		364	364
Export agents		41	41
Others		1,373	1,373
		11,963	11,963
		37,112	33,539
Less: Allowance for expected credit loss		(11,963)	(11,963)
		<b>25,149</b>	<b>21,576</b>

13.1 These represent interest free loans given to the employees in accordance with the terms of their employment and are secured against gratuity and provident fund balances of respective employees.

14. PREPAYMENTS AND OTHER RECEIVABLES	Note	2024	2023
		----- Rupees in 000-----	
Prepaid expenses		9,550	1,505
<b>Other receivables</b>			
<b>Considered good</b>			
Sales tax receivable	24.1.2	2,462,211	2,462,211
Income tax	24.1.12 & 24.1.11	1,776,856	1,776,856
Receivable from sugar mills	14.1	16,032,991	13,141,237
Receivable from a bank	14.2	3,850	3,850
Rent receivable	14.3	379,039	351,452
Staff retirement gratuity fund	14.4	44,823	-
Others		19,393	9,064
		20,719,163	17,744,670
<b>Considered doubtful</b>			
Receivable from export agents		437,700	437,700
Income tax		379	379
Insurance claim receivable		120,245	120,245
Due from privatization commission		110,386	110,386
Refundable from import authorities		9,364	9,364
T.C.P sports club		199	199
Refundable against various receivables		20,706	20,706
Due from custodian and others		10,870	10,870
Receivable from handling agents		8,435	8,435
Demurrage charges		2,100	2,100
Receivable on account of rice procured		2,899	2,899
Export Processing Zone and others		17	17
Others		1,929	1,929
		725,229	725,229
Less: Allowance for expected credit loss	14.5	(725,229)	(725,229)
		<b>20,728,713</b>	<b>17,746,175</b>

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14.1 Represents outstanding receivables of Rs. 2,379.55 million (2023: Rs. 2,379.55 million) and accrued mark-up and other charges of Rs. 13,653.44 million (2023: Rs. 10,761.62 million) by the Company from M/s. Abdullah Sugar Mill, M/s. Abdullah Sugar Mill (Ex-Yousuf), M/s. Haseeb Waqas Sugar Mill, M/s. Seri Sugar Mill, M/s. Tandliawala Sugar Mill, M/s. TMK Sugar Mill, M/s. Abdullah Shah Ghazi Sugar Mills, M/s. Haq Bahoo Sugar Mills and M/s. Mecca Sugar Mills for purchase of sugar. The outstanding balance of Rs. 2,374.55 million represent portion of amount paid. However, the sugar mills defaulted in delivery of the contracted quantity of sugar. Consequently, the Company initiated legal action for the recovery of the said amounts and is actively pursuing the case. The management is confident that outstanding amount will be fully recovered and hence, no provision is required to be made in these financial statements.

14.2 The management had identified the embezzlement of Rs. 22.56 million in prior years against which the Company had recognized receivable from Allied Bank Limited in the year 2015. Accordingly, the bank has accepted its liability and ensured to make good the loss incurred due to the embezzlement. Furthermore, a recovery of Rs. 18.712 million has been made by the bank during the financial year 2022-23.

14.3 This represents rent receivable from different tenants to whom godowns have been given on rent.

#### 14.4 Receivable under staff retirement gratuity fund

The Company operates an approved gratuity fund for its employees who have completed the employment period of 1 year. Provision is created for the benefit of the scheme on the basis of actuarial valuations. Number of eligible employees covered in fund are 361 (2023: 363).

Note	2024 ----- Rupees in 000-----	2023 ----- Rupees in 000-----
(Surplus) / balance payment of staff retirement gratuity fund	(320,191)	-
Markup on staff retirement gratuity excluded from fund	275,368	-
	<u>(44,823)</u>	<u>-</u>

#### 14.4.1 Movement in liability / (asset) recognized in statement of financial position

	2024 ----- Rupees in 000-----	2023 ----- Rupees in 000-----
Present value of defined benefit obligations	(618,528)	-
Fair value of plan assets	938,719	-
Payables	(275,368)	-
<b>Statement of financial position asset</b>	<u><b>44,823</b></u>	<u><b>-</b></u>

#### 14.4.2 Movement in liability recognized in statement of financial position

Net asset /(liability) as at July 01,	153,197	-
Expense recognized in statement of profit or loss	(5,297)	-
Contribution made during the year	158,000	-
Remeasurement gain/(loss) recognized in SOCI	14,291	-
Permanent exclusion of markup payable	(275,368)	-
<b>Net Asset as at June 30,</b>	<u><b>44,823</b></u>	<u><b>-</b></u>

#### 14.4.3 Movement in present value of the defined benefit obligation

	2024 ----- Rupees in 000-----	2023 ----- Rupees in 000-----
Present value of defined obligation as at January 01,	588,937	-
Current service cost	41,868	-
Interest cost	84,912	-
Effect of experience adjustment	2,435	-
benefits paid	(99,624)	-
	<u><b>618,528</b></u>	<u><b>-</b></u>

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	2024	2023
	----- Rupees in 000-----	
<b>14.4.4 Movement in fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	742,134	-
Expected return on plan assets	16,726	-
Interest income on plan assets	121,483	-
Contributions made by the company	158,000	-
Benefits paid during the year	(99,624)	-
	<u>938,719</u>	<u>-</u>

**14.4.5 Expense recognized in statement of profit or loss**

Current service cost	41,868	-
Interest cost	84,912	-
Interest income on plan assets	(121,483)	-
	<u>5,297</u>	<u>-</u>

**14.4.6** The company did consider the results of actuarial valuation in the financial year 2023 therefore, the comparative figures are not presented.

**14.4.7** Following the Board's approval on 29/07/2022, the trustees of the Gratuity Fund passed a resolution on 23/01/2024 to maintain a Defined Benefit Obligation (Gratuity Fund) in its true form. This resolution suspended the profit accrual condition stated in the previous fund deed with effect from 29/07/2022, the date on which the matter was initially approved by the Company's Board. Any profit accrued up to that date will be payable to all retired employees, whereas for existing or retained employees, no further profit accrual will occur. Consequently, the suspended profit payable has been segregated from the Gratuity Fund as a non-movable balance and is maintained separately in the books. Although this change took effect following the trustees' approval, as of the end of 2024, revision in the trust deed is under process.

	2024	2023
	----- Rupees in 000-----	
<b>14.5 Movement in allowance for expected credit loss is as follows:</b>		
Balance at beginning of the year	725,229	725,229
Charged during the year	-	-
Reversal during the year	-	-
	<u>725,229</u>	<u>725,229</u>

**15. SALES TAX REFUNDABLE**

Represents sales tax paid / adjusted on import / purchase and sale of urea and sugar. These commodities are procured at the instructions of the GoP.

	Note	2024	2023
		----- Rupees in 000-----	
<b>16. SHORT-TERM INVESTMENTS</b>			
<i>Financial assets measured at amortised cost</i>			
Term deposit receipts (TDRs)			
- In local currency	16.1 & 16.2	87,500	87,500
Market treasury bill			
- In local currency	16.3	16,818,972	13,004,333
Provision against term deposit receipts	16.1	(87,500)	(87,500)
		<u>16,818,972</u>	<u>13,004,333</u>

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16.1 It includes term deposit receipts of Trust Investment Bank Limited (TIBL) amounting to Rs. 87.50 million invested in 2008. Due to default by TIBL on repayment of principal amount, full provision has been made against this amount on prudence basis and no accrual of markup is made. The Company has filed suit in the Sindh High Court for recovery of principal and mark-up which is pending adjudication.

16.2 These carry markup ranging from 18.49% to 22.80% (2023: 15.75% to 17.25%).

16.3 This represents Market Treasury Bill purchased on 13 July 2023, 14 Dec 2023, 28 Dec 2023, 07 February 2024, 13 June 2024 and 27 June 2024 for Rs. 15.534 billion having face value of Rs. 17.727 billion, markup accrued on MTB during the year is Rs. 1.283 billion. These investment carry maturity period of 3 to 12 months from the date of purchase.

17. CASH AND BANK BALANCES	Note	2024 ----- Rupees in 000-----	2023
<b>Cash at bank</b>			
<b>Local currency</b>			
In current accounts		42,015	17,031
In saving accounts	17.1	1,131,350	770,027
		1,173,365	787,058
<b>Foreign currency</b>			
In current accounts		77	77
In saving accounts	17.2 & 17.3	984,634	1,404,258
		984,711	1,404,335
		<u>2,158,076</u>	<u>2,191,393</u>

17.1 These carry mark-up at rates ranging from 18.00% to 20.50% (2023: 12.25% to 21.25%) per annum. This includes balance of Rs. 3.500 million (2023: Rs. 3.500 million) with National Bank of Pakistan against continuing Bank Guarantee for PSO fleet and corporate cards for TCP official vehicles and motor bikes.

17.2 These carry mark-up rate of 0.3% (2023: 0.3%) per annum.

17.3 This includes balance of US\$ 1.26 million (2023: US\$ 1.26 million) equivalent to Rs. 353.556 million (2023: Rs. 360.561 million) with Sindh Bank Limited, marked as lien against bank guarantee given to the High Court of Sindh in connection with a pending litigation as stated in note 24.1.8 to these financial statements.

18. SHARE CAPITAL	Note	2024 ----- Rupees in 000-----	2023
<b>Authorised share capital</b>			
<u>Number of shares</u>			
2024	2023		
<u>100,000,000</u>	<u>100,000,000</u>	Ordinary shares of Rs. 10 each	<u>1,000,000</u> <u>1,000,000</u>

**Issued, subscribed and paid-up share capital**

This comprises of fully paid-up ordinary shares of Rs. 10 each as follows:

<u>Number of shares</u>			2024	2023
2024	2023			
59,330,500	59,330,500	Issued for cash	593,305	593,305
40,669,500	40,669,500	Issued as bonus shares	406,695	406,695
<u>100,000,000</u>	<u>100,000,000</u>		<u>1,000,000</u>	<u>1,000,000</u>
		18.1 & 18.2		

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18.1 The Company has one class of ordinary shares which carries no right to fixed income. The Company has no reserved shares for issuance under option and sales contracts. The shareholder is entitled to receive dividend as declared from time to time at the meetings of the Company and are entitled to one vote per share.

18.2 As at June 30, 2024, the Ministry of Commerce held 99,999,998 (2023: 99,999,998) shares of the Company. The remaining two shares are in the name of Chairman and Finance Director of the Company in the capacity of ex-officio.

## 19. LONG-TERM LOAN

A Cotton Development Project, aimed to improve the quality of cotton in Pakistan and to get better price in the international market, was started in collaboration with the Asian Development Bank (ADB) and for this purpose a loan agreement dated February 27, 1987 was signed. An amount of Rs. 16.65 million was drawn under the loan agreement for the said purpose by defunct CEC.

The principal amount is repayable to the GoP in Pakistani Rupees along with interest at the rate of 1% per annum. However, as of the statement of financial position date, the Company has not recorded any interest in this regard.

	Note	2024 ----- Rupees in 000-----	2023 ----- Rupees in 000-----
<b>20. LOAN FOR FMCL SPRINKLER SYSTEM</b>			
TCP's share in the cost / principal against water sprinklers system project by FTC	20.1	37,335	44,802
Less: Principal paid during the year		(7,467)	(7,467)
<b>Financial Liability Loan</b>		<b>29,868</b>	<b>37,335</b>
Less: Current Liability portion for year		(7,467)	(7,467)
<b>Financial Liability Loan - Closing balance</b>		<b>22,401</b>	<b>29,868</b>

20.1 This loan represent principal amount Rs. 44.802 million which is repayable in 24 quarterly installments the rate i.e. 3 months KIBOR + 1.5% .Further finance cost is being charged to the statement of profit or loss.

## 21. DEFERRED LIABILITIES - STAFF COMPENSATED ABSENCES

The Company provides encashment of leaves to its employees, as mentioned in note 3.13. The latest actuarial valuation of liability for staff compensated absences cost was carried out as at June 30, 2024, results of which are as follows:

	Note	2024 ----- Rupees in 000-----	2023 ----- Rupees in 000-----
<b>Present value of defined benefit obligations</b>	21.1	<b>153,272</b>	<b>132,622</b>
<b>21.1 Movement in liability recognised in Statement of Financial Position</b>			
Opening balance		132,622	91,588
Charge for the year	21.2	90,929	82,229
Payments made during the year	21.3	(76,558)	(60,074)
Remeasurement loss	21.3	6,279	18,879
<b>Closing Balance</b>		<b>153,272</b>	<b>132,622</b>

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	Note	2024 ----- Rupees in 000-----	2023
<b>21.2 Amounts recognised in the profit and loss account</b>			
Current service cost		76,070	74,073
Interest cost		14,859	8,156
		<b>90,929</b>	<b>82,229</b>
<b>21.3 Changes in present value of defined benefit obligation</b>			
Opening balance		132,622	91,588
Current service cost		76,070	74,073
Interest cost		14,859	8,156
Benefits paid		(76,558)	(60,074)
Remeasurement loss		6,279	18,879
<b>Closing balance</b>		<b>153,272</b>	<b>132,622</b>
<b>22. TRADE AND OTHER PAYABLES</b>			
Trade creditors and bills payable - local		76,944	65,212
Trade creditors - foreign		-	-
Payable to Ministry of Finance under JICS	22.1	387,508	387,508
Payable to GoP related to gift of rice	22.2	1,952	1,952
<b>Deposits</b>			
Security deposit		584,194	587,478
Retention money		46,156	46,156
		630,350	633,634
<b>Accrued liabilities</b>			
Payable under staff retirement gratuity fund		-	108,044
Accrued expenses		59,048	59,416
		59,048	167,460
<b>Taxes</b>			
Excise duty		5,450	5,450
Withholding tax		76,318	125,238
		81,768	130,688
<b>Advances</b>			
Advances		95,105	92,217
Rent received in advance		7,209	7,209
Advance from GoP for payment to growers		17,533	17,533
		119,847	116,959
<b>Other payables</b>			
Karachi Dock Labor Board (KDLB) cess payable		258	258
Others	22.3	37,191	37,191
		37,449	37,449
		<b>1,394,866</b>	<b>1,540,862</b>

22.1 On October 03, 2012, a Memorandum Of Understanding (MoU) was signed between the Company, Ministry of Finance (MoF), Ministry of Industries (MoI) and Japan International Cooperating System (JICS) according to which JICS will provide urea to the Company under Japan's Non-Project Grant Aid Program (the Program). The MoU states that the Company is required to deposit proceeds from supply of urea into GoP bank account maintained with National Bank of Pakistan after deducting incidental charges i.e. duties, port clearing charges, survey charges, stevedoring etc. The movement of amount payable to GoP on account of supply proceeds of urea received from JICS is as follows:

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	2024	2023
	----- Rupees in 000-----	
Payable to GoP at beginning of the year	387,508	387,508
Less: Payments made to GoP during the year	-	-
Payable to GoP at end of the year	<u>387,508</u>	<u>387,508</u>

**22.2** In order to establish the diplomatic relationship between Pakistan and other countries, the Prime Minister of GoP has directed to present a gift of rice to Niger, Cuba, China and Sri Lanka. To comply with said directive, the Company was instructed to procure and transport the said gift for which an advance was paid to Company, as follows:

Movement in advance from GoP related to gift of rice to various countries is as follows:

	2024				
	Niger	Cuba	China	Sri Lanka	Total
	----- Rupees in 000 -----				
Opening balance	1,952	-	-	-	1,952
Advance fund received during the year	-	-	-	-	-
Fund utilized during the year	-	-	-	-	-
Fund payable to GoP	1,952	-	-	-	1,952
Fund refunded to GoP	-	-	-	-	-
Balance repayable	<u>1,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,952</u>
<b>June 30, 2023</b>	<u>1,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,952</u>

**22.3** Included herein Rs. 12.24 million (2023: Rs. 12.24 million) is rent payable to LDA Plaza .

23. COMMODITY FINANCE UNDER MARKUP ARRANGEMENTS	Note	2024	2023
		----- Rupees in 000-----	
<i>Secured</i>			
National Bank of Pakistan		-	9,276,895
Allied Bank Limited		-	8,061,489
Habib Bank Limited		53	7,540,248
MCB Bank Limited		-	9,538,438
United Bank Limited		5,188	3,044,806
Askari Bank Limited		124,999,370	25,000,051
Meezan Bank Limited		74,962,668	79,933,045
Faysal Bank Limited		29,999,913	49,999,912
Bank Al Falah Limited		-	24,999,967
Bank Islami Pakistan Limited		-	19,998,628
Askari Bank Islami		40,000,000	5,000,000
Habib Metropolitan Bank		7,492,749	10,000,000
Bank of Punjab Islamic		3,765,084	-
	<b>23.1</b>	<u>281,225,025</u>	<u>252,393,479</u>

*btw*

23.1 The Company has commodity finance facilities aggregating to Rs. 340,200 million (2023: Rs. 345,150 million) for its commodity operations under the GoP directives. The said arrangements are for a period of three months and are renewable and carries mark-up at the rate of 3 months KIBOR minus 0.06% to 3 months KIBOR plus 1.21% (2023: 3 months KIBOR minus 1.15% to 3 months KIBOR plus 2.00%) per annum. These arrangements are secured against hypothecation of stock-in-trade and by continuing guarantee from the GoP.

## 24. CONTINGENCIES

### 24.1 Contingencies

#### Contingencies

The following contingencies / contingent liabilities exist as at June 30, 2024:

**The following cases arose out of operations carried out on behalf of Government of Pakistan (GoP), and if these contingent liabilities will become actual / specific liabilities, the same will be recoverable from the GoP.**

24.1.1 The income tax department finalised assessments for the assessment years 1991 to 2003 by treating subsidies received from the Federal Government as taxable income and has levied taxes amounting to Rs. 2,353.03 million. The Company filed appeals at Appellate Tribunal Inland Revenue (ATIR) for the assessment years 1991 to 2003 except for the assessment year 1994-95, for which a writ has been filed before the High Court of Sindh (SHC) against the order of the taxation authorities.

The Federal Cabinet in its meeting held on April 04, 1998, directed that all unresolved disputes with the Federal Board of Revenue (FBR) against which cases have been filed by the government controlled organization in the appellate forum should be resolved and settled through inter-ministerial consultation and therefore all cases against FBR should be withdrawn and forwarded to the Ministry of Law, Justice and Human Right (the Ministry). In pursuance of the said cabinet directive, the Company withdrew all the appeals filed against FBR and the matter was referred to the Ministry for final decision. The Ministry vide its letter dated May 21, 1998 decided that subsidy income received from the Government of Pakistan (GoP) is exempt from tax. The Ministry further directed FBR to issue necessary orders / SRO regarding non-taxing of subsidy and advised the FBR to waive all tax liabilities of the Company arising out of the inclusion of the said amount. The FBR, in spite of order of the Ministry, has referred the case to Attorney General of Pakistan which is pending.

In 2006, subsidy received from the GoP became exempt from tax. FBR claimed that subsidies received by the Company from GoP before tax year 2006 continue to be taxable i.e. tax on subsidy claimed by FBR from assessment years 1991-92, 1994-95, 1996-97, 1997-98, 1998-99, 1999-2000, 2001-02 & 2002-03 and tax years 2003, 2004, 2005 and 2006 should remain claimable. However, the Company obtained a stay order from SHC through its order dated July 3, 2009 against the above alleged disputed Income Tax demands for the said assessment and tax years.

Further, the Income Tax Appellate Tribunal vide its order dated November 19, 2009 passed a judgment in favor of the Company for the tax years 2004, 2005 and 2006 that the subsidy received by the Company from the Federal Government is not taxable.

In the year 2017, Additional Commissioner Inland Revenue (ACIR) has issued an Order dated April 29, 2017, in favour of the Company for the tax year 2003 that the subsidy received by the Company from Federal Government is not taxable. Accordingly, the Company recorded a refund of Rs. 610.04 million by adjusting its tax liability.

*btwij*



24.1.2 In April 2015, an Assessment Order was issued by the Deputy Commissioner Inland Revenue (DCIR) in which a demand of Rs. 1,945.43 million along with penalty of Rs 97.27 million have been raised on account of excess input tax alleged to be claimed by the Company in its sales tax returns for the period from April 2012 to December 2012. Further a demand of Rs. 399.54 million along with the penalty of Rs. 19.98 million have also been raised in the same Order on account of non-payment of output tax on sale / supply of sugar to Utility Stores Corporation of Pakistan from January 2013 to June 2013. The Company has paid the said demand under protest and filed an appeal before the Commissioner Inland Revenue and subsequently before ATIR wherein the case has been remand back. Following the order of ATIR, a fresh proceeding was initiated through hearing notice dated February 20, 2023. In response to this notice, the Company submitted relevant details and explanations through letters dated April 05, 2023 and May 25, 2023. After having the submitted information received, the tax department instead of re-verifying the details as per the directives of ATIR in its judgment, passed order wherein the officer not only confirmed the afore-said total tax demand of Rs. 2.4 billion but also imposed default surcharge amounting to Rs. 851,128,977. The Company being aggrieved, filed application to the FBR for constitution of ADRC following the recent changes in appeal procedure (highlighted in para 1.11 above). Recently on August 21, 2024 FBR has notified that ADRC has been constituted. To our knowledge, till yet no hearing notice for dispute resolution has been received by the Company.

24.1.3 The Deputy Commissioner Inland Revenue (DCIR) passed an order vide Assessment order No. 01/2017 dated December 28, 2017 creating tax demand of Rs. 40,601,053 along with penalty and default surcharge. The Company, being aggrieved of afore-mentioned order filed appeal before the Commissioner Inland Revenue (Appeals-II), (hereinafter called 'the CIRA').

After careful examination of the matter, the learned CIRA has deleted tax demand of Rs. 27,009,788 out of total tax demand vide Order No. 23 dated February 12, 2018. The residual tax demand of Rs. 13,591,265, has also been remanded back to the department by the learned CIRA with the specific direction for re-examination however, re-examination proceedings are still pending on the department end.

The DCIR, also passed two different orders vide No. 05 & 06 dated June 30, 2018 on a similar issue of claiming excess input tax by the Company. The DCIR vide afore-mentioned orders, created tax demand of Rs. 1,013,902,072 and Rs. 387,819,929 respectively, alongwith total penalty of Rs. 49,808,058, recovery notices was also issued by the DCIR. The former demand relates to claim of presumed sales tax withholding by the Company's purchasers which withholding has not been made because of non or late payments by the purchasers. The other demand relates to inadvertently claiming income tax input of one import GD which had earlier been claimed manually in the sales tax return filed for the tax period August 2012.

The Company accordingly filed appeals against such tax demand before the learned CIRA taking grounds that, though the presumed sales tax withholding and input tax respectively of Rs. 1,013,902,072 and 387,819,929 were claimed based on bona-fide error or on a valid presumption however there was no revenue loss to the Government owing to the fact that the Company had all along refundable position and even the aforesaid credit of sales tax was excluded from the return, no payment would become due by the Company and hence, no revenue loss to the Government is involved in this specific case.

The learned CIRA, after considering the afore-mentioned grounds, ordered to delete tax demands under reference vide Order No. 48 & 49 dated August 28, 2018 with the specific directions that such excess claimed input tax be reduced from the carry forward balances or refund claim available to the Company. Accordingly, the Commissioner wide letter No. C.No. COIR/ZONE-V/LTU/2019/538 dated January 30, 2019 has allowed the company to adjust such amount from its excess carry forward balance. Now, the matter has been concluded as above.

*bluig*



However, the department has filed a Miscellaneous Application for rectification / reconsideration of the decisions given in the garb of section 57 of the Sales Tax Act, 1990 (the 'Act'). This is done by taking a plea that the Company has not applied for any refund nor has the Company determined refunds available for such adjustment and that the claim of huge carried forward input has not yet been verified.

The aforementioned application has been heard by the learned CIRA, wherein it was apprised that, the Company has claimed huge refund amounting to Rs.5,290,487,959 with the sales tax return for the tax period of June 2020. Furthermore, it was also contended that the plea taken about the verifiability of input tax is also based on facts as the LTU authorities through an Order 01/2017 dated December 28, 2017 has already verified input tax of Rs. 1,233,404,696 out of total confronted amount of Rs. 1,246,995,961. Therefore, the department has clearly erred in not considering the fact that the Company has filed refund claimed with the sales tax return for the tax period of June 2019 as well as not considering such verified input tax refund and hence the CIRA earlier direction are well within the frame of law.

- 24.1.4** As at June 30, 2020, several cases/litigations aggregating to Rs. 3,398.25 million were outstanding against the Company. The Company has filed appeals/counter claims against these cases which are pending for adjudication. Based on the advice of the Company's in house legal counsel, the management is confident that these cases will ultimately be decided in Company's favor and hence no provision is required to be made in these financial statement.
- 24.1.5** The Divisional Bench of SHC passed an order, in a case relating to claim of damages by one of the supplier on account of forfeiture of performance guarantee by the Company, in which SHC directed the Company to pay the performance guarantee forfeited amounting to AED 1.24 million (2023: AED 1.24 million) equivalent to Rs. 93.97 million (2023: Rs. 96.62 million) to the supplier within 30 days of the decision while the claim for damages by the supplier amounting US\$ 3.46 million (2023: US\$ 3.46 million) equivalent to Rs. 962.39 million (2023: Rs. 990.19 million) was set aside by the SHC. In response to this order, both the parties being aggrieved of the decision, filed appeals in Supreme Court of Pakistan which is pending for adjudication.
- 24.1.6** A decision was given by Single Bench of SHC during the year 2014 in favour of supplier claiming damages and refund of bid bond aggregating to US\$ 2.06 million (2023: US\$ 2.06 million) equivalent to Rs. 572.98 million (2023: Rs. 589.54 million). Being aggrieved of the decision, Company filed appeal with Divisional Bench of the SHC which is pending for adjudication. Based on the advice of the Company's in house legal counsel, the management is confident that this case will ultimately be decided in Company's favor and hence no provision is required to be made in these financial statements.
- 24.1.7** A foreign award amounting to US\$ 3.88 million (2023: US\$ 3.88 million) equivalent to Rs. 1,079.21 million (2023: Rs. 1,110.39 million) has been given by Liverpool Cotton Association (LCA) against Cotton Export Corporation of Pakistan (Private) Limited (CEC now merged with and into the Company) along with interest from the date of award till payment. As at June 30, 2024 the interest payable is US\$ 7.21 million (2023: US\$ 7.21 million) equivalent to Rs. 2,005.44 million (2023: Rs. 2,063.38 million). For making the award a rule of the Court, the buyer filed a suit against CEC in 1999 and succeeded in getting a decision in 2004 from Single Bench of High Court of Sindh. Being aggrieved by the decision, Company filed appeal with Divisional Bench of the SHC which is pending for adjudication. Based on the advice of the Company's in house legal counsel, the management is confident that this case will ultimately be decided in Company's favor and hence no provision is required to be made in these financial statements.

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- 24.1.8 An award amounting to US\$ 1.26 million (2023: US\$ 1.26 million) equivalent to Rs. 350.047 million (2023: Rs. 360.59 million) has been given by the arbitrators unanimously against Rice Export Corporation of Pakistan (Private) Limited (RECP now merged with and into the Company). For making the award a rule of the Court, the buyer filed a suit in the SHC against RECP in 1999 and a decision in 2003 was made in favor of buyer by Single Bench of SHC. The matter is at present subjudice and pending with Divisional Bench in the SHC. Based on the advice of the Company's in house legal counsel, the management is confident that this case will ultimately be decided in Company's favor and hence no provision is required to be made in these financial statements.
- 24.1.9 The recovery of export duty on export of Basmati rice had been held in abeyance effective July 01, 1981 and these financial statements have been drawn up on the assumption that the liability has not been accrued on exports made thereafter. The Company has also given letters of undertaking aggregating to Rs. 1,328.20 million (2023: Rs. 1,328.20 million) to the Collector of Customs against the said export duty on basmati rice.
- 24.1.10 Guarantees issued by commercial banks against 100% cash margin on behalf of the Company amounted to Rs. 9.36 million (2023: Rs. 9.36 million) to Chief Controller of Imports and Exports (now the matter is being dealt by the Export Promotion Bureau) in lieu of payment of import license fee for the temporary importation of empty jute bags.

**Cases if decided against the Company, the ultimate liability would fall on the Company**

- 24.1.11 The returns for the tax years from 2008 to 2013 were amended by the taxation authorities through ex-parte orders under Section 122 (5A) of the Income Tax Ordinance, 2001 by disallowing expenses apportioned / allocated against profit on investments and setting-off of prior year refunds against tax liabilities. The tax demand of Rs. 1,955.50 million was raised. The Company has paid the said demand under protest and filed appeals against the said orders before Commissioner Inland Revenue (Appeals) which has decided these appeals against the Company who in turn filed an appeal in the Appellant Tribunal Inland Revenue. As a matter of prudence, the Company recorded tax provision of Rs. 378.74 million in the year ended June 30, 2014. For the tax year 2008, ATIR passed order wherein it declared the original amendment of tax year 2008 as annulled. Since original amendment had been annulled, the Company during the current year, filed application before the ATIR to withdraw its appeal filed against further amended order, which has been accepted by the ATIR, consequently the appeal filed against further amended order has been withdrawn. In tax year 2009, ATIR has adjudicated the appeal filed against further amended order wherein it has remanded back the case to ACIR for reverification of tax credits. The management is confident that it has good grounds to defend these matters under appeal and the outcome is expected to be decided in favor of the Company and therefore, no further provision is required to be made in these financial statements.
- 24.1.12 In year 2016, the return for the tax year 2014 were also amended by taxation authorities through ex-parte order under Section 122 (5A) of the Income tax Ordinance, 2001 by disallowing expenses apportioned / allocated against profit on investments. The tax demand of Rs. 405.54 million was raised and, accordingly, the Company has paid Rs. 200 million and obtained stay order for Rs. 205.54 million. The said payment was made under protest and the Company filed appeals against the said order before Commissioner Inland Revenue (Appeals), which has decided these appeals against the Company, which in turn filed an appeal in the Appellant Tribunal Inland Revenue (ATIR). During the year 2018 the Company has paid the remaining amount of Rs. 205.54 million. Further, the ATIR has issued an Order dated Feb 28, 2019, concluded to remand back the underlying case(s), which are pending for adjudication. The management is confident that it has good grounds to defend these matters under appeal and the outcome is expected to be decided in favour of the Company. Hence, no provision is made in respect of these demands in these financial statements.

*blm*

**24.1.13** In the year 2017, Additional Commissioner (ACIR) raised net demand of Rs. 40.20 million under section 137(2) of the Income Tax Ordinance, 2001 by disallowing tax credits against withholding tax claimed by the Company in the tax years from 2008 to 2013. For tax years 2011 to 2013, no prejudicial order has been passed, while for tax years 2008 to 2010 liability has been created against which the Company has filed Constitutional Petition before High Court of Sindh (SHC) on the ground that the matter is time barred, which is pending for adjudication. The management is confident that it has good grounds to defend these matters under appeal and the outcome is expected to be decided in favor of the Company and therefore no provision is required to be made in these financial statements.

**24.1.14** For the tax year 2015, the income tax affairs of the Company were selected for audit by the Federal Board of Revenue (FBR), and thereby the concerned Commissioner has sought information / explanation pertaining to the taxation of other income / allocation of expenses, and difference in interest income and tax credit. In this regard, the Company furnished the requisite information / documents with the concerned Commissioner. Subsequently, the ACIR passed an order under Section 122(1) / 122(5) of the Ordinance, wherein the demand of Rs. 163.90 million was determined as payable. In this regard, the Company filed an appeal before CIRA in January 2017, which was decided in April 2018 through an order in which the Commissioner had maintained the action of the assessing officer to disallow common expenses against profit on debt / other income dislodging the contention that the same to be treated as business income. Subsequently, against the aforementioned order, the Company filed further appeal before ATIR in July 2018, which is still pending adjudication. However, the Company has opted to pay off the demand of Rs. 163.89 million.

25. SERVICE CHARGES / COMMISSION INCOME	Note	2024	2023
		----- Rupees in 000-----	
Local supply of Urea	25.1	481,352	1,081,700
Local supply of Wheat	25.2	-	2,021,071
Local supply of sugar		-	-
		<u>481,352</u>	<u>3,102,771</u>

**25.1** Commission at the rate of 2% of C&F value has been charged.

**25.2** The TCP used to charge a flat rate of 2% as its commission on C&F value on wheat as per the approval of ECC. However, later specific for "current imports" for the years 2020-21 & 2021-22 the rate was reduced to 0.75% of C&F value. For subsequent years TCP is charging 2% commission which has been denied by the PASSCO. Given the prudent approach the TCP decided to record commission at the rate of 0.75% of C&F value and the matter is under discussion in ECC for decision.

26. TRADING DEFICIT TO BE REIMBURSED BY THE GOVERNMENT	Note	2024	2023
		----- Rupees in 000-----	
Local supply on behalf of GoP	26.1	26,575,499	285,930,562
Cost and expenses incurred on behalf of GoP	26.2	(89,217,043)	(365,642,925)
<b>Subsidy for the year to be reimbursed by the GoP</b>	<b>11</b>	<u><b>(62,641,544)</b></u>	<u><b>(79,712,363)</b></u>

**26.1** Local supply on behalf of GoP

Urea	26,575,499	12,303,425
Sugar	-	-
Wheat	-	273,627,137
Jute bags	-	-

**Total supply on behalf of the GoP**

**26,575,499**      **285,930,562**

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26.2 Cost and expenses incurred on behalf of GoP	Note	2024	2023
		----- Rupees in 000-----	
Opening stock		3,264,933	3,259,536
Less: Recovery of claims against late shipments		-	-
Reclassification of receivable against stock		-	-
Trading and related expenses to be reimbursed by GoP	26.2.1	89,210,946	365,648,322
		92,475,879	368,907,858
Less: Closing stock		(3,258,836)	(3,264,933)
<b>Total cost of supply</b>		<b>89,217,043</b>	<b>365,642,925</b>

**26.2.1 Trading and related expenses to be reimbursed by GoP**

Mark-up / interest on commodity finance	26.2.1.1	62,698,150	37,479,315
Custom duties, wharfage and other port charges	26.2.1.2	1,786,621	1,191,943
Lab testing charges		25,129	64,248
Cost of supply - Urea	26.2.1.3	23,984,413	54,093,163
Stevedoring and handling charges		226,426	2,953,398
Cost of supply - Wheat	26.2.1.4	-	266,442,378
Insurance		6,201	238,193
Letters of credit charges		2,647	40,919
Services charges / commission		481,352	3,102,770
Storage and transportation		-	41,941
Others		7	54
		<b>89,210,946</b>	<b>365,648,322</b>

26.2.1.1 Mark-up on financing facilities obtained from banks for procurement of commodities on behalf of GoP has been included in trading and related expenses to be reimbursed by the GoP.

26.2.1.2 This includes taxes paid on import and local purchase of commodities under the provisions of the Income Tax Ordinance, 2001 due to the fact that it has been paid on behalf of the GoP.

26.2.1.3 Represents the cost of Urea imported during the year amounting to Rs. 23.984 billion (2023: Rs. 54.1 billion) and supplied to National Fertilizers Marketing Limited (NFML).

26.2.1.4 This represents the cost of wheat imported during the year amounting to Rs. Nil (2023: Rs. 266.442 billion) and supplied to Pakistan Agricultural Storage & Services Corporation (PASSCO).

*btw*

27. ADMINISTRATIVE EXPENSES	Note	2024 ----- Rupees in 000-----	2023
Salaries, allowances and other benefits	27.1	1,155,316	1,338,894
Repairs and maintenance		45,646	36,113
Computer and software maintenance		3,141	2,520
Vehicles running		22,947	19,155
Travelling and conveyance		23,452	21,312
Legal and professional		22,073	23,392
Utilities		11,477	9,090
Security service charges		22,677	32,439
Advertising and publicity		6,064	8,925
Fees and subscriptions		10,781	2,842
Entertainment		1,432	820
Depreciation on operating fixed assets	5.1	37,633	31,007
Amortization	6	703	703
Rent, rates and taxes		10,688	10,088
Auditors' remuneration	27.2	3,075	2,795
Indirect expenses - godowns		2,997	9,690
Communication		6,586	6,971
Printing and stationery		2,215	3,623
Insurance		7,702	2,265
Bank charges		2,171	2,464
Exchange loss		36,772	-
Others		14,169	24,083
Donations	27.3	-	1,193
		<u>1,449,717</u>	<u>1,590,384</u>

27.1 This include provident fund of Rs. 36.524 million (2023: Rs. 23.33 million) and staff compensated expenses of Rs. 90.929 million (2023: Rs. 82.23 million).

27.2 Auditors' remuneration	2024 ----- Rupees in 000-----	2023
Annual audit	2,263	2,057
Others	532	484
Out of pocket expenses	280	254
	<u>3,075</u>	<u>2,795</u>

27.3 This represents donation given to Prime Minister Flood Relief Fund.

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	2024	2023
	----- Rupees in 000-----	
<b>28. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Return on:		
Term deposit receipts and saving accounts	318,818	859,609
Pakistan investment bonds	1,291,578	1,259,490
Market treasury bills	3,207,911	1,537,868
<b>Income from non financial assets</b>		
Rental income from godowns given on rent	499,359	462,815
Rice inspection fee	57,902	43,388
Gain on disposal of fixed assets	2,918	1,572
Sales of tender and purchase order forms	157	446
Exchange gain	-	287,590
Others	5,877	119,018
	<u>5,384,520</u>	<u>4,571,796</u>

## 29. TAXATION AND LEVY

29.1 The income tax returns of the Company have been filed up to tax year 2023 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during

29.2 This represents portion of minimum tax paid under section 233 of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC - 21 / IAS - 37.

29.3 This represents current tax as specified under IAS-12 guidance issued by ICAP, after classifying portion of minimum tax as levy.

	2024	2023
	----- Rupees in 000-----	
<b>29.4 Relationship between tax expense and accounting profit</b>		
Accounting profit before taxation	<u>4,412,394</u>	<u>6,081,857</u>
Tax at the applicable tax rate of 29% (2023: 29%)	1,279,594	1,763,739
Effect of income subject to minimum tax	57,762	668,536
Effect of non-deductible tax expenses	38,771	35,499
Effect of tax allowable expenses	(153,578)	(115,029)
Effect of deduction allowed for rentals	(28,808)	(27,215)
Super tax	424,013	(97,158)
Adjustment relating to prior years	193,446	(146,979)
	<u>1,811,200</u>	<u>2,081,392</u>

29.5 As more fully explained in note 24.1 to these financial statements, income tax assessment of the Company are opened on various matters.

*Amiq*



30. CASH AND CASH EQUIVALENTS	Note	2024 ----- Rupees in 000-----	2023
Cash and bank balances	17	2,158,076	2,191,393
Commodity finance under markup arrangements	23	(281,225,025)	(252,393,479)
		<u>(279,066,949)</u>	<u>(250,202,086)</u>

### 31. RELATED PARTY TRANSACTIONS

Related parties comprise of state controlled entities, retirement benefit funds, companies with common directorship, GoP and key management personnel.

The GoP owns 99.99% shares and is entitled to appoint board of directors for the management of affairs of the Company. The Company, therefore, considers that the GoP is in a position to exercise control over it and therefore regards the GoP and its various bodies as related parties for the purpose of the disclosures in respect of related parties.

The Company has availed the exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with GoP related entities except for transactions stated below which the Company considers are significant:

Name of related parties	Nature of transaction	2024 ----- Rupees in 000-----	2023
<b>State controlled entities</b>			
Government of Pakistan	Subsidy received / adjusted	13,818,008	1,598,983
	Commission	481,352	3,102,771
	Dividend paid	10,000	390,000
Utility Stores Corporation of Pakistan	Supply	-	-
	Markup charged	1,281,470	845,776
	Cash received	4,031,250	1,261
National Fertilizer Marketing Limited	Supply	26,554,270	1,286,908
	Markup charged	793,390	-
	Cash received	27,376,903	15,073,991
Food Department of Punjab	Supply	-	-
	Mark-up	174,545	602,339
	Cash received	-	46,582
Food Department of Sindh	Sales	-	-
	Mark-up	-	-
	Cash received	1,788,000	-
Pakistan Agriculture Storage and Services Corporation	Supply	-	273,565,789
	Markup	2,645,713	1,782,212
	Cash received	22,789,361	249,621,041
Pakistan Investment Bonds	Interest earned on PIB's	1,291,578	1,259,490
<b>Key management personnel</b>	Remuneration	12,162	10,270
<b>Retirement benefit funds</b>			
Provident fund	Expense	36,524	23,233

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The status of outstanding receivables and payables from / to related parties as at June 30, 2024 are included in respective notes to these financial statements.

Contributions to staff retirement benefit funds are in accordance with the terms of the service rules. Other transactions with the related parties are carried out as per agreed terms.

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

- (i) The Company collects income tax, sales tax and federal excise duty in capacity of withholding agent on behalf of GoP. The Company also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue, Sindh Board of Revenue and Customs authorities.
- (ii) The Company has investment of Rs. 64.83 million (2023: Rs. 64.83 million) towards equity participation (10.65%) to Lahore Development Authority (LDA) and other sponsors for constructing a multi-story commercial building named LDA Plaza at Edgerton Road, Lahore. The Company is entitled to receive 10.65% of the annual profit earned by the LDA Plaza.
- (iii) The Company has obtained insurance cover for its godowns, marine cargo and motor vehicles from National Insurance Company Limited (NICL) and staff insurance from State Life Insurance Corporation Limited.
- (iv) The Company obtains utility services from K-Electric, Lahore Electric Supply Company Limited and Islamabad Electric Supply Company Limited.

	2024	2023
	----- Rupees in 000-----	
<b>32. FINANCIAL INSTRUMENTS BY CATEGORY</b>		
<b>Financial assets - gross</b>		
<i>Financial assets measured at amortised cost</i>		
Long-term investments	10,643,682	10,373,587
Short-term investments	16,818,972	13,004,333
Long-term loans	62,788	66,647
Long-term deposits	16,449	15,603
Due from Government of Pakistan	208,053,896	159,230,360
Trade debts	56,916,600	81,568,058
Loans and advances	37,112	33,539
Accrued interest	70,671	4,706
Other receivables	21,453,942	18,471,404
Cash and bank balances	2,158,076	2,191,393
<i>Financial assets measured at cost</i>		
Long-term investments	65,827	65,827
	<u>316,298,015</u>	<u>285,025,457</u>
<b>Financial liabilities</b>		
<i>Financial liabilities measured at amortised cost</i>		
Long-term loan	16,649	16,649
Trade and other payables	1,394,866	1,540,862
Commodity finance under markup arrangements	281,225,025	252,393,479
Interest accrued	15,524,584	14,843,914
Loan for FMCL sprinkler system	29,868	37,335
	<u>298,190,992</u>	<u>268,832,239</u>

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### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### 33.1 Financial risk factors

The activities of the Company expose it to a variety of financial risks, market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to an acceptable level. The Board of Directors follow overall risk management approach within the Company under the policies issued by GoP. However, the following risks do not arise when the Company carries out transactions on behalf of the GoP in which case credit and other risks are borne by the Government of Pakistan.

##### (a) Market risk

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

##### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company imports commodity products and carries trade payable denominated in foreign currencies. However, the Company is not exposed to currency risk in this respect because these payables relate to commodity import on behalf of GoP who bears the risks related to these transactions.

The Company has foreign currency deposits amounting to US\$ 3.5 million (2023: US\$ 4.91 million) equivalent to Rs. 983.142 million (2023: Rs. 1,404.258 million) with various banks. At June 30, 2024, if the Pakistani Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, pre-tax profit for the year would have been higher / lower by Rs. 49.157 million (2023: Rs. 70.213 million).

##### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest rate exposure as the Company has saving accounts and investment in TDRs / PIBs are on fixed rate and commodity financing facilities and short term loans are obtained under the GoP directives, for which the Company does not have any interest rate risk exposure being reimbursable by the GoP.

##### (iii) Price risk

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency 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 has no such investments as of the balance sheet date and therefore is not subject to any significant price risk.

*Amir*



(b) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk arises from loans, deposits, interest accrued with / from banks and financial institutions, advances and other receivables. The Company does not have credit risk on receivables relating to transactions executed on behalf of GoP. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit rating.

(c) **Liquidity risk**

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business the Company maintains flexibility in funding by maintaining committed credit lines available.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date and represents the undiscounted cash flows:

	2024			
	On demand	Less than 3 months	3 to 12 months	1 to 5 years
	----- Rupees in 000 -----			
Long-term loan	-	-	-	16,649
Trade and other payables	-	1,394,866	-	-
Commodity finance under markup arrangements	-	281,225,025	-	-
Interest accrued	-	-	15,524,584	-
	-	282,619,891	15,524,584	16,649

  

	2023			
	On demand	Less than 3 months	3 to 12 months	1 to 5 years
	----- Rupees in 000 -----			
Long-term loan	-	-	-	16,649
Trade and other payables	-	1,540,862	-	-
Commodity finance under markup arrangements	-	252,393,479	-	-
Interest accrued	-	-	14,843,914	-
	-	253,934,341	14,843,914	16,649

*bnig*

The commodity finance is backed by the guarantee of Government of Pakistan (GoP) therefore, the risk lies on the GoP. Trade and other payables mainly include payable on account of transactions incurred by the Company on behalf of GoP and therefore the Company is not exposed to liquidity risks for such transactions. Besides these, the Company has adequate resources in the form of bank balances and short term investments to repay its operational liabilities and therefore, is not subject to significant liquidity risk as at June 30, 2024.

### 33.2 Fair values of financial assets and financial liabilities

- (a) Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values except for investment in shares of FTC Management Company Limited and investment in LDA Plaza, which are carried at cost.

(b) **Fair value estimation**

The Company classifies the financial assets measured in the balance sheet at fair value in accordance with the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The Company has no items to report in this level.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2024, the Company does not have any financial instrument which has been carried at fair market value.

### 34. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to carry out functions entrusted to it by GoP. The Company is 100% owned by the Government of Pakistan and is not subject to any externally imposed capital requirements. As of balance sheet date, the Company has gearing effect to the extent of commodity finance and short-term loans facilities, which are obtained for GoP directed operations and guaranteed by GoP.

*bnig*



**35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The aggregate amount for the year in respect of remuneration and benefits to the Chairman, directors and executives are as follows:

	2024		
	Chief Executive	Board of Directors	Executives
	----- Rupees in 000 -----		
	Note		
Managerial remuneration	2,677	-	39,207
Housing and utilities	2,621	-	37,270
Other allowances and benefits	3,947	-	29,767
Disparity allowance	1,800	-	7,862
Retirement benefits	1,117	-	5,570
	<b>12,162</b>	<b>-</b>	<b>119,676</b>
Number of persons	1	9	26
	2023		
	Chief Executive	Board of Directors	Executives
	----- Rupees in 000 -----		
Managerial remuneration	2,572	-	16,244
Housing and utilities	2,529	-	15,681
Other allowances and benefits	2,997	-	14,441
Disparity allowance	1,800	-	5,562
Retirement benefits	372	-	1,308
	<b>10,270</b>	<b>-</b>	<b>53,236</b>
Number of persons	1	6	12

**35.1** In addition to above, the Chief Executive and Executives are also entitled for leave encashment as per Company policy. Further, the Chief Executive and Directors are also eligible for meeting fee.

**36. NUMBER OF EMPLOYEES**

The average and total number of employees during the year and as at June 30, 2024 and 2023 respectively are as follows:

	2024	2023
Average number of employees during the year	387	391
Number of employees as at year end	382	397

**37. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

Dividend has been proposed by the Board of Directors in its meeting held on OCTOBER 07, 2024 for the year ended June 30, 2024 at the rate 20% (i.e. Rs. 2/- per share)

**38. DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS**

These financial statements were authorized for issue on OCTOBER 07, 2024 by the Board of Directors of the Company.

*btw*

39. GENERAL

39.1 The figures in the financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

39.2 Corresponding figures have been reclassified, wherever necessary, for the purpose of better presentation.

*Amir*

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director