BARKAT FRISIAN PASTEURIZED EGG COMPANY (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2021

BARKAT FRISIAN PASTEURIZED EGG COMPANY (PRIVATE) LIMITED

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BARKAT FRISIAN PASTEURIZED EGG COMPANY (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Barkat Frisian Pasteurized Egg Company (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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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 scepticism throughout the audit. We also:

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Ahsan Elahi Vohra - FCA**

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Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Dated : 04 OCT 2021
Karachi :

BARKAT FRISIAN PASTEURIZED EGG COMPANY (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021	2020
		----------Rupees----------	
Equity and Liabilities			
Authorized capital			
1,000,000 (2020: 1,000,000) Ordinary shares of Rs. 100/-		100,000,000	100,000,000
Issued, subscribed and paid up capital	5	90,000,000	90,000,000
Unappropriated profit		21,986,402	(26,193,618)
		111,986,402	63,806,382
Non Current Liabilities			
Long term loans	6	71,685,020	97,854,254
Long term related party loan	7	118,094,066	105,599,839
Deffered government grant	8	64,342	-
		189,843,428	203,454,093
Current Liabilities			
Current portion of long term financing	6	32,715,081	7,527,250
Current portion of long term related party loan	7	58,765,857	44,039,538
Current portion of deffered government grant	8	383,486	-
Short term borrowings	9	87,136,041	11,388,785
Loan from related party	10	65,487,964	61,087,964
Trade and other payables	11	57,061,182	14,898,728
Accrued markup		1,907,069	4,809,597
		303,456,680	143,751,862
		605,286,510	411,012,337
Contingencies and commitments	12	-	-
Non Current Assets			
Property, plant and equipment	13	306,111,096	294,302,437
Long term advances and deposits	14	2,421,000	1,921,000
		308,532,096	296,223,437
Current Assets			
Stock in trade	15	36,941,422	32,731,692
Trade debts	16	228,125,084	48,880,334
Advances, deposits and prepayments	17	3,817,942	5,810,092
Taxation - net of provision	18	10,091,380	2,260,105
Cash and bank balances	19	17,778,586	25,106,677
		296,754,414	114,788,900
		605,286,510	411,012,337

The annexed notes form an integral part of these financial Statement

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CHIEF EXECUTIVE

DIRECTOR

BARKAT FRISIAN PASTEURIZED EGG COMPANY (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		----------Rupees----------	
Sales	20	1,128,074,752	233,357,784
Cost of sales	21	(992,781,122)	(214,478,546)
Gross profit		135,293,630	18,879,238
Selling and distribution expense		(11,620,120)	(7,094,635)
Administrative expenses	23	(22,250,169)	(20,597,838)
Operating profit/Loss		101,423,341	(8,813,235)
Other Expense	24	(8,313,953)	-
Un-realized foreign exchange loss		(27,220,547)	-
Other income	25	1,804,719	1,346,409
Finance cost	26	(19,513,540)	(8,173,148)
		(53,243,321)	(6,826,739)
Profit / (Loss) before taxation		48,180,020	(15,639,974)
Taxation	27	-	(1,750,183)
Profit / (loss) after taxation		48,180,020	(17,390,157)
Other comprehensive income / (Loss)		-	-
Total comprehensive Profit / (loss)		48,180,020	(17,390,157)
Basic and diluted earnings per share	28	53.53	(19.32)

The annexed notes form an integral part of these financial Statement

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CHIEF EXECUTIVE

DIRECTOR

BARKAT FRISIAN PASTEURIZED EGG COMPANY (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		----------Rupees----------	
Cash flow from operating activities			
Profit / (Loss) before taxation		48,180,020	(15,639,974)
Adjustments for:			
Non Cash Item			
Depreciation		20,568,416	20,646,211
Finance costs		19,513,540	8,173,148
Liability Written Off		(482,974)	-
Unrelaize exchange loss		27,220,547	-
Allowance For Expected Credit loss		4,655,614	-
Amortization of deferred government grant		(450,626)	-
		119,204,537	13,179,385
Changes in working capital			
(Increase) / decrease in current assets:			
Stock in trade		(4,209,730)	(23,260,936)
Stores and spares		-	126,900
Trade debts-considerd good		(183,900,364)	(48,325,754)
Advances, deposits and prepayments		1,992,150	(5,312,765)
Increase in current liabilities:			
Trade and other payables		42,645,427	(260,669)
Cash flows from operating activities		(24,267,979)	(63,853,840)
Taxes (paid)/adjusted		(7,831,276)	11,212,799
Finance costs paid		(22,416,068)	(3,697,535)
		(30,247,344)	7,515,264
Net cash (used in) operating activities		(54,515,323)	(56,338,576)
Cash flow from investing activities			
Capital expenditure incurred		(32,397,076)	(14,010,418)
Disposal Proceed		18,000	
Long term deposits paid		(500,000)	-
Net cash (used in) investing activities		(32,879,076)	(14,010,418)
Cash flow from financing activities			
(Repayment)/Receipts from long term financing		(7,527,250)	29,501,176
Receipt from SBP Salary Finance		7,446,301	
Receive from related party		4,400,000	44,709,260
Short term borrowings		75,747,256	11,388,785
Net cash generated from financing activities		80,066,307	85,599,221
Net (decrease)/increase in cash and cash equivalents		(7,328,092)	15,250,228
Cash and cash equivalents at beginning of the year		25,106,677	9,856,449
Cash and cash equivalents at end of the year	29	17,778,585	25,106,677

The annexed notes form an integral part of these financial Statement

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CHIEF EXECUTIVE

DIRECTOR

BARKAT FRISIAN PASTEURIZED EGG COMPANY (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Share Capital	Unappropriate Profit	Total
	------------------- Rupees -------------------		
Balance as at July 01, 2019	90,000,000	(8,803,461)	81,196,539
Total comprehensive loss for the year ended June 30, 2020	-	(17,390,157)	(17,390,157)
Balance as at June 30, 2020	90,000,000	(26,193,619)	63,806,381
Total comprehensive Profit for the year ended June 30, 2021	-	48,180,020	48,180,020
Balance as at June 30, 2021	90,000,000	21,986,402	111,986,402

The annexed notes form an integral part of these financial Statement

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CHIEF EXECUTIVE **DIRECTOR**

BARKAT FRISIAN PASTEURIZED EGG COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 COMPANY AND ITS OPERATIONS

Barkat Frisian Pasteurized Egg Company (Pvt.) Ltd ("the Company") was incorporated on 05 January 2017 as Private Limited Company under the Companies Ordinance, 1984 (now Companies Act, 2017). The principle activity of the company is poultry egg processing.

The registered office of the Company is situated at H#M 74/1, Khayaban-e-Ittehad, Phase VII, DHA, Karachi, Pakistan.

The factory is situated at Plot # WL 36-37, Bin Qasim Industrial Park, Pakistan Steel Mills, Karachi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Boards (IASB) as notified under the Companies Act, 2017; and

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP); 'as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and the directives issued under the Companies Act, 2017 differ with the requirements of IFRS, the provisions of and the directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except, for some financial assets and financial liabilities which have been stated at fair values and amortized cost.

2.3 Functional and presentation currency

These financial statements have been presented in Pakistan Rupees, which is the functional currency of the Company and rounded off to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of these annual audited financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amounts recognized in these annual audited financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of asset and liabilities in the next year are described in the following notes:

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Property, plant and equipment and depreciation (refer note 4.1)
Stock-in-trade (refer note 4.2)
Government grant (refer note 4.10)
Provisions (refer note 4.8)
Taxation (refer note 4.9)

2.5 Impact of COVID-19 on financial statements

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown, disruptions to various business and resultant liquidity constraints. FMCG sector, the sector in which Company operates, was fortunate enough and was allowed to operate during the pandemic. The Company has also availed Government's scheme for financing wages and salaries and has made required disclosures. Based on the assessment carried out by the management, there is no material financial impact of COVID-19 in these financial statements.

3 New Standards, Interpretations And Amendments To Published Approved Accounting Standards

The Company has adopted all the new standards and amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year:

3.1 Effective in current year and not relevant to the Company

IFRS 3 Business Combinations - The amendments narrowed and clarified the definition of a business, the amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets.

IFRS 16 Leases - The objective of the amendment is to give timely relief to lessees to Covid-19 - related rent concessions while still enabling them to provide useful information about their leases to investors.

IFRS 7 Financial Instruments “disclosures”.

IFRS 9 Financial Instruments “disclosures”.

IAS 1 Presentation of Financial Statements - amendments to its definition of material to make it easier for companies to make materiality judgements.

IAS 39 Financial Instruments: Recognition and Measurement

IAS 41 Agriculture

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

In addition to the above, standards, amendments and improvements to various IFRS have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after January 01, 2020 respectively. The Company expects that such improvements to the standards will not have any material impact on the Company's annual audited Financial financial statements in the period of initial application.

3.2 International Financial Reporting Standards (IFRS Standards) and amendments that are not yet effective

IFRS 16 COVID-19 - Related Rent Concessions

The International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met: April 01, 2021

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and

c) there is no substantive change to the other terms and conditions of the lease.

The standard is not likely to have any effect on Company's financial statements.

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IFRS 3	Business Combinations - amendments updating a reference to the Conceptual Framework.	January 01, 2022
IFRS 4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach.	January 01, 2022
IFRS 9	Financial Instruments - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.	January 01, 2022
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of current and non-current liabilities.	January 01, 2022
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendment regarding the definition of accounting estimates, the standard defines the concept of a "change in accounting estimates".	January 01, 2022
IAS 12	Income taxes - Amendment regarding to clarify how companies account for deferred tax on leases and decommissioning obligations.	January 01, 2022
IAS 16	Property, plant and equipment - The amendments clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - The amendments specify the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.	January 01, 2022

The IASB issued 'Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after January 01, 2021. The standard is not likely to have any effect on Company's financial statements.

The following new standards and interpretations have been issued by the IASB, which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1 First time adoption of IFRS
IFRS 17 Insurance contracts

4 SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies adopted in the preparation of financial statements are set out below. These policies have consistently applied to all years presented unless otherwise stated.

4.1 Property, plant and equipment

4.1.1 Operating fixed assets except leasehold land and capital work in progress, are stated at cost less accumulated depreciation and impairment in value, if any, Leasehold land, capital work-in-progress and stores held for capital expenditure are stated at cost.

Depreciation is charged to income applying reducing balance method at the rates specified in fixed assets note. Depreciation is charged from the month the asset is available for the use up to the month prior to disposal. Gains or losses on disposal of assets, if any, are recognised as and when incurred.

The carrying value of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value exceeds the estimated recoverable amount, the assets are written down to the recoverable amount.

All expenditures connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

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4.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment, if any, and consists of expenditure incurred in respect of operating fixed assets in the course of their acquisition, construction and installation, including salaries and wages directly attributable to capital work-in-progress, determined by the management. The assets are transferred to relevant category of operating fixed assets when they are available for use.

4.1.3 Right-of-use asset

Effective July 1, 2019, the right-of-use asset is initially measured based on the initial measurement of lease liability, 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.

The right-of-use asset is subsequently measured at cost model. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

4.2 Stock-in-trade

Stock in trade except for stock in transit are valued at lower of cost or net realizable value. Cost in relation to raw material is determined by using first in first out method except for stock in transit.

Stock in transit is valued at cost comprising invoice value plus other charges incurred thereon. Work in process and finished goods consists of direct material costs, labour cost and appropriate proportion of manufacturing overheads.

4.3 Stores and Spares

These are valued at lower of moving average cost and net realizable value, except items in transit, which are stated at cost. Obsolete and used items are recorded at nil value. Value of items is reviewed at each balance sheet date to record provision for any slow moving items.

Net realizable value signifies the selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale.

4.4 Trade debts and Other receivable

Trade debts and other receivables are recognised and carried at cost, which is the fair value of the consideration to be received less allowance for expected credit losses (ECL). Expected credit loss is based on the management's assessment of customers' outstanding balances and credit worthiness. Bad debts are written-off when identified.

4.5 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost for the purpose of cash flow statements. Cash and cash equivalents comprises of cash in hand with banks on current and deposit accounts and running finance under markup arrangement. Running finance in mark up arrangement as shown under current liabilities.

4.6 Long term and short term borrowings

These are recorded at the proceeds received. Financial charges are accounted for on accrual basis and are disclosed as accrued interest/mark-up to the extent of the amount remaining unpaid.

4.7 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortized costs.

4.8 Provisions

Provisions are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of past event and it is probable that the outflow of resources / economic benefit will be required to settle the obligation and reliable estimate can be made to the amount of obligation. However provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.9 Taxation

Current

Provision for taxation 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 rate. The charge for the figure of provision for tax made in previous years is effected arising from assessment framed during the year for such years.

4.10 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to income, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed out.

4.11 Revenue recognition

Revenue from the sales of goods is recognized when the significant risk and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to the customers.

Return on Bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

4.12 Related Party Transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes. As admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the company to do so.

4.13 Foreign currency transactions

Transactions in foreign currencies are converted into functional currency "Rupees" at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into functional currency at the rates of exchange prevailing at the date of the statement of financial position. Exchange gains and losses are charged in the Financial statement of profit or loss.

4.14 Financial Instruments

(a) Classification and initial measurement

The Company classifies its financial assets in to following three categories;

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

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

Financial assets at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

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

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.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

For assets measured at fair value, gain or loss will either be recorded in the unconsolidated statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

(b) Subsequent measurement

Financial assets at FVOCI
These assets are measured at fair value, with gain or loss arising from changes in fair value recognized in the Financial statement of other comprehensive income.

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gain or loss, including any interest/ mark-up or dividend income, are recognized in the Financial statement of profit or loss.

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/ mark-up income, foreign exchange gain or loss and impairment are recognized in the Financial statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when the rights to receive cash flows from the asset have expired; or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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(c) Financial liabilities

Financial liabilities are classified as "measured at amortized cost" or "measured at fair value through profit or loss". A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gain or loss, including any interest expense, are recognized in the Financial statement of profit or loss.

Loans and borrowings

Loans and borrowings are initially stated at fair value, net of directly attributable transaction cost.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and tosses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

4.15 Impairment

(a) Financial assets

The Company recognizes loss allowances for expected credit loss (ECL) in respect of financial assets measured at amortized cost.

The Company applies the simplified approach to recognize lifetime expected credit loss for trade debts. The Company assesses on a forward looking basis the expected credit loss associated with its financial assets.

The Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit loss. To make the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Allowances for ECL financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

An entity shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event of the Company.

(b) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment loss are charged in the Financial statement of profit or loss.

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	Notes	2021	2020
		------------Rupees------------	

5 Issued, subscribed and paid up capital

900,000 (2020 : 900,000) Ordinary shares of Rupees 100 each fully paid in cash		**90,000,000**	90,000,000
		90,000,000	90,000,000

6 Long term Loans

	Notes	2021	2020
Diminishing Musharka - Meezan Bank	6.2	**97,854,254**	105,381,504
Less: Current portion		**(28,501,858)**	(7,527,250)
		69,352,396	97,854,254
SBP Salary Finance - Meezan Bank	6.1 & 6.3	**6,545,848**	-
Less: Current portion		**(4,213,224)**	-
		2,332,624	-
Total		**71,685,020**	97,854,254

6.1

	2021	2020
Opening Balance	-	-
Loan Received during the year	**9,324,901**	-
Transferred in Deffered Government Grant	**(898,454)**	
Loan Paid During the year	**(1,880,599)**	
Closing Balance	**6,545,848**	-

6.2 The Company has entered into a diminishing musharka of Rs. 105.38 million for plant and machinery with the Meezan Bank Limited- Islamic Banking. The arrangement carry profit at the rate of three month KIBOR + 3% with quarterly rental repayments. The arrangement is for a tenure of six years from the date of disbursement and are structured in such a way first principal repayment installment will commence from the thirteenth installment. Arrangement is secured against exclusive eqitable mortgage over properties of directors, Lien over USD deposit and personal guarantee of all sponsers.

6.3 The Company has entered into a diminishing musharka of Rs. 9.32 million with meezan bank for mitigate COVID-19 impact on business under a refinance scheme by the State Bank of Pakistan for payment of salaries and wages. The arrangement carry profit at the rate of 3% and with quarterly rental repayments. The arrangement is for a tenure of 2.5 years from the date of disbursement and are structured in such a way first principal repayment installment will commence from january 2021. The differential mark-up has been recognised as government grant (as mentioned in note 9) which is being amortised to other income over the period of the facility. Arrangement is secured against exclusive eqitable mortgage over properties of directors, Lien over Euro deposit and personal

7 Long Term Related Party Loan

	Notes	2021	2020
From related party - Frisian Egg International BV	7.1	**149,639,377**	149,639,377
Un-Realized Foreign Exchange Loss		**27,220,546**	-
Less: Current maturity		**(58,765,857)**	(44,039,538)
		118,094,066	105,599,839

7.1 This long term loan has been obtained for plant and machinery from parent company namely Frisian Egg International. The company has obtained this loan at different date and all amount carry different markup rate. During the year company has amended repayment schedule with mutual consent of both parties.

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	Notes	2021	2020
		------------Rupees-----------	

8 Deffered Government Grant

As at July 01		-	-
Recognized during the year	8.1	898,454	-
Amortized during the year		(450,626)	-
As at June 30		447,828	-
Current portion		(383,486)	-
Non-current portion		64,342	-

8.1 As mentioned in note 6.1 and 6.3 , the purpose of the government grants so recognized is to facilitate the Company in making timely payments of salaries and wages to its employees in light of the COVID-19 pandemic. The grants are conditional upon the fact that the Company would not terminate any employee, due/ owing to cash flow limitations, for a period of three months from the date of receipt of the first tranche. The grants are being amortized at the rate of 10.3% per annum.

9 Short term borrowings

Tijarah Financing - Meezan Bank	9.1	87,136,041	11,388,785

9.1 The Company has entered into a tijarah financing of Rs. 90 million for meeting day to day operational needs. The arrangement carry profit at the rate of KIBOR + 3%. Repayment of loan is subject to the sale of stock against which the financing has been disbursed maximum upto 90 days from the date of disbursement of loan. Arrangement is secured against stock of raw material and finished goods of the company.

10 Loan from related party

Opening balance		61,087,964	16,378,704
Receipts during the year		13,645,000	49,989,364
Repayments during the year		(9,245,000)	(5,280,104)
Closing Balance	10.1	65,487,964	61,087,964

10.1 Loan From Associate Company (Unsecured)	38,005,564	29,005,564
Loan From Director (Unsecured)	15,481,800	12,581,800
Loan From Close Family member/Sponser	12,000,600	19,500,600
	65,487,964	61,087,964

10.2 This represents interest free loan taken from directors , shareholders and associate company for working capital requirement and it is payable on demand.

11 Trade and other payables

Creditors	11.1	31,830,687	6,442,923
Withholding tax payable		272,557	65,231
Other payables		37,466	-
Sales tax payable		17,863,989	5,487,812
Accrued expenses		3,485,675	2,902,762
Worker profit particpitant fund		2,587,541	-
Worker welfare fund		983,266	-
		57,061,182	14,898,728

11.1 This include related party balance of Rs. 10,688,178 (2020: Rs 3,941,570)

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	Notes	2021	2020
		------------Rupees-----------	

16 Trade debts & other receivables

	Notes	2021	2020
Unsecured			
Considered good		**228,125,084**	48,880,334
Considered doubtful		**4,655,614**	-
		232,780,698	48,880,334
Allowance for expected credit loss	16.1	**(4,655,614)**	-
		228,125,084	48,880,334

16.1 Expected credit loss

	2021	2020
Balance as at July 1	-	-
Charge for year	4,655,614	-
Balance as at June 30	4,655,614	-

The aging of trade debtors at the reporting date is:

	2021	2020
Past due 1 - 30 days	**134,368,147**	48,761,553
Past due 31 - 90 days	**93,781,608**	-
Past due above 90 days	**4,630,916**	118,781
	232,780,671	48,880,334

17 Advance, deposits and prepayments

	2021	2020
Advance for services and supplies	**2,255,264**	2,093,923
Advance to employees	**462,000**	451,302
Prepayments	**1,100,678**	1,354,139
Advances against import	**-**	1,910,728
	3,817,942	5,810,092

18 Taxation - Net of provision

	2021	2020
Tax receivable as at 01 July	**2,260,105**	393,447
Tax payments / adjustments made during the year	**7,831,276**	3,616,841
	10,091,381	4,010,288
Less: Provision for tax - current year	-	(1,750,183)
Tax receivable as at 30 June	**10,091,381**	2,260,105

19 Cash and bank balances

	2021	2020
Cash in hand	-	-
Cash at bank-in current account	**17,778,586**	25,106,677
	17,778,586	25,106,677

20 Sales - Net

	2021	2020
Sales	**1,319,524,377**	272,875,608
Less: Sales tax	**(191,449,625)**	(39,517,824)
	1,128,074,752	233,357,784

	Notes	2021	2020
		------------Rupees------------	
21 Cost of sales			
Raw Material and others	21.1	**918,147,773**	172,078,402
CIP / Analytical Lab Chemicals		**1,843,460**	1,049,750
Certification expense		**1,206,542**	-
Communication		**134,925**	-
Conveyance		**868,426**	303,320
Depreciation	13.1	**19,868,498**	19,861,600
Direct Labour		**6,794,040**	3,444,127
Electricity		**12,576,445**	4,461,489
Fuel and power		**6,343,283**	4,017,883
Generator repair and maintenance		**143,930**	-
Lab / factory supplies		**912,154**	1,461,706
Other factory expense		**904,693**	223,905
Pest control		**565,060**	-
Repair and maintenance		**4,280,356**	171,942
Salaries wages and other benefits		**10,017,403**	5,702,010
Security services		**783,000**	-
Testing		**793,209**	487,120
Ware house rent		**494,521**	-
Waste disposal		**160,000**	-
Water charges		**1,894,250**	1,215,291
Freight inward		**4,049,154**	-
		992,781,122	214,478,545

21.1 Raw Material and others

	2021	2020
Opening stock	**32,731,692**	9,470,756
Purchases	**922,357,503**	195,339,338
	955,089,195	204,810,094
Less: Closing stock	**(36,941,422)**	(32,731,692)
	918,147,773	172,078,402

22 Selling and distribuation expense

	2021	2020
Freight Outward	**11,346,260**	7,094,635
Marketing & selling expense	**273,860**	-
	11,620,120	7,094,635

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	Notes	2021	2020
		-------------Rupees-----------	
23 Administrative expenses			
Salaries wages and other benefits		**5,340,854**	5,489,029
SESSI & EOBI		**760,526**	-
Director remuneration		**2,100,000**	1,575,000
Auditors' remuneration	23.1	**600,000**	81,000
Rent		-	722,694
Charity & donations		-	12,500
Canteen expense		**2,636,380**	-
Communication		**475,970**	260,141
Depreciation		**699,918**	784,611
Entertainment		**115,074**	1,640,999
Exhibition		-	497,725
Fees and subscriptions		**71,370**	115,880
Electricity Expense		**1,548,489**	1,175,464
Ijarah rental	23.2	**2,328,455**	1,384,108
Insurance expenses		**1,515,860**	663,624
Miscellaneous expenses		**556,593**	1,396,689
Printing and stationery		**2,477,532**	348,966
Professional charges		**626,300**	519,866
Rates, Taxes & Cess		**100,753**	49,000
Travelling and conveyance		**296,095**	2,368,427
Waste disposal expense		-	235,500
Security services		-	1,055,300
Repair & maintenance		-	221,315
		22,250,169	20,597,838
23.1 Audit Fee		**600,000**	81,000
Out of pocket expense		-	-
		600,000	81,000
23.2 Ijarah Rental		**2,361,425**	1,624,811
Subsidy From SEDF		**(32,970)**	(240,703)
		2,328,455	1,384,108
24 Other Expense			
			-
Allowance for expected credit loss		**4,655,614**	-
Other expense		**87,532**	-
Worker profit particpitant fund		**2,587,541**	-
Worker welfare fund		**983,266**	-
		8,313,953	-
25 Other Income			
Liability written off		**482,974**	-
Profit on debt		**807,159**	977,603
Amortization of deferred government grant		**450,626**	-
Exchange gain		**63,960**	-
Miscellanous income		-	368,806
		1,804,719	1,346,409

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		Notes	2021	2020
			-------------Rupees------------	
26	**Finance cost**			
	Bank charges		**559,149**	55,250
	Markup on diminishing musharika	26.1	**8,906,794**	3,098,008
	Markup on SBP salary finance		**609,917**	-
	Markup on related party loan		**4,581,078**	4,758,208
	Markup on tijarah financing		**4,856,601**	261,682
			19,513,540	8,173,148
26.1	Mark Up For the year		**11,016,887**	16,912,728
	Subsidy receive from SEDF against markup		**(2,110,093)**	(13,814,720)
			8,906,794	3,098,008

27 Taxation

Barkat Frisian Pasteurized Egg Company (Pvt.) Ltd. Is established in Special Economic Zone and has started commerical operations from Financial Year ended June 30, 2019. Hence income of company is exempt from Income Tax and minimum tax.

Reference: Clause (126E) of Part I of The second schedule of Income Tax Ordinance, 2001
[(126E) Income derived by a zone enterprise as defined in the Special Economic Zones Act, 2012 (XX of 2012) for a period of ten years starting from the date the developer certifies that the zone enterprise has commenced commercial operation and for a period of ten years to a developer of zone starting from the date of signing of the development agreement in the special economic zone as announced by the Federal Government].
Sub-clause (xlii) of clause (11A) of Part IV of The second schedule
(11A) The provisions of section 113, regarding minimum tax, shall not apply to,-
(xlii) Persons qualifying for exemption under clause (126E) of Part I of this Schedule for tax year 2021 and onwards;

28 EARNINGS PER SHARE

	2021	2020
Profit after taxation	**48,180,020**	(17,390,157)
	---------(Number of shares)---------	
Ordinary Share	**900,000**	900,000
Basic and diluted earnings per share	**53.53**	(19.32)

29 Cash and cash equivalents

	2021	2020
Cash and bank balances	**17,778,586**	25,106,677
	17,778,586	25,106,677

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30 Balances and transactions with related parties

The related parties comprise Parent, associated undertakings, directors of the Company and key management personnel. The Company in the normal course of business carries out transactions with various related parties at arm's length basis, unless otherwise disclosed. Amounts due from and due to related parties are shown under respective notes to the accounts. Other significant transactions and balances with related parties are as follows:

Transactions with related parties

Name of related party	Relationship and %age shsreholding	Transation during the year and year end balances	2021	2020
			-------------(Rupees)-------------	
Adil Poultry Farm	Associate	Purchase of raw material	**37,011,189**	33,896,710
		Amount due at the year end	**5,003,810**	540,866
Buksh Farms	Associate	Purchase of raw material	**50,457,263**	22,311,028
		Amount due at the year end	**3,282,003**	2,781,993
Sultan Poultry Farm	Associate	Purchase of raw material	**34,799,745**	2,797,830
		Amount due at the year end	**1,787,145**	-
Muhammad Ali	Shareholder 4%	General Supplier	-	568,190
		Amount due at the year end	-	(5,835)
Frisian Eggs International	Parent Company 50% Shareholding	Supplier	**5,868,743**	258,942
		Amount due at the year end	**615,220**	618,711
Frisian Eggs International	Parent Company 50% Shareholding	Loan received during the year	-	32,994,927
		Loan payable to related party	**149,639,377**	149,639,377
B&Z Enterprises (Pvt.) Ltd.	Shareholder 30%	Loan received during the year	**9,000,000**	29,005,564
		Loan payable to related party	**38,005,564**	29,005,564
Yasir Ali	Associate person Sibling of CEO holds 0.33%	Loan payable to related party	**2,000,000**	2,000,000

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Name of related party	Relationship and %age shsreholding	Transation during the year and year end balances	2021	2020
			-------------(Rupees)-------------	
Naheed Ali	Associate person lineal Ascendent of CEO holds 1.67%	Loan received during the year	**1,500,000**	-
		Loan payable to related party	**3,000,600**	1,500,600
Shoukat Ali	Associate person	Loan received during the year	-	2,085,000
		Loan paid during the year	-	3,863,500
Muhammad Arif	Associate person	Loan received during the year	-	5,000,000
		Loan paid during the year	**5,600,000**	-
		Loan payable to related party	-	5,600,000
Anwar Ali	Associate person lineal Ascendent of CEO holds 4%	Loan received during the year	-	1,800,000
		Loan paid during the year	**3,400,000**	-
		Loan payable to related party	-	3,400,000
Muhammad Ali	Associate person	Loan received during the year	-	1,400,000
		Loan paid during the year	-	1,000,000
		Loan payable to related party	**7,000,000**	7,000,000
Waqas Gulzar	Director holds 10.00%	Loan received during the year	**1,700,000**	10,281,800
		Loan payable to related party	**13,281,800**	11,581,800
Muhammad Adil Ali	CEO / Director Shareholder 4%	Loan received during the year	**1,370,000**	417,000
		Loan paid during the year	**170,000**	367,000
		Loan payable to related party	**2,200,000**	1,000,000

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30.1 Director Remunration

	Chief Executive	Directors	Executives	Total
			2021	
		---(Rupees)---		
Managerial remuneration	**2,100,000**	**-**	**5,420,680**	**7,520,680**
	2,100,000	**-**	**5,420,680**	**7,520,680**
Number of persons	**1**		**3**	

	Chief Executive	Directors	Executives	Total
			2020	
		---(Rupees)---		
Managerial remuneration	1,575,000	-	3,120,000	4,695,000
	1,575,000	-	3,120,000	4,695,000
Number of persons	**1**		**2**	

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31 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework.

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their role and obligations.

The Company has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

31.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations without considering the fair value of the collateral available there against.

Exposure to credit risk

The carrying amount of respective financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2021	2020
	-------------(Rupees)-------------	
Long term deposits	**2,421,000**	1,921,000
Trade debts	**228,125,084**	48,880,334
Advances and deposits	**3,817,942**	5,810,092
Bank balances	**17,778,586**	25,106,677
	252,142,612	81,718,103

Trade debts

The Company's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The Company establishes an allowance for ECL that represents its estimate of incurred losses.

Analysis of gross amounts receivable from local trade debtors are as follows:

	2021	2020
	-------------(Rupees)-------------	
Domestic	**228,125,084**	48,880,334
	228,125,084	48,880,334

The ageing of trade debts as at the date of the statement of financial position is:

Past due 1 - 30 days	**134,368,147**	48,761,553
Past due 31 - 90 days	**93,781,608**	-
Past due above 90 days	**4,630,916**	118,781
	232,780,671	48,880,334

Advances and deposits

These represents loan and advances to employees as per company policy and deposits placed with various suppliers as per the terms of securing availability of services. The management does not expect to incur credit loss there against.

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	2021		2020	
	Rupees	Euro	Rupees	Euro
Financial liabilities				
Long Term Loan	**176,859,924**	**943,500**	149,639,377	943,500

The following significant exchange rates were applicable during the year:

	Reporting date rate	
	Buying / Selling	Buying / Selling
Euro to Pakistan Rupee	**187.03 / 187.45**	188.43 / 188.24

31.3.2 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

31.3.3 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 exposure to price risk except in short term

31.3.4 Fair value of financial assets and liabilities

The carrying values of financial assets and financial liabilities reported in the statement of financial position approximate their fair values.

32 INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

Description	2021 Carried Under		2020 Carried Under	
	Non Shariah arrangements	Shariah arrangements	Non Shariah arrangements	Shariah arrangements
Assets				
Long term advances and deposits	-	2,421,000	-	1,921,000
Advance to employees	-	462,000	-	451,302
Cash at bank-in current account	-	17,778,586	-	25,106,677
Liabilities				
Long term loans	-	104,400,101		105,381,504
Long term related party loan	-	176,859,923		149,639,377
Short term borrowings	-	87,136,041		11,388,785
Loan from related party	-	65,487,964		61,087,964
Profit on debt	-	807,159		977,603

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33 CAPITAL RISK MANAGEMENT

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders or issue new shares. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.
The Company's objectives when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, to maximize return of shareholders and to optimize capital structure and to reduce the cost of capital.

34 MEASUREMENT OF FAIR VALUES

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

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Fair value measurement using quoted (unadjusted) in active markets for identical asset or liability.

Level 2: Fair value measurements using 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).

Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2021, all financial assets and financial liabilities are carried at amortised cost which is approximate to their fair value.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the unconsolidated financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

35 ANNUAL PRODUCTION CAPACITY

	2021	2020
	Egg Per Hour	
Installed capacity	36,000	36,000
Actual production (kg)	4,455,100	1,280,430

36 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary for better presentation. Following major reclassifications have been made during the year:

During the year company has reclassified advance against purchase of land of Rs.45,000,000 in property plant and equipment.

37 GENERAL

37.1 Figures have been rounded-off to the nearest rupee unless otherwise stated.

37.2 Number of employees

	2021	2020
	------------- Number -------------	
Total number of employees at the year end	45	36
Average number of employees during the year	41	36

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in the Board of Directors meeting held on 04-10-2021

N2M.

CHIEF EXECUTIVE

DIRECTOR

13.1 Operating Fixed Assets

	2021											
	Cost					Depreciation					Net book value as at June 30	Life of Asset No. of
Owned Assets	As at Jul-01 2020	Additions	Transfer	Disposals	As at June 30 2021	As at Jul-01 2020	For the Year	Transfers	On disposal	As at June 30 2021	2021	Years
Land*	-	-	45,000,000	-	45,000,000	-	-	-	-	-	45,000,000	0%
Factory Building	129,595,589	4,514,911	-	-	134,110,500	6,677,958	6,247,163	-	-	12,925,121	121,185,379	5%
Plant and Machinery	134,431,463	27,482,565	-	(20,000)	161,894,028	13,901,203	13,623,335	-	(2,000)	27,522,538	134,371,490	10%
Furniture and fixture	2,874,847	28,200	-	-	2,903,047	296,595	260,410	-	-	557,005	2,346,042	10%
Office Equipment	2,575,609	10,500	-	-	2,586,109	264,877	232,019	-	-	496,896	2,089,213	10%
Computer	923,239	182,900	-	-	1,106,139	190,347	157,988	-	-	348,335	757,804	20%
Vehicle	290,837	178,000	-	-	468,837	58,167	49,501	-	-	107,668	361,169	20%
Rupees	270,691,584	32,397,076	45,000,000	(20,000)	348,068,660	21,389,147	20,570,416	-	(2,000)	41,957,563	306,111,097	

* The title for land has not been transferred, but the possession of land has been received from National Industrial Park (NIP)

	2021	2020
Depreciation - Factory	19,868,498	19,861,600
Depreciation - Admin	699,918	784,611
	20,568,416	20,646,211

	2020											
	Cost					Depreciation					Net book value as at June 30	Life of Asset No. of
Owned Assets	As at Jul-01 2019	Additions	Transfer	Disposals	As at June 30 2020	As at Jul-01 2019	For the Year	Transfers	On disposal	As at June 30 2020	2020	Years
Factory Building	101,523,006	2,067,405	26,005,178	-	129,595,589	208,609	6,469,349	-	-	6,677,958	122,917,631	5%
Plant and Machinery	123,845,001	10,586,462	-	-	134,431,463	508,952	13,392,251	-	-	13,901,203	120,530,260	10%
Furniture and fixture	2,463,089	411,758	-	-	2,874,847	10,122	286,473	-	-	296,595	2,578,252	10%
Office Equipment	1,978,153	597,456	-	-	2,575,609	8,129	256,748	-	-	264,877	2,310,732	10%
Computer	866,739	72,500	-	(16,000)	923,239	7,124	183,223	-	-	190,347	732,892	20%
Vehicle	-	290,837	-	-	290,837	-	58,167	-	-	58,167	232,670	20%
Rupees	230,675,988	14,026,418	26,005,178	(16,000)	270,691,584	742,936	20,646,211	-	-	21,389,147	249,302,437	

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