BARKAT FRISIAN PASTEURIZED EGG COMPANY (PRIVATE) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

BARKAT FRISIAN PASTEURIZED EGG COMPANY (PRIVATE) LIMITED

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants
A Member firm of
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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, 2022, 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, 2022 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; and

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

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

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Naveed Zafar Ashfaq Jaffery
Chartered Accountants

Karachi :
Dated : November 04,2022
UDIN : AR202210532nvURLTAzE

BARKAT FRISIAN PASTEURIZED EGG COMPANY (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022	2021
		----------Rupees----------	
Equity and Liabilities			
Authorized capital			
1,000,000 (2021: 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		159,888,930	21,986,402
		249,888,930	111,986,402
Non Current Liabilities			
Long term loans	6	43,618,395	71,685,020
Long term loan from related party	7	110,310,778	118,094,066
Deferred government grant	8	-	64,342
		153,929,173	189,843,428
Current Liabilities			
Current portion of long term loan from related party	6	33,066,625	32,715,081
Current portion of long term loan	7	91,626,243	58,765,857
Current portion of deferred government grant	8	64,342	383,486
Short term borrowings	9	191,858,597	87,136,041
Loan from related party	10	57,987,364	65,487,964
Trade and other payables	11	111,597,660	57,061,182
Accrued markup		11,501,602	1,907,069
		497,702,433	303,456,680
Total equity and liabilities		901,520,536	605,286,510
Contingencies and commitments	12	-	-
NON CURRENT ASSETS			
Property, plant and equipment	13	319,270,770	306,111,096
Long term deposits	14	3,021,000	2,421,000
		322,291,770	308,532,096
CURRENT ASSETS			
Stock in trade	15	191,575,834	36,941,422
Trade debts	16	288,138,827	228,125,084
Advances, deposits and prepayments	17	44,597,691	3,817,942
Taxation - net of provision	18	14,128,050	10,091,380
Cash and bank balances	19	40,788,363	17,778,586
		579,228,766	296,754,414
Total assets		901,520,536	605,286,510

The annexed notes form an integral part of these financial Statement

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, 2022

	Note	2022	2021
		----------Rupees----------	
Sales - net	20	**2,469,504,923**	1,128,074,752
Cost of sales	21	**(2,190,599,491)**	(992,781,122)
Gross profit		**278,905,432**	135,293,630
Selling and distribution expenses	22	**(42,385,036)**	(11,620,120)
Administrative expenses	23	**(24,986,407)**	(22,250,169)
Operating profit		**211,533,989**	101,423,341
Other expenses	24	**(11,362,083)**	(8,313,953)
Un-realized foreign exchange loss		**(25,077,098)**	(27,220,547)
Other income	25	**2,679,860**	1,804,719
Finance costs	26	**(39,152,090)**	(19,513,540)
		(72,911,410)	(53,243,321)
Profit before taxation		**138,622,578**	48,180,020
Taxation	27	**(720,050)**	-
Profit for the year		**137,902,529**	48,180,020
Other comprehensive income		-	-
Total comprehensive income for the year		**137,902,529**	48,180,020
Basic and diluted earnings per share	29	**153.23**	53.53

The annexed notes form an integral part of these financial Statement

CHIEF EXECUTIVE

DIRECTOR

BARKAT FRISIAN PASTEURIZED EGG COMPANY (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	Share Capital	Revenue Reserve Unappropriated Profit	Total
	----------	Rupees	----------
Balance as at July 01, 2020	90,000,000	(26,193,618)	63,806,382
Profit for the year	-	48,180,020	48,180,020
Other comprehensive income	-	-	-
Total comprehensive income for the year ended June 30, 2021	-	48,180,020	48,180,020
Balance as at June 30, 2021	**90,000,000**	**21,986,401**	**111,986,401**
Profit for the year	-	137,902,529	137,902,529
Other comprehensive income	-	-	-
Total comprehensive income for the year ended June 30, 2022	-	137,902,529	137,902,529
Balance as at June 30, 2022	**90,000,000**	**159,888,930**	**249,888,930**

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CHIEF EXECUTIVE

DIRECTOR

BARKAT FRISIAN PASTEURIZED EGG COMPANY (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		---------Rupees---------	
Cash flow from operating activities			
Profit before taxation		138,622,578	48,180,020
Adjustments for non cash items:			
Depreciation		23,932,016	20,568,416
Finance cost	26	39,152,090	19,513,540
Liability written back		-	(482,974)
Unrelaized exchange (gain) / loss		25,077,098	27,220,547
Allowance for expected credit loss	16.1	1,088,229	4,655,614
Amortization of deferred government grant	8	(383,486)	(450,626)
Operating profit before working capital changes		227,488,525	119,204,537
Changes in working capital			
(Increase) / decrease in current assets:			
Stock in trade		(154,634,412)	(4,209,730)
Trade debts-considerd good		(61,101,973)	(183,900,364)
Advances, deposits and prepayments		(40,779,749)	1,992,150
Increase in current liabilities:			
Trade and other payables		54,536,479	42,645,427
Cash flows from operating activities		25,508,870	(24,267,979)
Taxes paid		(4,756,719)	(7,831,276)
Finance costs paid		(29,557,556)	(22,416,068)
		(34,314,276)	(30,247,344)
Net cash (used in) operating activities		(8,805,406)	(54,515,323)
Cash flow from investing activities			
Capital expenditure incurred	13.1	(37,091,690)	(32,397,076)
Disposal Proceed		-	18,000
Long term deposits paid		(600,000)	(500,000)
Net cash (used in) investing activities		(37,691,689)	(32,879,076)
Cash flow from financing activities			
Repayment of long term loans		(27,715,082)	(7,527,250)
Receipt from SBP Salary Finance		-	7,446,301
(Repayment) to/Receipts from related party		(7,500,600)	4,400,000
Short term borrowings - net		104,722,556	75,747,256
Net cash generated from financing activities		69,506,874	80,066,307
Net increase in cash and cash equivalents		23,009,779	(7,328,092)
Cash and cash equivalents at beginning of the year		17,778,585	25,106,677
Cash and cash equivalents at end of the year	19	40,788,363	17,778,585

The annexed notes form an integral part of these financial Statement

CHIEF EXECUTIVE

DIRECTOR

BARKAT FRISIAN PASTEURIZED EGG COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 COMPANY AND ITS OPERATIONS

Barkat Frisian Pasteurized Egg Company (Private) limited ("the Company") was incorporated on 05 January 2017 as Private Limited Company under the repealed Companies Ordinance, 1984 (now the 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 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 on the basis of historical cost convention except for certain items as disclosed in the relevant accounting policies below.

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:

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)

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

3.1 Standards, amendments and interpretations to existing standards that are not yet effective

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

	Description effective for the periods	Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of Financial Statements [Amendments]	January 1, 2023
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 16	Property plant and equipment (Amendments)	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IFRS 3	Business Combinations (Amendments)	January 1, 2022
IAS 41, IFRS (1, 9 and 16)	Annual improvements to IFRS Standards 2018 - 2020 (Amendments)	January 1, 2022

3.2 The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.

Other than the aforesaid standards, interpretations and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the SECP as at June 30, 2022:

IFRS 1	First Time Adoption of International Financial Reporting Standards
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 13. 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 in statement of profit or loss.

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.

4.1.2 Right-of-use asset

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 other readily assets that can be realized in cash.

4.6 Share Capital

'Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 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 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:

- 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.

(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.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been subsequently modified.

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.

4.16 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realize the assets and settle liabilities simultaneously. Incomes and expenses arising from such assets and liabilities are also offset accordingly.

	Note	2022	2021
		-------------Rupees------------	

5 Issued, subscribed and paid up capital

900,000 (2021 : 900,000) Ordinary shares of Rupees 100 each fully paid in cash		90,000,000	90,000,000
		90,000,000	90,000,000

5.1 The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of cash, bonus and right shares, as the case may be, as and when declared by the Company. All shares carry one vote per share without restriction.The Board of Directors of the Company are elected by majority vote.

6 Long term Loans

	Note	2022	2021
Diminishing Musharka - Meezan Bank	6.2	69,352,396	97,854,254
Less: Current portion		(30,109,001)	(28,501,853)
		39,243,395	69,352,396
SBP Salary Finance - Meezan Bank	6.1 & 6.3	2,332,624	6,545,848
Less: Current portion		(2,332,624)	(4,213,224)
		-	2,332,624
Diminishing Musharikah - MBL Generator	6.4	5,000,000	-
Less: Current portion		(625,000)	-
		4,375,000	-
Total		43,618,395	71,685,020

6.1			
Opening Balance		6,545,848	-
Loan Received during the year		-	9,324,901
Transferred in Defered Government Grant		449,226	(898,454)
Repayment during the year		(4,662,451)	(1,880,599)
Closing Balance		2,332,623	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 guarantee of all sponsers.

	Note	2022	2021
		------------Rupees------------	

6.4 The Company has entered into a diminishing musharka of Rs. 5 million for Generator 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 after one year. Arrangement is secured against specific charge over plant & machinery.

7 Long term loan from related party

	Note	2022	2021
From related party - Frisian Egg International BV	7.1	**176,859,923**	149,639,377
Un-realized foreign exchange loss		**25,077,098**	27,220,546
		201,937,021	176,859,923
Less: Current maturity		**(91,626,243)**	(58,765,857)
		110,310,778	118,094,066

7.1 This long term loan has been obtained for plant and machinery from parent company namely Frisian Egg International amounting EURO 475,000, 280,000 and 188,500 (2021 : EURO 500,000, 280,000 and 188,500). The company has obtained this loan at different date and carry at different markup rate. During the year company has amended repayment schedule with mutual consent of both parties.

8 Deffered government grant

	Note	2022	2021
As at July 01		**447,828**	-
Recognized during the year	8.1	-	898,454
Amortized during the year		**(383,486)**	(450,626)
As at June 30		**64,342**	447,828
Current portion		**(64,342)**	(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

	Note	2022	2021
Tijarah Financing - Meezan Bank	9.1	**91,867,378**	87,136,041
Tijarah Financing - BAHL	9.2	**99,991,219**	-
		191,858,597	87,136,041

9.1 The Company has entered into a tijarah financing facility with Meezan Bank Limited. of Rs. 140 million (2021: 90 million) for meeting day to day operational needs. The arrangement carry profit at the rate of KIBOR + 2.5%. 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 first pari passu hypothecation charge over stock and specific receivables.

9.2 The Company has entered into a Musawama financing facility with Bank Al-Habib Limited. of Rs. 100 million (2021: NIL) for meeting day to day operational needs. The arrangement carry profit at the rate of KIBOR + 1%. 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 first pari passu hypothecation charge over specific receivables and specific plant & manchinery.

	Note	2022	2021
		-------------Rupees------------	

10 Loan from related party

	Note	2022	2021
Opening balance		65,487,964	61,087,964
Receipts during the year		-	13,645,000
Repayments during the year		(7,500,600)	(9,245,000)
Closing Balance	10.1	57,987,364	65,487,964

10.1

		2022	2021
Loan from associated Company (Unsecured)		38,005,564	38,005,564
Loan from director (Unsecured)		14,481,800	15,481,800
Loan from close family member/sponser		5,500,000	12,000,600
		57,987,364	65,487,964

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

11 TRADE AND OTHER PAYABLES

	Note	2022	2021
Creditors	11.1	72,808,664	31,830,687
Withholding tax payable		1,093,364	272,557
Other payables		83,271	37,466
Sales tax payable		23,203,759	17,863,989
Accrued expenses		3,542,246	3,485,675
Workers profit particpitant fund		7,444,822	2,587,541
Workers welfare fund		2,829,032	983,266
Sale tax withholding		592,503	-
		111,597,660	57,061,182

11.1 This include related party balance of Rs. 11,186,367 (2021: Rs 10,688,178)

12 Contingencies and commitments

12.1 Contingencies

There are no contingencies (2021 : Nil) at the balance sheet date.

12.2 Commitments

The amount of future rentals for Ijarah financing and the period in which these payments will become due are as follows:

	Note	2022	2021
Not later than one year		1,362,888	2,194,245
Later than one year and not later than five years		1,249,314	2,612,202
	12.2.1	2,612,202	4,806,447

12.2.1 The total ijarah rentals due under the ijarah agreements aggregate to amounting Rs. 2.612 million (June 30, 2021 : 4.806 million) and are payable in equal monthly installments. The Ijarah is partially secured by a personal guarantee of all local sponsors and post dated cheques. The company intend to exercise the option of purchasing the assets under Ijarah at residual value upon completion of Ijarah term.

13 Property, plant and equipment

	Note	2022	2021
Operating fixed assets	13.1	319,270,770	306,111,097
		319,270,770	306,111,097

14 Long term advances and deposits

		2022	2021
Deposits against Ijarah finance		901,000	901,000
Others		2,120,000	1,520,000
		3,021,000	2,421,000

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		Note	2022	2021
			------------Rupees------------	
15	**Stock in trade**			
	Raw material		**75,421,174**	9,164,736
	Packing material		**27,972,754**	4,324,706
	Finished good		**83,285,587**	22,999,189
	Packing material		**4,896,320**	452,790
		16.2	**191,575,835**	36,941,422
16	**Trade debts & other receivables**			
	Unsecured			
	Considered good		**288,138,827**	228,125,084
	Considered doubtful		**5,743,843**	4,655,614
		16.2	**293,882,670**	232,780,698
	Allowance for expected credit loss	16.1	**(5,743,843)**	(4,655,614)
			288,138,827	228,125,084
16.1	**Allowance for expected credit loss**			
	Balance as at july 1		**4,655,614**	-
	Change for the year		**1,088,229**	4,655,614
	Balance as at june 30		**5,743,843**	4,655,614
	The aging of trade debtors at the reporting date is:			
	Past due 1 - 30 days		**205,393,893**	134,368,147
	Past due 31 - 90 days		**66,868,203**	93,781,608
	Past due above 90 days		**21,620,574**	4,630,916
			293,882,670	232,780,671

16.2 As at June 30, 2022, First Pari Passu Hypothecation Charge over Stock & specific receivables Rs. 155.55 million (2021: Rs.36.941 million) with Meezan Bank Limited against Tijarah Facility.

			2022	2021
17	**Advance, deposits and prepayments**			
	Advance for services and supplies		**41,132,692**	2,255,264
	Advance to employees		-	462,000
	Prepayments		**65,000**	1,100,678
	Loan to employees		**3,400,000**	-
			44,597,692	3,817,942
18	**Taxation - Net of provision**			
	Tax receivable as at 01 July		**10,091,381**	2,260,105
	Tax payments / adjustments made during the year		**4,522,643**	7,831,276
			14,614,024	10,091,381
	Less: Provision for tax - current year		**(485,974)**	-
	Tax receivable as at 30 June		**14,128,050**	10,091,381
19	**Bank balances**			
	Cash at bank - in current account		**40,788,363**	17,778,586
			40,788,363	17,778,586

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		Note	2022	2021
			-------------Rupees------------	
20	**Sales - net**			
	Sales	20.1	2,881,369,817	1,319,524,377
	Less: Sales tax		(411,864,895)	(191,449,625)
			2,469,504,923	1,128,074,752
20.1	**Sales**			
	Local sales		2,829,911,293	1,319,524,377
	Export sales		51,458,524	-
			2,881,369,817	1,319,524,377
21	**Cost of sales**			
	Raw materials consumed	21.1	2,047,217,896	918,147,773
	Canteen expense		2,216,497	-
	Certification expense		959,645	1,206,542
	CIP / Analytical Lab Chemicals		3,778,973	1,843,460
	Communication		46,560	134,925
	Travelling & Conveyance		1,388,610	868,426
	Depreciation	13.1.1	22,790,983	19,868,498
	Utilities		31,084,733	20,813,978
	Freight Inward		25,646,618	4,049,154
	Repair and maintenance		6,304,180	4,424,286
	Insurance expense		1,844,754	-
	Lab / factory supplies		2,939,261	912,154
	Other factory expense		2,070,420	904,693
	Pest control		653,440	565,060
	Printing and stationary		1,264,654	-
	Rent expense		9,365,931	494,521
	Salaries wages and other benefits		28,433,198	16,811,443
	Security services		880,500	783,000
	Testing		584,110	793,209
	Waste disposal		1,128,527	160,000
			2,190,599,491	992,781,122
21.1	**Raw materials consumed**			
	Opening stock		36,941,422	32,731,692
	Purchases		2,201,852,309	922,357,503
			2,238,793,731	955,089,195
	Less: Closing stock		(191,575,835)	(36,941,422)
			2,047,217,896	918,147,773
22	**Selling and distribuation expense**			
	Freight outward		42,223,436	11,346,260
	Marketing & selling expense		161,600	273,860
			42,385,036	11,620,120

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		Note	2022	2021
			-------------Rupees------------	
23	**Administrative expenses**			
	Salaries, wages and other benefits		**10,809,234**	7,440,854
	SESSI & EOBI		**885,541**	760,526
	Auditors' remuneration	23.1	**648,000**	600,000
	Communaction expense		**647,069**	475,970
	Depreciation	13.1.1	**1,141,033**	699,918
	Entertainment		**127,435**	115,074
	Fee & subscription		**87,163**	71,370
	Electricity expense		**2,083,898**	1,548,489
	Ijarah rental	23.2	**2,111,894**	2,328,455
	Insurance expenses		**660,154**	1,515,860
	Miscellaneous expenses		**709,960**	556,593
	Canteen expense		-	2,636,380
	Repair and maintenance		**732,463**	-
	Printing and stationery		**1,022,431**	2,477,532
	Professional charges		**500,948**	626,300
	Rent, Rates, Taxes & Cess		**891,839**	100,753
	Travelling and conveyance		**1,017,345**	296,095
	Charity & donations		**910,000**	-
			24,986,407	22,250,169
23.1	Audit fee		**648,000**	600,000
	Out of pocket expense		-	-
			648,000	600,000
23.2	Ijarah rental		**2,111,894**	2,361,425
	Subsidy from SEDF		-	(32,970)
			2,111,894	2,328,455
24	**Other expense**			
	Allowance for expected credit loss	16.1	**1,088,229**	4,655,614
	Other expense		-	87,532
	Workers profit particpitant fund		**7,444,822**	2,587,541
	Workers welfare fund		**2,829,032**	983,266
			11,362,083	8,313,953
25	**Other Income**			
	Liability written back		-	482,974
	Profit on debt		**1,675,772**	807,159
	Amortization of deferred government grant		**382,088**	450,626
	Exchange gain		**620,226**	63,960
	Miscellanous income		**1,774**	-
			2,679,860	1,804,719

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		Note	2022	2021
			-------------Rupees------------	
26	**Finance cost**			
	Bank charges		**1,087,010**	559,149
	Markup on diminishing musharika	26.1	**10,495,739**	8,906,794
	Markup on SBP salary finance		**552,542**	609,917
	Markup on related party loan		**5,612,417**	4,581,078
	Markup on WPPF		**267,034**	4,856,601
	Markup on tijarah financing		**13,640,677**	-
	Markup on muswama - Bank AlHabib		**7,496,671**	-
			39,152,090	19,513,540
26.1	Mark up for the year		**10,495,739**	11,016,887
	Subsidy receive from SEDF against markup		-	(2,110,093)
			10,495,739	8,906,794
27	**Taxation**			
	Prior year income tax expense		**234,076**	-
	Income tax expense		**485,974**	-
		27.1	**720,050**	-

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;

27.1 tax expense on profit on debt

		2022	2021
28	**EARNINGS PER SHARE**		
	Profit after taxation (Rupees)	137,902,529	48,180,020
	Weighted average numbers of ordinary shares	900,000	900,000
	Basic and diluted earnings per share (Rupees)	153.23	53.53
29	**Cash and cash equivalents**		
	Cash in hand	-	-
	Cash and bank balances	40,788,363	17,778,586
		40,788,363	17,778,586

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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 and balances with related parties

Name of related party	Relationship and %age shsreholding	Transation during the year and year end balances	2022	2021
			------------(Rupees)------------	
Adil Poultry Farm	Associate	Purchase of raw material	**84,938,050**	37,011,189
		Amount advance at the year end	**16,161,436**	-
		Amount due at the year end	-	5,003,810
Amna Poultry Farm	Associate	Purchase of raw material	**14,852,000**	-
		Amount due at the year end	**5,502,000**	-
Buksh Farms	Associate	Purchase of raw material	**19,091,000**	50,457,263
		Amount due at the year end	**3,282,003**	3,282,003
Naheed Ali	Associate	Supplier	**1,298,000**	-
Sultan Poultry Farm	Associate	Purchase of raw material	**11,010,000**	34,799,745
		Amount due at the year end	**1,787,145**	1,787,145
Frisian Eggs International	Parent Company 50% Shareholding	Supplier	**11,966,228**	5,868,743
		Amount due at the year end	**615,220**	615,220
Frisian Eggs International	Parent Company 50% Shareholding	Loan payable to related party	**201,937,022**	176,859,924
B&Z Enterprises (Pvt.) Ltd.	Shareholder 30%	Loan received during the year	-	9,000,000
		Loan payable to related party	**38,005,564**	38,005,564
Yasir Ali	Associate person Sibling of CEO holds 0%	Loan paid during the year	**2,000,000**	
		Loan payable to related party	-	2,000,000

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Transactions and balances with related parties

Name of related party	Relationship and %age shsreholding	Transation during the year and year end balances	2022	2021
			------------(Rupees)------------	
Naheed Ali	Associate person lineal Ascendent of CEO holds 1.67%	Loan received during the year	-	1,500,000
		Loan paid during the year	1,500,600	
		Loan payable to related party	1,500,000	3,000,600
Muhammad Arif	Associate person	Loan paid during the year	-	5,600,000
Anwar Ali	Associate person lineal Ascendent of CEO holds 4%	Loan paid during the year	-	3,400,000
Muhammad Ali	Associate person	Loan paid during the year	3,000,000	-
		Loan payable to related party	4,000,000	7,000,000
Waqas Gulzar	Director holds 10%	Loan received during the year	-	1,700,000
		Loan payable to related party	13,281,800	13,281,800
Muhammad Adil Ali	CEO / Director Shareholder 4%	Loan received during the year	-	1,370,000
		Loan paid during the year	1,000,000	170,000
		Loan payable to related party	1,200,000	2,200,000

30.1 Director Remunration

	Chief Executive	Directors	Executives	Total
		2022		
		------------(Rupees)------------		
Managerial remuneration	2,275,007	-	6,079,922	8,354,929
	2,275,007	-	6,079,922	8,354,929
Number of persons	1		4	

	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	

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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:

	2022	2021
	(Rupees)	
Long term deposits	3,021,000	2,421,000
Trade debts	288,138,827	228,125,084
Advances and deposits	44,597,691	3,817,942
Bank balances	40,788,363	17,778,586
	376,545,881	252,142,612

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 trade debtors are as follows:

	2022	2021
	(Rupees)	
Domestic	278,731,109	228,125,084
Foreign	9,407,718	-
	288,138,827	228,125,084

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

	2022	2021
Past due 1 - 30 days	205,393,893	134,368,147
Past due 31 - 90 days	66,868,203	93,781,608
Past due above 90 days	21,620,574	4,630,916
	293,882,670	232,780,671

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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Bank balances
The Company kept its surplus funds with banks having good credit rating. Currently the surplus funds are kept with banks having rating from AAA

Concentration of credit risk
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 abilities to meet contractual obligations to be similarly affected by the changes in economic, political, or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

31.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash to meet expected working capital requirements by having credit lines available.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

As at June 30, 2022	Carrying amount	Contractual maturities	Maturity up to one year	Maturity above than 1 year
Non-derivative financial liabilities	---------------------------------(Rupees)---------------------------------			
Long term loan	**76,685,019**	76,685,019	33,066,625	43,618,395
Loan from related party	**259,924,385**	259,924,385	149,613,607	110,310,778
Trade and other payables	**111,597,660**	111,597,660	111,597,660	-
Accrued mark-up	**11,501,602**	11,501,602	11,501,602	-
Short term borrowings	**191,858,597**	191,858,597	191,858,597	-
	651,567,264	651,567,264	497,638,091	153,929,173

As at June 30, 2021	Carrying amount	Contractual maturities	Maturity up to one year	Maturity above than 1 year
Non-derivative financial liabilities	---------------------------------(Rupees)---------------------------------			
Long term loan	104,400,101	104,400,101	32,715,081	71,685,020
Loan from related party	195,938,841	195,938,841	124,253,821	71,685,020
Trade and other payables	57,061,182	57,061,182	57,061,182	-
Accrued mark-up	1,907,069	1,907,069	1,907,069	-
Short term borrowings	87,136,041	87,136,041	87,136,041	-
	446,443,234	446,443,234	303,073,194	143,370,040

31.3 Market risk

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

31.3.1 Currency risk

Currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.
The Company is exposed to currency risk on long term loan that are denominated in a currency other than the respective functional currency of the Company, primarily Euro. The Company's exposure to foreign currency risk is as follows:

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	2022		2021	
	Rupees	**Euro**	Rupees	Euro
Financial liabilities				
Long Term Loan	**201,937,021**	**943,500**	176,859,924	968,500

The following significant exchange rates were applicable during the year:

	Reporting date rate	
	Buying / Selling	**Buying / Selling**
Euro to Pakistan Rupee	**213.592 / 214.0297**	187.03 / 187.45

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 investments held at fair value.

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	2022 Carried Under		2021 Carried Under	
	Non Shariah arrangements	Shariah arrangements	Non Shariah arrangements	Shariah arrangements
Assets				
Long term deposits	-	3,021,000	-	2,421,000
Advance to employees	-	-	-	462,000
Cash at bank - in current account	-	40,788,363	-	17,778,586
Liabilities				
Long term loans	-	76,685,019		104,400,101
Long term loan from related party	201,937,021	-	176,859,923	-
Short term borrowings	-	191,858,597		87,136,041
Loan from related party	-	57,987,364		65,487,964
Profit on debt	-	1,675,772		807,159

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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, 2022, 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

	2022	2021
	Egg Per Hour	
Installed capacity	**36,000**	36,000
Actual production (kg)	**9,363,543**	4,455,100

36 CORRESPONDING FIGURES

The fifth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017.

In addition, certain corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions, the effect of which is immaterial.

Reclassification from	Reclassification To	Amount (Rupees)
Direct Labour (cost of sale)	Salaries wages and other benefits (cost of sale)	6,794,040
Electricity (cost of sale) Fuel and power (cost of sale) Water cahrges (cost of sale)	Utilities (cost of sale)	20,813,978
Generator repair and maintenance (cost of sale)	Repair and maintenance (cost of sale)	143,930
Warehouse rent (cost of sale)	Rent expense (cost of sale)	494,521
Director Remuneration (admin expense)	Salaries wages and other benefits (admin expense)	2,100,000

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BARKAT FRISIAN PASTEURIZED EGG COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

37 GENERAL

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

37.2 NUMBER OF EMPLOYEES	2022	2021
	------------- Number	-------------
Total number of employees at the year end	56	45
Average number of employees during the year	51	41

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in the Board of Directors meeting held on 04-11-2022.

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CHIEF EXECUTIVE

DIRECTOR

13.1 Operating Fixed Assets

	2022											
	Cost					Depreciation						
Owned Assets	As at July 1, 2021	Additions	Transfer	Disposals	As at June 30, 2022	As at July 1, 2021	For the Year	Transfers	On disposal	As at June 30, 2022	Net book value as at June 30, 2022	Rate of depreciation
Lease hold land	45,000,000	1,470,000		-	46,470,000	-	-	-	-	-	46,470,000	0%
Factory building	134,110,500	170,646	-	-	134,281,146	12,925,121	6,067,801	-	-	18,992,922	115,288,224	5%
Plant and machinery	161,894,028	32,860,331	-	-	194,754,359	27,522,538	16,723,182	-	-	44,245,720	150,508,638	10%
Furniture and fixture	2,903,047	304,415	-	-	3,207,462	557,005	265,046	-	-	822,051	2,385,411	10%
Office Equipment	2,586,109	139,882	-	-	2,725,991	496,896	222,910	-	-	719,806	2,006,186	10%
Computer	1,106,139	648,950	-	-	1,755,089	348,335	281,351	-	-	629,686	1,125,403	20%
Vehicle	468,837	1,497,466	-	-	1,966,303	107,668	371,727	-	-	479,395	1,486,908	20%
Rupees	348,068,660	37,091,690	-	-	385,160,349	41,957,563	23,932,016	-	-	65,889,579	319,270,770	

	2021											
	Cost					Depreciation						
Owned Assets	As at July 1, 2020	Additions	Transfer	Disposals	As at June 30, 2021	As at July 1, 2020	For the Year	Transfers	On disposal	As at June 30, 2021	Net book value as at June 30, 2022	Rate of depreciation
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	

13.1.1 Allocation of depreciation

	2022	2021
Depreciation - Factory	22,790,983	19,868,498
Depreciation - Admin	1,141,033	699,918
	23,932,016	20,568,416

13.2 Particular of immovable property

Location	Usage of immovable property	Total area
Port Qasim, Karachi	Factory and production plant	2.5 Acre