



## INDEPENDENT AUDITOR'S REPORT

To the members of National Fertilizer Corporation of Pakistan (Pvt.) Ltd.

Report on the Audit of the Financial Statements for the year ended 30<sup>th</sup> June 2023

### Qualified Opinion

We have audited the annexed financial statements of National Fertilizer Corporation of Pakistan (Private) Limited, which comprise the statement of financial position as at June 30, 2023, and statement of profit or loss and other comprehensive income, the statement of changes in equity, 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 purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and 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, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Qualified Opinion

As shown in Note 7 of the Financial Statements, Financial Assets at Fair Value through Other Comprehensive Income includes the investment in Pak China Fertilizer Limited, amounting to Rs. 18.8 million, which has been stated at cost instead of fair value as required by IFRS-9 Financial Instruments. In the absence of valuation at fair value of the investment in Pak China Limited, we were unable to estimate the impact on the Financial Statements of this contravention of IFRS-9, as at June 30, 2023. 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, 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 information included in the Annual 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.

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

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

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

Board of directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

#### **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).

#### **Other Matter**

The financial statements of the National Fertilizer Corporation of Pakistan (Pvt) Limited for the year ended June 30, 2022, were audited by another auditor who issued qualified opinion on these financial statements on November 22, 2022.

The engagement partner on the audit resulting in this independent auditor's report is *Shahid Mohsin Shaikh (FCA)*.

Signature: 

Lahore

Date: 29<sup>th</sup> December, 2023

UDIN: AR202310575mz0bKLjSh

**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	473,335,514	42,413,269
Investment in subsidiaries-at cost	5	1,231,250	1,231,250
Investment in associates-at cost	6	2,000,000	271,140,400
Financial assets at fair value through other comprehensive income	7	196,819,742	292,901,410
Long term loans-secured and considered good	8	15,164,442	12,847,535
Security deposits		474,331	474,331
Deferred tax asset	9	8,676,161	19,762,555
Staff retirement benefits	10	-	17,370,105
		<u>697,701,440</u>	<u>658,140,855</u>
<b>CURRENT ASSETS</b>			
Consumable stores		312,698	284,087
Receivable from WAPDA	11	263,937,350	263,937,350
Loans, advances, prepayments and other receivables	12	8,486,176	9,778,135
Short term investments-at cost	13	5,575,528,216	4,340,215,642
Accrued interest on short term investments		273,234,547	97,545,756
Short term investments for project	14	-	1,154,740,434
Cash and bank balances	15	17,275,369	9,682,963
		<u>6,138,774,356</u>	<u>5,876,184,367</u>
		<u><u>6,836,475,796</u></u>	<u><u>6,534,325,222</u></u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid up capital	16	1,058,814,190	1,058,814,190
Surplus on revaluation of property, plant and equipment	17	427,124,544	
Other Reserves	18	5,228,357,030	5,188,150,553
Unappropriated profit		21,648,490	165,187,849
		<u>6,735,944,254</u>	<u>6,412,152,592</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	19	7,390,224	80,280,779
Security deposits		100,000	100,000
		<u>7,490,224</u>	<u>80,380,779</u>
<b>CURRENT LIABILITIES</b>			
Accrued, other liabilities and payables	20	32,073,277	12,068,777
Due to subsidiaries	21	6,945,404	7,541,219
Staff retirement benefits	10	26,547,288	-
Provision for taxation-net	22	27,475,348	22,181,855
		<u>93,041,317</u>	<u>41,791,851</u>
		<u><u>6,836,475,796</u></u>	<u><u>6,534,325,222</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>			
<b>CONTINGENCIES AND COMMITMENTS</b>			
	23	-	-

The annexed notes from 1 to 37 form an integral part of these financial statements.

  
Chairman

  
Director

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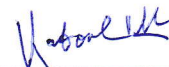
**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Note</u>	<u>2023</u> <u>Rupees</u>	<u>2022</u> <u>Rupees</u>
<b>Income</b>			
Dividend	24	28,990,269	7,701,859
Profit on bank deposits and short term investments		872,062,597	500,911,690
Other income	25	679,790	507,242
		<u>901,732,656</u>	<u>509,120,791</u>
<b>Expenses</b>			
Administrative and general expenses	26	(183,450,992)	138,692,254
Financial charges		(31,847)	30,502
		<u>(183,482,839)</u>	<u>(138,722,756)</u>
<b>Profit before taxation</b>		<b>718,249,817</b>	<b>370,398,035</b>
Taxation	27	(227,676,849)	(106,151,717)
<b>Net profit after taxation</b>		<b>490,572,968</b>	<b>264,246,318</b>
<b>Other comprehensive income</b>			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income that may not to be reclassified to profit or loss in subsequent periods;			
Remeasurement gain / (loss) on defined benefit obligation/asset - net of tax		(28,711,855)	(11,865,269)
Surplus on Revaluation of Fixed Assets - net of tax		427,124,545	-
Write off investment of associated company - IFC		(269,140,400)	
Unrealized gain / (loss) on investments categorized as "Available for sale"		(96,081,668)	37,607,159
<b>Other comprehensive income / (loss) for the year</b>		<b>33,190,622</b>	<b>25,741,890</b>
<b>Total comprehensive income for the year</b>		<b>523,763,590</b>	<b>289,988,208</b>

The annexed notes from 1 to 37 form an integral part of these financial statements.

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 Chairman

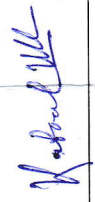
  
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 Director

NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2023

	Ordinary share capital	Capital redemption reserve fund	Reserve on acquisition	Reserve for issuance of bonus shares	Other reserves				Total of Other Reserves	Surplus on Revaluation of Fixed Assets	Un-appropriated profit	Total
					Fair value reserve of financial assets at FVTOCI	Actuarial gains/ (loss) reserve	General reserves					
<b>Balance as at June 30, 2021</b>	1,058,814,190	490,170,020	54,012,345	306,000,000	235,504,114	27,326,707	3,904,395,477	5,017,408,663	-	145,941,531	6,222,164,384	
Transfer from unappropriated profit to reserves	-	-	-	-	-	-	145,000,000	145,000,000	-	(145,000,000)	-	
Dividend	-	-	-	-	-	-	-	-	-	(100,000,000)	(100,000,000)	
Profit for the year ended June 30, 2022	-	-	-	-	-	-	-	-	-	264,246,318	264,246,318	
Remeasurement gain / (loss) on defined benefit obligation / asset	-	-	-	-	-	(11,865,269)	-	(11,865,269)	-	-	(11,865,269)	
Other comprehensive income for the year	-	-	-	-	37,607,159	-	-	37,607,159	-	-	37,607,159	
Total comprehensive income for the year	-	-	-	-	37,607,159	(11,865,269)	-	25,741,890	-	264,246,318	289,988,208	
<b>Balance as at June 30, 2022</b>	1,058,814,190	490,170,020	54,012,345	306,000,000	273,111,273	15,461,438	4,049,395,477	5,188,150,553	-	165,187,849	6,412,152,592	
Transfer from unappropriated profit to reserves	-	-	-	-	-	-	165,000,000	165,000,000	-	(165,000,000)	-	
Dividend	-	-	-	-	-	-	-	-	-	(200,000,000)	(200,000,000)	
Profit for the year ended June 30, 2023	-	-	-	-	-	-	-	-	-	490,572,968	490,572,968	
Remeasurement gain / (loss) on defined benefit obligation / asset	-	-	-	-	-	(28,711,855)	-	(28,711,855)	-	-	(28,711,855)	
Write off investment of associated company - IFC	-	-	-	-	-	-	-	-	-	(269,140,400)	(269,140,400)	
Surplus on revaluation - net of tax	-	-	-	-	-	-	-	-	427,152,618	-	427,152,618	
Incremental depreciation - net of tax	-	-	-	-	-	-	-	-	(28,073)	28,073	-	
Transfer from capital to revenue reserves	-	-	-	-	(96,081,668)	-	-	(96,081,668)	-	-	(96,081,668)	
Other comprehensive income for the year	-	-	-	-	(96,081,668)	(28,711,855)	-	(124,793,523)	427,124,545	221,460,641	523,791,663	
Total comprehensive income for the year	-	-	-	-	177,029,605	(13,250,417)	4,214,395,477	5,228,357,030	427,124,545	21,648,490	6,735,944,254	
<b>Balance as at June 30, 2023</b>	1,058,814,190	490,170,020	54,012,345	306,000,000	177,029,605	(13,250,417)	4,214,395,477	5,228,357,030	427,124,545	21,648,490	6,735,944,254	

The annexed notes from 1 to 37 form an integral part of these financial statements.

  
Chairman

  
Director

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NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		718,249,817	370,398,035
<b>Adjustment for non cash and other items:</b>			
Profit on bank deposits and investments	4.1	(872,062,597)	(500,911,690)
Depreciation		1,426,041	1,634,503
Income from dividend		(28,990,269)	(7,701,859)
Provision for rent escalation		(74,447,937)	16,142,589
Loss on disposal of shares of associated company		-	-
Provision against retirement benefit plans		6,910,011	4,416,959
Provision for leave encashment		5,166,068	2,982,574
Finance cost		(31,847)	30,502
		(962,030,530)	(483,406,422)
<b>Operating loss before working capital changes</b>		<b>(243,780,713)</b>	<b>(113,008,387)</b>
<b>Effect on cash flows due to working capital changes</b>			
<b>(Increase)/decrease in current assets:</b>			
Consumable stores		(28,611)	(191,943)
Loans, advances, deposits, prepayments and other receivables		1,291,959	(2,473,456)
Current portion of long term loans and advances		(2,316,907)	4,035,911
		(1,053,559)	1,370,512
<b>Increase / (decrease) in current liabilities:</b>			
Due to subsidiaries		(595,815)	(292,259)
Accrued, other liabilities and payables		20,004,500	349,728
		19,408,685	57,469
<b>Operating loss after working capital changes</b>		<b>(225,425,587)</b>	<b>(111,580,406)</b>
Profit received on bank deposits and investments		696,373,806	484,251,462
Contributions paid to retirement benefit plans		(3,431,850)	(3,625,338)
Leave encashed during the year		(3,608,686)	(2,721,406)
Finance cost paid		31,847	(30,502)
Income taxes paid		(202,321,568)	(101,011,522)
		487,043,549	376,862,694
<b>Net cash from operating activities</b>		<b>261,617,962</b>	<b>265,282,288</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	4.1	(2,443,685)	(17,000)
Dividend received	24	28,990,269	7,701,859
<b>Net cash generated from investing activities</b>		<b>26,546,584</b>	<b>7,684,859</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(200,000,000)	(100,000,000)
<b>Net cash (used in)/ generated from financing activities</b>		<b>(200,000,000)</b>	<b>(100,000,000)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>88,164,546</b>	<b>172,967,147</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>5,504,639,039</b>	<b>5,331,671,892</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>5,592,803,585</b>	<b>5,504,639,039</b>
<b>Cash and cash equivalents comprise of:</b>			
Short term investments-at cost	13	5,575,528,216	4,340,215,642
Short term investments for project	14	-	1,154,740,434
Cash and bank balances	15	17,275,369	9,682,963
	15.2	5,592,803,585	5,504,639,039

The annexed notes from 1 to 37 form an integral part of these financial statements.

  
Chairman

  
Director

**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**1 STATUS AND ACTIVITIES**

The Company was incorporated in Pakistan on 11th August 1973, as a Private Limited Company wholly owned by the Government of Pakistan. The Company's main source of income includes dividend from investments in subsidiary companies and return on bank deposits and other investments.

Registered office of the Company is situated at 1st Floor, Alfalah Building Shahrah-e-Quaid-e-Azam, Lahore.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

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

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

- Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 Accounting convention**

These accounts have been prepared under the historical cost convention, except for revaluation of certain investments at fair value.

**2.3 Going concern assumption**

These financial statements have been prepared on going concern basis.

**2.4 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are discussed below

- Useful lives, residual values and depreciation method of property, plant and equipment; Note 4

- Provision for impairment of trade debts; Note 4.5.1

- Determining fair value of available-for-sale investment; Note 7.1

- Obligation for staff retirement benefit ; Note 10

- Recognition of income taxes; Note 21

- Disclosure and assessment of provision for contingencies. Note 22

- Estimate of fair value of investments through other comprehensive income. Note 3.2, 3.3.4.

- Estimate of recoverable amount of investment in subsidiaries and associated companies Note 3.6, 3.7, 5 & 6.

- Expected credit loss allowance - Note 3.5.1, 3.8.

**2.5 Functional and presentation currency**

These financial statements are presented in Pakistani Rupee (Rs./ Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs./ Rupees, unless otherwise stated.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2022:

M20516

Kabul Khan

**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This amendment enables the fair value measurement of biological assets on a post-tax basis.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The Company is in the process of assessing the potential impact of the adoption of this amendment on the financial statements of the Company, however, the impact is expected to be immaterial in the context of overall financial statements.

Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

Classification of liabilities as current or non-current (Amendments to IAS 1) apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a longterm basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

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- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

Except stated above, these amendments are not likely to have an impact on the Company's financial statements.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the years presented in these financial statements.

#### 3.1 Employee benefits

##### Defined benefit plans

The Company operates an approved funded gratuity scheme for its non-executive employees and an approved funded pension scheme for its permanent executive and senior management employees. The schemes define the amounts of benefits that an employee will receive on or after retirement subject to a minimum qualifying period of service under the schemes. The gratuity and pension obligations are calculated annually by independent actuaries using the Project Unit Credit Method. .

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in equity through the statement of other comprehensive income in the period in which they arise. All past service costs are recognized at the earlier of when the amendments or curtailment occurs and when the Company has recognized related retirement or termination benefits.

**Provident fund**

The Company also operates a recognized provident fund scheme for all permanent employees excluding expatriates. Equal monthly contributions are made to the fund at the rate of 8.33% of basic salary, by employees and the Company. The Company's contributions are charged to statement of profit or loss.

**Compensated absences**

The Company provides a facility to its employees for accumulating their annual earned leaves. Under the vesting scheme, employees are entitled to 33 days earned leaves per annum. Unutilized leave balance of an employee is accumulated to a maximum of 60 days for management grade employees and 240 days for executives and non-executives employees.

**3.2 Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair value, both for financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the approved accounting standards as applicable in Pakistan, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**3.3 Income tax**

Income tax expense comprises current and deferred tax.

**Current tax**

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any. Income tax expense is recognized in statement of profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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**Deferred tax**

Deferred tax is recognized in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

**3.4 Property, plant and equipment**

As a result of change in policy with effect from May 01, 2023; Property, plant and equipment are stated at revalued amount less accumulated depreciation and impairment, if any, in value.

The value includes, the cost of replacing parts of the property, plant and equipment when that cost is incurred. If the recognition criteria are met.

**Depreciation**

Depreciation is charged to statement of profit or loss applying the straight line method over the estimated useful life at the rates specified in Note 4.1.

Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized, if and only if, it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

**Disposal**

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized as other income in the statement of profit or loss. In case of the derecognition of a revalued property, the attributable revaluation surplus remaining in the surplus on revaluation is transferred directly to the unappropriated profit.

**Judgment and estimates**

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis. Further, the key assumptions used to determine the fair value of property, plant and equipment are provided in Note 4.

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**Impairment**

The carrying amounts of the assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of that asset or group of assets is estimated and impairment is recognized in the statement of profit or loss.

**3.5 Financial instruments**

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

**3.5.1 Financial assets**

**Classification**

The Company classifies its financial assets in the following measurement categories:

- Amortised cost, where the effective interest rate method will apply;
- Fair value through profit or loss; (FVTPL)
- Fair value through other comprehensive income (FVTOCI).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. 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 FVTOCI.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

**Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Further, assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

**Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

**Debt instruments**

**Amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other operating income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in statement of profit or loss and presented in other operating gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

**Fair value through other comprehensive income (FVTOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue which are recognised in statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised in other operating gains/(losses). Interest income from these financial assets is included in other operating income using the effective interest rate method. Impairment expenses are presented as separate line item in the statement of profit or loss.

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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**Fair value through profit or loss (FVTPL)**

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in statement of profit or loss and presented net within other operating gains/(losses) in the period in which it arises.

**Equity instruments**

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to statement of profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in statement of profit or loss as other operating income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

**Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Company recognises life time Expected Credit Loss (ECL) for trade debts and other receivables, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and other receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Company recognizes an impairment gain or loss in the profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

**3.5.2 Financial liabilities**

**Classification, initial recognition and subsequent measurement**

The Company classifies its financial liabilities in the following categories:

at fair value through profit or loss; and  
at amortized cost.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of amortized cost, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

**Fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss.

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**Amortized cost**

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognised in statement of profit or loss.

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

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liability simultaneously.

**3.6 Investment in associated entities**

Entities in which the Company has significant influence but not control and which are neither its subsidiaries nor joint ventures are associates. Investments in associates are initially recognized at cost. At subsequent reporting date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense in the statement of profit or loss. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss.

The profits and losses of associates and jointly controlled entities are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the associates and jointly controlled entities which are recognized in other income. Gains and losses on disposal of investment is included in other income.

**3.7 Investment in subsidiary entities**

Investment in subsidiary is initially recognized at cost. At subsequent reporting date, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment losses are recognized as an expense in statement of profit or loss. Where impairment loss subsequently reverses, the carrying amount of investment is increased to its revised recoverable amount but limited to the extent of initial cost of investment. Reversal of impairment losses are recognized in the statement of profit or loss.

The profits and losses of subsidiaries are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the subsidiaries which are recognized in other income. Gains and losses on disposal of investment is included in other income.

**3.8 Loans, advances, prepayments and other receivables**

These are recognized at cost, which is the fair value of the consideration given. For measurement of loss allowance for loans, advances, prepayments and other receivables, the Company applies the IFRS 9 simplified approach to measure the expected credit losses.

**3.9 Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, cheques in hand and short-term highly liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

**3.10 Non-current assets held for sale**

Non-current assets classified as assets held for sale are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recoverable principally through a sale transaction rather than through a continuing use.

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**3.11 Revenue recognition**

Finance income comprises interest income on funds invested (financial assets), profit on bank deposits, dividend income, gain on disposal of financial assets, and changes in fair value of investments and service charges on loan to employees. Interest income is recognized as it accrues in profit or loss, using effective interest method. Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established. Profit on bank deposits is recognized on time proportion basis taking into account principal outstanding and effective rates of profit applicable thereon. Service charges on loan to employees are recognized on completion of term of loan on rates ranging from 3% to 6 %.

**3.12 Finance cost**

Finance costs comprise of bank charges.

**3.13 Accrued, other liabilities and payables**

Accrued, other liabilities and payables are carried at amortised cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

**3.14 Provisions**

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre tax discount rate that reflects current market assessment of time value of money and risk specific to the liability.

**3.15 Share capital and dividend distribution**

Dividend distribution is recognized as a liability in the period in which the dividends are approved by the Board of Directors. Movement in reserves is recognized in the year in which it is approved.

**3.16 Consumable stores**

Consumable stores include consumable stationary items used for office purposes. These items are valued at their purchase cost.

**3.17 Contingent liabilities**

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

**3.18 Transactions with related parties**

Transactions with related parties are carried out on the basis of directives of the Company.

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	2023	2022
	Rupees	Rupees

	2023	2022
	Rupees	Rupees
<b>4 PROPERTY, PLANT AND EQUIPMENT</b>		
Property, plant and equipment	473,335,514	42,413,269
	<u>473,335,514</u>	<u>42,413,269</u>

**4.1 Property, plant and equipment**

Description	Note	Cost as at July 1, 2022	Addition	Revaluation	Disposal	Cost as at June 30, 2023	Accumulated depreciation (Rupees)				Net book value as at 30 June 2023	Rate of depreciation %
							as at 01 July 2022	charged for the year	write off on disposals	as at 30 June 2023		
Land - Freehold	4.1.1	39,526,995	2,443,685	420,415,005	-	462,385,685	-	-	-	462,385,685	5%	
Building		3,641,808	-	9,489,596	-	13,131,404	3,542,339	139,005	-	3,681,344	9,450,060	5%
Furniture and fixtures		2,443,242	-	-	-	2,443,242	1,990,105	84,176	-	2,074,281	368,961	10%
Office, electrical and sundry equipment		8,117,124	-	-	-	8,117,124	7,035,044	263,597	-	7,298,641	818,483	10%
Computers		5,899,732	-	-	-	5,899,732	5,888,757	8,022	-	5,896,779	2,953	25%
Vehicles		20,932,735	-	-	-	20,932,735	19,692,125	931,241	-	20,623,366	309,369	20%
Books		332,482	-	-	-	332,482	332,480	-	-	332,480	2	30%
Telephone exchange		413,385	-	-	-	413,385	413,384	-	-	413,384	1	30%
<b>2023</b>		<b>81,307,503</b>	<b>2,443,685</b>	<b>429,904,601</b>	<b>-</b>	<b>513,655,789</b>	<b>38,894,234</b>	<b>1,426,041</b>	<b>-</b>	<b>40,320,275</b>	<b>473,335,514</b>	

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4.1.1 This includes freehold land of NFC Institute of Engineering & Technology - Naushero Feroz which was transferred to NFC during the year.

**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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Description	Note	Cost as at July 1, 2021	Addition	Revaluation	Disposal	Cost as at June 30, 2022	Accumulated depreciation as at 01 July 2021	Depreciation charged for the year	Depreciation write off on disposals	Accumulated depreciation as at 30 June 2022	Net book value as at 30 June 2022	Rate of depreciation %
Land - Freehold	4.1.1	39,526,995	-	-	-	39,526,995	-	-	-	-	39,526,995	-
Building		3,641,808	-	-	-	3,641,808	3,442,874	99,465	-	3,542,339	99,469	5%
Furniture and fixtures		2,443,242	-	-	-	2,443,242	1,899,488	90,617	-	1,990,105	453,137	10%
Office, electrical and sundry		8,100,124	17,000	-	-	8,117,124	6,768,676	266,368	-	7,035,044	1,082,080	10%
Computers		5,899,732	-	-	-	5,899,732	5,850,520	38,237	-	5,888,757	10,975	25%
Vehicles		20,932,735	-	-	-	20,932,735	18,552,309	1,139,816	-	19,692,125	1,240,610	20%
Books		332,482	-	-	-	332,482	332,480	-	-	332,480	2	30%
Telephone exchange		413,385	-	-	-	413,385	413,384	-	-	413,384	1	30%
<b>2022</b>		<b>81,290,503</b>	<b>17,000</b>	-	-	<b>81,307,503</b>	<b>37,259,731</b>	<b>1,634,503</b>	-	<b>38,894,234</b>	<b>42,413,269</b>	

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4.2 Fixed Asset Schedule as per Cost

4.2.1 Had there been no Revaluation, the related figures of fixed assets as at 30th June, 2023 would have been as follows;

Description	Note	Cost as at July 1, 2022	Addition	Disposal	Cost as at June 30, 2023	Accumulated depreciation as at 01 July 2022	Depreciation charged for the year	Depreciation write off on disposals	Accumulated depreciation as at 30 June 2023	Net book value as at 30 June 2023		Rate of depreciation %
Land - Freehold	4.1.1	39,526,995	2,443,685	-	41,970,680	-	-	-	-	41,970,680	-	-
Building		3,641,808	-	-	3,641,808	3,542,339	99,465	-	3,641,804	4	4	5%
Furniture and fixtures		2,443,242	-	-	2,443,242	1,990,105	84,176	-	2,074,281	368,961	368,961	10%
Office, electrical and sundry equipment		8,117,124	-	-	8,117,124	7,035,044	263,597	-	7,298,641	818,483	818,483	10%
Computers		5,899,732	-	-	5,899,732	5,888,757	8,022	-	5,896,779	2,953	2,953	25%
Vehicles		20,932,735	-	-	20,932,735	19,692,125	931,241	-	20,623,366	309,369	309,369	20%
Books		332,482	-	-	332,482	332,480	-	-	332,480	2	2	30%
Telephone exchange		413,385	-	-	413,385	413,384	-	-	413,384	1	1	30%
<b>2023</b>		<b>81,307,503</b>	<b>2,443,685</b>	<b>-</b>	<b>83,751,188</b>	<b>38,894,234</b>	<b>1,386,501</b>	<b>-</b>	<b>40,280,735</b>	<b>43,470,453</b>		

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Description	Note	Cost as at July 1, 2021	Addition	Disposal	Cost as at June 30, 2022	Accumulated depreciation as at 01, July 2021	Depreciation charged for the year	Depreciation write off on disposals	Accumulated depreciation as at 30 June 2022	Net book value as at 30 June 2022	Rate of depreciation %
Land - Freehold	4.1.1	39,526,995	-	-	39,526,995	-	-	-	-	39,526,995	-
Building		3,641,808	-	-	3,641,808	3,442,874	99,465	-	3,542,339	99,469	5%
Furniture and fixtures		2,443,242	-	-	2,443,242	1,899,488	90,617	-	1,990,105	453,137	10%
Office, electrical and sundry		8,100,124	17,000	-	8,117,124	6,768,676	266,368	-	7,035,044	1,082,080	10%
Computers		5,899,732	-	-	5,899,732	5,850,520	38,237	-	5,888,757	10,975	25%
Vehicles		20,932,735	-	-	20,932,735	18,552,309	1,139,816	-	19,692,125	1,240,610	20%
Books		332,482	-	-	332,482	332,480	-	-	332,480	2	30%
Telephone exchange		413,385	-	-	413,385	413,384	-	-	413,384	1	30%
<b>2022</b>		<b>81,290,503</b>	<b>17,000</b>	<b>-</b>	<b>81,307,503</b>	<b>37,259,731</b>	<b>1,634,503</b>	<b>-</b>	<b>38,894,234</b>	<b>42,413,269</b>	

#### 4.3 Incremental Depreciation

Depreciation under Revaluation Model

Depreciation under Cost Model

Difference due to incremental depreciation

Note	2023	2022
	Rupees	Rupees
	1,426,041	1,634,503
	1,386,501	1,634,503
	<b>39,540</b>	<b>-</b>

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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	Note	2023 Rupees	2022 Rupees
<b>5 INVESTMENT IN SUBSIDIARIES-AT COST</b>			
National Fertilizer Marketing Limited (Lahore) NFML- 100% 700,000 (2022: 700,000) ordinary shares of Rs 10 each	5.1	1,231,250	1,231,250
		<u>1,231,250</u>	<u>1,231,250</u>

5.1 This represent 123,125 (2022: 123,125) paid shares and 576,875 (2022: 576,875) bonus shares received.

	Note	2023 Rupees	2022 Rupees
<b>6 INVESTMENT IN ASSOCIATES-AT COST</b>			
Corporation House (Private) Limited - 25% shareholding 200,000 (2022: 200,000) ordinary shares of Rs 10 each		2,000,000	2,000,000
Industry Facilitation Centre (Private) Limited (IFC)- 24.37% shareholding (Formerly State Enterprises Display Centre (Private) Limited) Nil (2022: 2,691,404) ordinary shares of Rs 100 each		-	269,140,400
		<u>2,000,000</u>	<u>271,140,400</u>

<b>7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME</b>			
Available for sale securities	7.1.2	196,819,742	292,901,410

**7.1 Available for sale securities**

**7.1.1 Unquoted**

Pak China Fertilizers Limited-related party - 10% shareholding 1,880,000 (2022: 1,880,000) ordinary shares of Rs 10 each- at cost		18,800,000	18,800,000
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**7.1.2 Quoted companies**

**Ittehad Chemicals Limited (30,859 Shares)**

Opening Fair Value	921,758	994,551
Unrealized Gain/Loss for the year	281,434	(72,793)
Closing Fair Value	<u>1,203,192</u>	<u>921,758</u>

**Sanofi - Aventis Pakistan Limited (255,700 Shares)**

Opening Fair Value	273,179,652	235,499,700
Unrealized Gain/Loss for the year	(96,363,102)	37,679,952
Closing Fair Value	<u>176,816,550</u>	<u>273,179,652</u>
	<u>196,819,742</u>	<u>292,901,410</u>

7.1.2.1 The market value of shares of Ittehad Chemicals Limited as at June 30, 2023 is Rs. 38.99 per share (2022: Rs. 29.87 per share).

7.1.2.2 The market value of shares of Sanofi-Aventis Pakistan Limited as at June 30, 2023 is Rs. 691.50 per share (2022: Rs. 1,068.36 per share).

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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	Note	2023 Rupees	2022 Rupees
<b>8 LONG TERM LOANS-SECURED AND CONSIDERED GOOD</b>			
<b>Loans to employees - secured and considered good:</b>			
Loan for house building and purchase of land		9,135,213	5,078,729
Motor cycle		1,921,674	1,893,864
Motor car		7,187,714	8,999,916
Household assets and others		2,471,178	2,755,372
	8.1	<u>20,715,779</u>	<u>18,727,881</u>
<b>Less: Current portion</b>	12	<u>(5,551,337)</u>	<u>(5,880,346)</u>
<b>Long term portion</b>		<u>15,164,442</u>	<u>12,847,535</u>

8.1 These loans are granted to the employees of the company in accordance with company's policy. These loans carry mark-up ranging from 3% to 6% and are neither past due nor impaired. These are recoverable in accordance with predefined repayment schedule. The loans are secured against lien on houses, registration documents of motor cycles and cars and retirement benefits.

	Note	2023 Rupees	2022 Rupees
<b>9 DEFERRED TAX ASSET</b>			

The balance of deferred tax is recognized in respect of following temporary differences:

**Taxable temporary differences:**

Staff retirement benefits	-	5,037,330
Revaluation of Building	2,751,983	-

**Deductible temporary differences**

Property, plant and equipment	(1,586,265)	(1,518,459)
Staff retirement benefits	(7,698,714)	-
Provision for rent escalation	(903,110)	(22,493,012)
Provision for compensated absences	(1,240,055)	(788,414)
	<u>(8,676,161)</u>	<u>(19,762,555)</u>

**Movement in deferred tax:**

Opening deferred tax liability / (asset) as at July 01, 2022		(19,762,555)	(9,683,012)
Charged to statement of profit or loss		20,061,788	(5,233,166)
Charged to other comprehensive income	9.1	(8,975,394)	(4,846,377)
<b>Closing deferred tax liability / (asset) as at June 30, 2023</b>		<u>(8,676,161)</u>	<u>(19,762,555)</u>

9.1 Deferred tax on actuarial gain / (loss) on employee defined benefit plan & revaluation of fixed assets amounting to Rs.11,727,377 (2022: Rs. 4,846,377) & Rs.2,741,983 (2022: Nil) respectively, recognized in other comprehensive income.

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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	Note	2023 Rupees	2022 Rupees
<b>10 STAFF RETIREMENT BENEFITS</b>			
Pension Fund	10.1	(20,950,666)	16,043,876
Gratuity Fund	10.1	(5,596,622)	1,326,229
		<b>(26,547,288)</b>	<b>17,370,105</b>

10.1 The latest actuarial valuation of Pension Fund and Gratuity Fund as of June 30, 2023 was based on the 'Project Unit Credit Method' which reflects the following results:

	2023 Rupees	2023 Rupees	2022 Rupees	2022 Rupees
	Pension	Gratuity	Pension	Gratuity
<b>Net (asset) / liability recognized</b>				
Present value of defined benefit obligation	205,987,409	33,301,161	145,295,636	22,372,525
Other payables	136,135	-	373,460	-
Fair value plan assets	(185,172,878)	(27,704,539)	(161,712,972)	(23,698,754)
Net (asset) / liability in the statement of financial position	<b>20,950,666</b>	<b>5,596,622</b>	<b>(16,043,876)</b>	<b>(1,326,229)</b>

**Movement in net asset recognized in the statement of financial position is as follows:**

	2023 Rupees	2023 Rupees	2022 Rupees	2022 Rupees
	Pension	Gratuity	Pension	Gratuity
As at July 1, 2022	(16,043,876)	(1,326,229)	(32,696,702)	(2,176,670)
Charge to statement of profit or loss	5,016,401	1,893,610	2,718,880	1,698,079
Charge to other comprehensive income	35,409,991	5,029,241	17,559,284	(847,638)
Contribution made during the year	(3,431,850)	-	(3,625,338)	-
As at June 30, 2023	<b>20,950,666</b>	<b>5,596,622</b>	<b>(16,043,876)</b>	<b>(1,326,229)</b>

	2023 Rupees	2023 Rupees	2022 Rupees	2022 Rupees
	Pension	Gratuity	Pension	Gratuity

**Movement in liability for defined benefits obligation**

Present value of defined obligation as at 01 July, 2022	145,295,636	22,372,525	110,955,803	19,771,638
Current service cost	7,473,581	2,072,651	6,584,653	1,915,746
Interest cost on defined benefit obligation	19,331,378	3,020,291	10,870,440	1,977,164
Benefits due but not paid (payables)	(136,135)	-	(373,460)	-
Benefits paid	(4,064,348)	-	(4,129,350)	-

**Remeasurement:**

Actuarial (gains) / losses from changes in financial assumptions	3,227,854	47,412	15,492,916	54,280
Experience adjustments	34,859,443	5,788,282	5,894,634	(1,346,303)

**Present value of defined obligation as at 30 June, 2023**

<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>Pension</b>	<b>Gratuity</b>	<b>Pension</b>	<b>Gratuity</b>

**Movement in fair value of plan assets**

Fair value of plan assets at 01 July, 2022	161,712,972	23,698,754	147,614,139	21,948,308
Interest income on plan assets	21,788,558	3,199,332	14,736,213	2,194,831
Benefits paid	(4,437,808)	-	(8,090,984)	-
Expected return on assets	2,677,306	806,453	3,828,266	(444,385)
Contribution made during the year	3,431,850	-	3,625,338	-
Fair value of plan assets at 30 June, 2023	<b>185,172,878</b>	<b>27,704,539</b>	<b>161,712,972</b>	<b>23,698,754</b>

N/A/Ho

**Charge for the year:**

**In statement of profit or loss:**

Current service cost	7,473,581	2,072,651	6,584,653	1,915,746
Interest cost on defined benefit plan	19,331,378	3,020,291	10,870,440	1,977,164
Interest income on plan assets	(21,788,558)	(3,199,332)	(14,736,213)	(2,194,831)
<b>Expense charge to profit or loss account</b>	<b>5,016,401</b>	<b>1,893,610</b>	<b>2,718,880</b>	<b>1,698,079</b>

**In other comprehensive income:**

Actuarial (gains) / losses from changes in financial assumptions	3,227,854	47,412	15,492,916	54,280
Experience adjustments	34,859,443	5,788,282	5,894,634	(1,346,303)
Return on plan assets, excluding interest income	(2,677,306)	(806,453)	(3,828,266)	444,385
<b>Total remeasurement charge to other comprehensive income</b>	<b>35,409,991</b>	<b>5,029,241</b>	<b>17,559,284</b>	<b>(847,638)</b>

**June 30, 2024**

**Expected contribution for the next year**

	Pension	Gratuity
Current service cost	11,596,153	2,855,388
Interest cost on defined benefit obligation	32,443,017	5,208,287
Interest income on plan assets	(29,434,986)	(4,326,820)
<b>Amount charge to statement of profit or loss</b>	<b>14,604,184</b>	<b>3,736,855</b>

	2023	2023	2022	2022
	Pension	Gratuity	Pension	Gratuity
Significant assumptions				
Discount rate used for the year	13.50% p.a	13.50% p.a	10.00% p.a	10.00% p.a
Discount rate used for the year end obligation	15.75%	15.75%	13.25%	13.50%
Salary increase rate	N/A	N/A	N/A	N/A
Normal retirement age	Age 60	Age 60	Age 60	Age 60
Withdrawal rate	Age-based (per appendix)	Age-based (per appendix)	Age-based (per appendix)	Age-based (per appendix)
Mortality rate	SLIC 2001-05 Setback 1 year	SLIC 2001-05 Setback 1 year	SLIC 2001-05 Setback 1 year	SLIC 2001-05 Setback 1 year
Effective salary increase date	01-Jul-23	01-Jul-23	01-Jul-22	01-Jul-22
<b>Plan Assets at June 30, 2022:</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	Pension	Gratuity	Pension	Gratuity
Bond	0%	0%	0.00%	0.00%
Equity	0%	0%	0.00%	0.00%
Cash and Deposits	100%	100%	100.00%	100.00%
Other	0%	0%	0.00%	0.00%
<b>Year end Sensitivity Analysis on Defined Benefit Obligation</b>				
Discount rate + 100 bps	182,224,078	30,096,720	128,688,543	20,017,651
Discount rate - 100 bps	234,938,828	37,020,316	165,593,301	25,131,002
Salary Increase + 100 bps	220,570,735	37,008,462	155,468,715	25,121,486
Salary Increase - 100 bps	192,820,181	30,051,174	136,178,949	19,983,968
The average duration of defined benefit obligation is	13 Years	10 Years	12.7 Years	11 Years

N/A 5/6

**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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	Note	2023 Rupees	2022 Rupees
<b>11 RECEIVABLE FROM WAPDA</b>			
Principal amount of WAPDA Sukuk Certificates		180,000,000	180,000,000
Accrued profit on such Certificates uptill 22 October, 2012		83,937,350	83,937,350
	11.1	<u>263,937,350</u>	<u>263,937,350</u>

- 11.1** This represents the unredeemed and disputed 72 WAPDA Sukuk certificates (One Sukuk certificate of 500 units each, having face value of Rs.5,000 per sukuk unit) total amounting to Rs.180,000,000 (the principal amount) and the ijara rentals amounting to Rs. 83,937,350 (2022: Rs. 83,937,350) which were upto October 22, 2012. The Civil Court Lahore on April 14, 2017 has decided the interpleader suit Under Section 88 of the Code of Civil Procedure and decreed in favour of the Company and entitled the Company to withdraw amount of their 72 physical Sukuk certificates, valuing Rs.180,000,000/- and all Ijara rentals thereon.

Subsequently, the other defendants in the Civil Court, except the Company, filed an appeal against Civil Court Impugned Judgement in Lahore High Court on July 13, 2017. The Lahore High Court passed a judgement on December 01, 2021, entitling the Company to receive the price of 72 Sukuk Certificates.

NFC has filed an appeal before the Repected Supreme Court of Pakistan, to set aside the Impugned Judgement dated December 01, 2021 announced by the Learned Lahore High Court, Lahore and restore the judgement and decree dated April 14, 2017 passed by the Learned Trial Court.

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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	Note	2023 Rupees	2022 Rupees
<b>12 LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Current portion of long term loans	8	5,551,337	5,880,346
Prepayments		2,138,144	3,551,868
Advances to employees against salary-considered good		796,695	342,721
Other receivables		-	3,200
		<u>8,486,176</u>	<u>9,778,135</u>

	Note	2023 Rupees	2022 Rupees
<b>13 SHORT TERM INVESTMENTS-AT COST</b>			
Term deposit receipts	13.1	5,575,528,216	4,340,215,642
<b>13.1</b> National Bank of Pakistan		745,912,475	903,127,500
Habib Metro		1,121,121,758	379,380,429
Habib Bank		988,250,000	157,000,000
Askari Bank		644,356,485	200,000,000
Saudi Pak Industrial Co.		-	176,643,394
Bank Alfalah Limited		346,250,000	-
Soneri Bank		-	1,059,552,013
J.S. Bank		806,746,210	823,762,306
Bank Islami		922,891,288	640,750,000
		<u>5,575,528,216</u>	<u>4,340,215,642</u>

**13.2** This represents investments in term deposit receipts carrying mark-up at a rate ranging from 8.25% to 22.00% (2022: 7.20% to 15.00%) and maturity ranging from one month to twelve months.

	Note	2023 Rupees	2022 Rupees
<b>14 SHORT TERM INVESTMENTS FOR PROJECT</b>			
NFC IET - Naushero Feroz	14.1	-	1,154,740,434
		-	<u>1,154,740,434</u>
<b>14.1 NFC IET - Naushero Feroz</b>			
Balance as on July 01		1,154,740,434	1,064,297,282
Add: Profit recognized during the year		32,897,945	90,443,152
	14.1.1	1,187,638,379	1,154,740,434
Less: Funds transfer to NFC's accounts		(1,187,638,379)	-
		<u>-</u>	<u>1,154,740,434</u>

**14.1.1** These represent the amount invested in term deposit receipts earmarked for the purpose of establishment of NFC Institute of Engineering and Emerging Technologies, Naushero Feroz at an estimated cost of Rs. 810 million wholly funded by NFC through its own sources. These carrying mark-up at a rate ranging from 11.20% to 16.00 % (2022: 7.24% to 15.90%) for a maturity ranging from one to six months. These were transferred back to NFC's own account as discussed in 161st Board Meeting held on 29th December, 2022.

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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	Note	2023 Rupees	2022 Rupees
<b>15 CASH AND BANK BALANCES</b>			
Cash in hand		200,000	200,000
Cash at bank:			
- On current accounts		-	-
- On deposit accounts	15.1	17,075,369	9,482,963
		17,075,369	9,482,963
	15.2	17,275,369	9,682,963

**15.1** These deposit accounts carry mark-up rates ranging from 8.25% to 19.50% (2022: 5.50% to 12.25%).

**15.2 Cash and cash equivalents**

The above figure of cash and bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cash flow at the year end of the financial year as follows:

	Note	2023 Rupees	2022 Rupees
Short term investments-at amortized cost	13	5,575,528,216	4,340,215,642
Short term investments for project	14	-	1,154,740,434
Cash and bank balances	15	17,275,369	9,682,963
<b>Cash and cash equivalents as per statement of cash flows</b>		<b>5,592,803,585</b>	<b>5,504,639,039</b>

**16 SHARE CAPITAL**

**16.1 Authorised share capital**

	2023 Numbers	2022 Numbers		2023 Rupees	2022 Rupees
<b>Ordinary shares</b>					
Ordinary shares of Rs. 10 each	150,982,998	150,982,998		1,509,829,980	1,509,829,980
<b>Preference shares</b>					
Preference shares of Rs. 10 each	49,017,002	49,017,002		490,170,020	490,170,020
	<b>200,000,000</b>	<b>200,000,000</b>		<b>2,000,000,000</b>	<b>2,000,000,000</b>

**16.2 Issued, subscribed and paid up capital**

Fully paid ordinary shares of Rs 10 each

	2023 Numbers	2022 Numbers		2023 Rupees	2022 Rupees
<b>Ordinary shares</b>					
Ordinary shares of Rs.10 each paid in cash	93,441,619	93,441,619		934,416,190	934,416,190
Shares issued on conversion of cash development loans	12,439,800	12,439,800		124,398,000	124,398,000
	<b>105,881,419</b>	<b>105,881,419</b>		<b>1,058,814,190</b>	<b>1,058,814,190</b>

**16.3 Reconciliation of numbers of shares outstanding**

**Ordinary shares**

Numbers of shares outstanding at the beginning of the year	105,881,419	105,881,419
Issued for cash	-	-
Issued for consideration other than cash	-	-
Numbers of shares outstanding at the end of the year	<b>105,881,419</b>	<b>105,881,419</b>

**Preference shares**

As there is no further issuance of preference shares during the year, the reconciliation of number of shares outstanding for preference shares is not provided.

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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	Note	2023 Rupees	2022 Rupees
<b>17 Surplus on Revaluation of Property, Plant &amp; Equipment</b>			
Balance as on 1st July, 2023		-	-
Less : Deferred Tax Liability		-	-
		-	-
Surplus on Revaluation for the year		429,904,601	-
Less : Deferred Tax Liability		(2,751,984)	-
		427,152,617	-
Incremental Depreciation for the year		(39,540)	-
Less : Deferred Tax on Incremental Depreciation		11,467	-
		(28,073)	-
		427,124,544	-

**17.1** The valuation was carried out by an independent professional valuer, Al-Noor Consultants & Evaluators, located at 307-Zia Chambers, 25-McLeod Road, Lahore, Pakistan, which is listed in the State Bank of Pakistan's List of approved Valuers. The valuation was carried out on 12th May, 2023. The Surplus on Revaluation is a Capital Reserve and is not available for distribution to the shareholders in accordance with Section 241 of the Companies Act, 2017. The Revaluation Surplus except for land is net of applicable deferred tax. Incremental Depreciation represents the difference between the depreciation for the year on revaluation model and depreciation based on cost model.

**18 OTHER RESERVES**

Capital reserves	18.1	1,013,961,553	1,138,755,076
General reserve (revenue reserve)		4,214,395,477	4,049,395,477
		5,228,357,030	5,188,150,553
<b>18.1 Capital Reserves</b>			
Capital redemption reserve fund	18.1.1	490,170,020	490,170,020
Reserve on acquisition	18.1.2	54,012,345	54,012,345
Reserve for issuance of bonus shares		306,000,000	306,000,000
Fair value reserves of financial assets at fair value through other comprehensive income		177,029,605	273,111,273
Actuarial gains / (loss) reserves		(13,250,417)	15,461,438
		1,013,961,553	1,138,755,076

**18.1.1** This reserve had been created on the redemption of preference shares.

**18.1.2** This represents net excess of assets and liabilities of the project "Natural Gas Fertilizer Factory, Multan" up to the date of transfer of the project to the Corporation pursuant to West Pakistan Industrial Development Corporation Act 1974.

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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	Note	2023 Rupees	2022 Rupees
<b>19 PROVISIONS</b>			
<b>Provision for leave encashment</b>			
Balance of the beginning of the year		2,718,669	2,457,501
Provision during the year		5,166,068	2,982,574
Payment during the year		(3,608,686)	(2,721,406)
Balance of the end of the year		<u>4,276,051</u>	<u>2,718,669</u>
<b>Provision for rent escalation</b>			
Balance of the beginning of the year		77,562,110	61,419,521
Provision during the year		6,381,655	16,142,589
Payment during the year		(80,829,592)	-
Balance of the end of the year	19.1	<u>3,114,173</u>	<u>77,562,110</u>
		<u>7,390,224</u>	<u>80,280,779</u>

19.1 This includes payable on account of rent escalating amounting to Rs.3,114,173 (2022: Rs.77,562,110). NFC and Alfalah building administration were in dispute on the rental rate of Alfalah building. According to arbitration award given by Mr. Shokat Ali, Secretary Regulations, D.G (O&M) dated September 03, 1998, NFC is obliged to pay Rs. 2,867,934 up to the date of decision along with 7% annual increase in rental rate. During the year, both the parties have mutually agreed for an out of court settlement. As a result of this settlement, an amount of Rs.77,562,110 is payable by NFC to Alfalah building as at June 30, 2022. During the year 2022-2023, an amount of Rs.80,829,592 was paid to Alfalah building administration. A provision for unpaid amount based on 7% annual increment has been recognized during the year.

	Note	2023 Rupees	2022 Rupees
<b>20 ACCRUED, OTHER LIABILITIES AND PAYABLES</b>			
Accrued liabilities		13,404,162	10,169,961
Other liabilities		18,669,115	1,898,816
		<u>32,073,277</u>	<u>12,068,777</u>

	Note	2023 Rupees	2022 Rupees
<b>21 DUE TO SUBSIDIARIES</b>			
Payable to National Fertilizer Marketing Limited (a related party)	21.1	6,945,404	7,541,219
		<u>6,945,404</u>	<u>7,541,219</u>

21.1 This represents payable to National Fertilizer Marketing Limited, incurred in the normal course of business and is non-interest bearing.

	Note	2023 Rupees	2022 Rupees
<b>22 PROVISION FOR TAXATION-NET</b>			
Balance at beginning of the year		22,181,855	11,808,494
Tax expense for the year	27	207,615,061	111,384,883
Income tax paid during the year		(202,321,568)	(101,011,522)
Balance as at year end		<u>27,475,348</u>	<u>22,181,855</u>

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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**FOR THE YEAR ENDED JUNE 30, 2023**

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**23 CONTINGENCIES AND COMMITMENTS**

**23.1 Contingencies**

**23.1.1** This contingency represents unredeemed and disputed 72 WAPDA Sukuk certificates (One Sukuk certificate of 500 units each, having face value of Rs. 5,000 per sukuk unit) total amounting to Rs.180,000,000 (the principal amount) and the ijara rentals amounting to Rs. 83,937,350 (2022: Rs. 83,937,350) which were upto October 22, 2012. The Civil Court Lahore on April 14, 2017 has decided the interpleader suit Under Section 88 of the Code of Civil Procedure and decreed in favour of the Company and entitled the Company to withdraw amount of their 72 physical Sukuk certificates, valuing Rs.180,000,000/- and all Ijara rentals thereon and the said amount has been deposited, by the plaintiffs, in the Bank of Punjab, Mall View Plaza, Bank Square, A/C No. PLS-2774-1, by the order of the Court.

The Lahore High Court passed a judgement on December 01, 2021, entitling the Company to receive the price of 72 Sukuk Certificates.

NFC has filed an appeal before the Respected Supreme Court of Pakistan, to set aside the Impugned Judgement dated December 01, 2021 announced by the Learned Lahore High Court, Lahore and restore the judgement and decree dated April 14, 2017 passed by the Learned Trial Court. Opinion from Legal Advisor, M/S Jawad Zafar & Associates is obtained, which states that decision will be in favor of NFC.

**23.1.2** During 2008, few employees of the Company continued working after availing benefit of VRS offered to employees of the Company. Few of them have already left the Company while services of such working employees were terminated during the year 2017-18 and recovery proceedings were initiated by Company through issuance of recovery notices to such terminated as well as retired employees. Few of such employees filed a writ petition in Honorable Lahore High Court. Honorable Lahore High Court, Lahore, had dismissed the petition. An appeal against said dismissal was filed by such outgoing employees before Honorable Supreme Court of Pakistan. Supreme Court through its Order in Civil Petition No. 1142 of 2018 dated June 28, 2018 had directed the Board of Directors of the Company to provide an opportunity of being heard to such employees within a time frame of six weeks. In compliance with the order of Honorable Supreme Court of Pakistan, the BOD of the company issued call letters to four terminated employees to appear before the Board on November 24, 2018 for personal hearing. However, after thorough consideration and keeping in view the above findings in the BOD Meeting held as on February 9, 2019, The Board summarily rejected the appeals / representations of the petitioners being devoid of any merit, but due to uncertainty of recoverable amount, no adjustment has been made in these financial statements.

**23.1.3** Pakistan Machine Tool Factory (Pvt.) Limited (PMTF) had issued a pay order amounting to Rs. 151,776,328/- to NFC as full and final payment against principal amount of loan of Rs.120,000,000/- plus mark-up of Rs.31,776,328/- from 13.06.2018 to 30.06.2020. However, further mark-up of Rs.11,644,618/- on loan amount charged for the period from 01.07.2020 to 30.06.2021, has not been paid by PMTF. The Board of NFC has directed the management to take up the matter with Ministry of Industries & Production to initiate the matter with PMTF / Strategic Planning Division for payment of such amount of mark-up.

**23.2 Commitments**

No capital commitments were outstanding as at June 30, 2023 (2022: Rs. Nil).

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	Note	2023 Rupees	2022 Rupees
<b>24 DIVIDEND</b>			
Industry Facilitation Centre - IFC		28,897,692	-
Sanofi - Aventis Pakistan Limited		-	7,671,000
Ittehad Chemicals Limited		92,577	30,859
		<b>28,990,269</b>	<b>7,701,859</b>
<b>25 OTHER INCOME</b>			
Service charges on loan to employees		571,790	427,742
Rental income from Gulberg guest house		108,000	79,500
		<b>679,790</b>	<b>507,242</b>
<b>26 ADMINISTRATIVE AND GENERAL EXPENSES</b>			
Salaries, allowances and benefits	26.1	126,842,747	100,761,692
Directors' meetings fee	26.1	5,229,407	3,918,750
Travelling and entertainment		7,183,925	5,595,615
Rent and utilities	26.2	11,329,106	20,390,895
Communication and advertisement		738,390	975,395
Stationery, printing and subscriptions		1,428,238	841,308
Repair and maintenance		1,208,387	1,263,829
Legal and professional charges		3,058,451	2,261,003
Auditors' remuneration	26.3	400,000	418,500
Depreciation	4.1	1,426,041	1,634,503
Insurance		212,794	318,662
Punjab Workers Welfare Fund		24,044,482	-
Miscellaneous		349,024	312,101
		<b>183,450,992</b>	<b>138,692,254</b>

**26.1 This includes**

**(a) Contributions to staff retirement benefit schemes**

Contribution to defined contribution provident fund of Rs. 3,643,810 (2022: Rs. 2,277,395), expense recognized in respect of defined benefit pension fund of Rs. 5,466,096 (2022: Rs. 2,561,844) and expense recognized in respect of gratuity fund of Rs. 1,893,610 (2022: Rs. 1,698,078)

**(b) Remuneration of Chief Executive Officer, Directors and Executives**

The aggregate amount charged in the financial statements for the year for remuneration including all benefits to CEO, directors & executive are as follows:

	2023			2022		
	Directors	Chief Executive	Executives	Directors	Chief Executive	Executives
	..... Rupees .....					
Managerial remuneration	-	-	3,293,417	-	-	2,152,025
Meeting fee	5,229,407	-	-	3,918,750	-	-
Housing and utilities	-	-	1,345,835	-	-	1,369,477
Contribution to provident fund	-	-	274,456	-	-	179,339
Leave encashment	-	-	352,245	-	-	57,871
Pension	-	-	559,880	-	-	365,844
No. of persons	6	1	1	6	1	1

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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Chief Executive Officer and certain executives are provided with Company maintained vehicles and mobile phone facility.

26.2 This includes payable on account of rent escalating amounting to Rs.3,114,173 (2022: Rs.77,562,110). NFC and Alfalah building administration were in dispute on the rental rate of Alfalah building. According to arbitration award given by Mr. Shokat Ali, Secretary Regulations, D.G (O&M) dated September 03, 1998, NFC is obliged to pay Rs. 2,867,934 up to the date of decision along with 7% annual increase in rental rate. During the year, both the parties have mutually agreed for an out of court settlement. As a result of this settlement, an amount of Rs.77,562,110 is payable by NFC to Alfalah building as at June 30, 2022. During the year 2022-2023, an amount of Rs.88,829,592 was paid to Alfalah building administration. A provision for unpaid amount based on 7% annual increment has been recognized during the year.

	Note	2023 Rupees	2022 Rupees
<b>26.3 Auditors' Remuneration</b>			
Audit fee		347,500	347,500
Other certification		22,500	22,500
Out of pocket expenses		11,500	30,000
Sales tax on services		18,500	18,500
		<u>400,000</u>	<u>418,500</u>
<b>27 TAXATION</b>			
Current tax	27.1	207,615,061	111,384,883
Deferred charge / (reversal) for the year		20,061,788	(5,233,166)
		<u>227,676,849</u>	<u>106,151,717</u>
<b>27.1 Major components of current tax expense</b>			
Charge for the year		207,615,061	111,384,883
Prior year adjustments		-	-
	22	<u>207,615,061</u>	<u>111,384,883</u>
<b>27.2 Reconciliation of tax charge for the year</b>			
Accounting profit before tax		718,249,817	370,398,035
Tax on income @ 29% (2022: 29%)		208,292,447	107,415,430
Effect of prior years adjustment		-	-
Tax effects of :			
Permanent differences		-	-
Effect of change in rate		-	-
Lower tax rate on dividend income		(4,348,540)	(1,078,260)
Others		-	273,967
		<u>203,943,907</u>	<u>106,611,137</u>

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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**28 RELATED PARTY TRANSACTION**

Related parties comprise subsidiaries, associated companies, companies where directors also hold directorship, retirement benefits fund and key management personnel.

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	2023 (Rupees.)	2022 (Rupees.)
<b>Parent:</b>				
Government of Pakistan (Ministry of Industries and Production)	99.99% share holding	Dividend paid during the year	200,000,000	100,000,000
<b>Subsidiary Companies:</b>				
National Fertilizer Marketing Limited (Lahore) NFML	Subsidiary Company with 100 % share holding	Expenses incurred by subsidiary	-	-
		Amount paid by NFC against expenses	595,815	292,259
		Amount due at the end of the year	6,945,404	7,541,219
<b>Associated Companies:</b>				
Corporation House (Private) Limited	Associated Company by holding 25 % (2022: 25%) share capital	Expenses incurred on behalf	1,096,525	801,249
		Amount received against expenses	1,099,725	798,049
		Amount due at the end of the year	-	3,200
<b>Key management personnel:</b>				
Board of Directors:	Key Management	Remuneration for attending meeting	5,229,407	3,918,750
<b>Other related parties:</b>				
Staff retirement benefit plan - Provident Fund	Other related parties	Contributions by the company	3,643,810	2,277,395
Staff retirement benefit plan - Pension Fund	Other related parties	Contributions by the company	3,881,545	3,468,299

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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	Note	2023 Rupees	2022 Rupees
<b>29 PROVIDENT FUND</b>			
Size of fund		42,750,538	38,509,161
Percentage of investments		84.95%	81.17%
Fair value of investments		36,608,438	31,692,101
Cost of investments	29.1	36,314,738	31,256,081

29.1 Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2023		2022	
	Investments Rupees	Percentage of the fund	Investments Rupees	Percentage of the fund
Term Deposit Receipts	35,000,000	82%	30,000,000	78%
Bank Deposits	1,314,738	3%	1,256,081	3%
	36,314,738		31,256,081	

Investments out of Provident Fund have been made in accordance with the provisions of the section 218 of the Companies Act 2017 and the rules formulated for this purpose.

	2023	2022
<b>30 NUMBER OF EMPLOYEES</b>		
Number of employees at the year end	64	64
Average no. of employees during the year	64	64

**31 IMPACT OF COVID-19 PANDEMIC ON FINANCIAL STATEMENTS OF COMPANY**

Management has evaluated and concluded that there are no material implications of COVID-19 that requires specific disclosures in the financial statements, that should be disclosed.

**32 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS**

a) During the year the company was directed through notification dated from Government of Pakistan Finance Division to deposit dividend of Rs. 200,000,000 in Federal Consolidated Fund.

**33 SIGNIFICANT TRANSACTIONS AND EVENTS AFTER BALANCE SHEET DATE**

There were no significant adjustable events subsequent to 30 June 2023, which may require an adjustment to the financial statements or additional disclosure and have not already been disclosed in these financial statements.

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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**34 FINANCIAL ASSETS AND LIABILITIES**

**34.1 Categories of financial instruments**

	At Cost		Fair value through other comprehensive income		Total	
	2023	2022	2023	2022	2023	2022
	.....Rupees.....					
<b>Financial assets</b>						
Equity investments	18,800,000	18,800,000	178,019,742	274,101,410	196,819,742	292,901,410
Investments in subsidiaries and associates	3,231,250	272,371,650	-	-	3,231,250	272,371,650
Long term loans and advances	6,348,032	6,226,267	-	-	6,348,032	6,226,267
Long term receivables	263,937,350	263,937,350	-	-	263,937,350	263,937,350
Short term investments	5,575,528,216	5,494,956,076	-	-	5,575,528,216	5,494,956,076
Accrued interest on short term investments	273,234,547	97,545,756	-	-	273,234,547	97,545,756
Cash and bank balances	17,275,369	9,682,963	-	-	17,275,369	9,682,963
Security deposits	474,331	474,331	-	-	474,331	474,331
<b>Total</b>	<b>6,158,829,095</b>	<b>6,163,994,393</b>	<b>178,019,742</b>	<b>274,101,410</b>	<b>6,336,848,837</b>	<b>6,438,095,803</b>
			<b>Note</b>		<b>2023</b>	<b>2022</b>
					<b>Rupees</b>	<b>Rupees</b>
<b>Financial liabilities</b>						
Trade and other payables					32,073,277	12,068,777
Security deposits					100,000	100,000
Due to subsidiary					6,945,404	7,541,219

**34.2 Financial risk management**

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

**Credit risk and concentration of credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from cash and cash equivalents, deposits with banks and financial institutions as well as credit exposures to its customers and employees.

The carrying amounts of the financial assets represent the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2023	2022
	Rupees	Rupees
Investments in subsidiaries, associates and other long term investments	200,050,992	565,273,060
Loans, advances and other receivables	6,348,032	6,226,267
Long term loans and advances	15,164,442	12,847,535
Short term investments	5,575,528,216	4,340,215,642
Receivable from WAPDA	263,937,350	263,937,350
Accrued interest on short term investments	273,234,547	97,545,756
Short term investments for projects	-	1,154,740,434

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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The ratings of the banks where investments have been made, as State Bank of Pakistan rating list, are as follows.

Sr.no	Banks	Short term rating	Long term rating	Agency
1	National Bank of Pakistan	A-1+	AAA	PACRA
2	Zarai Taraqiati Bank Limited	A-1+	AAA	VIS
3	Allied Bank Limited	A-1+	AAA	PACRA
4	Askari Bank Limited	A-1+	AA+	PACRA
5	Bank Alfalah Limited	A-1+	AA+	PACRA
6	Bank Al-Habib Limited	A-1+	AAA	PACRA
7	Habib Bank Limited	A-1+	AAA	VIS
8	Habib Metropolitan Bank Limited	A-1+	AA+	PACRA
9	JS Bank Limited	A-1+	AA-	PACRA
10	Samba Bank Limited	A-1	AA	VIS

Sr.no	Banks	Short term rating	Long term rating	Agency
11	SilkBank Limited	A-2	A-	VIS
12	Soneri Bank Limited	A-1+	AA-	PACRA
15	United Bank Limited	A-1+	AAA	VIS
16	Al Baraka Bank (Pakistan) Limited	A-1	A+	VIS
17	BankIslami Pakistan Limited	A-1	A+	PACRA
19	Meezan Bank Limited	A-1+	AAA	VIS
20	Saudi Pak Industrial & Agricultural Investment	A-1+	AA+	VIS

The total amount of short term investments of Rs. 5,866 million (2022: Rs. 5,602 million) has been placed with above banks.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company can obtain short term finance facilities from bank to meet any deficit, if required, to meet the short term liquidity commitments.

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

	Carrying Amount	Up to One Year	One to two Years	Two to Five Years
.....Rupees.....				
<b>Financial liabilities</b>				
Provision for leave encashment	4,276,051	-	4,276,051	-
Provision for rent escalation	3,114,173	-	-	3,114,173
Accrued, other liabilities and payables	32,073,277	32,073,277	-	-
Security deposits	100,000	-	100,000.00	-
Due to subsidiary	6,945,404	-	6,945,404.00	-
<b>Total</b>	<b>46,508,905</b>	<b>32,073,277</b>	<b>11,321,455</b>	<b>3,114,173</b>
2022	19,709,996	19,709,996	-	-

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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**Market risk**

Market risk is the risk that changes in market price, 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 Company is exposed to market risk.

**(a) Foreign currency risk**

The Company is not exposed to foreign currency risk as all the revenues earned are from local sources. Further there is no receivable from foreign customers at reporting date.

**(b) Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. At the reporting date, the Company is exposed to equity price risk as the Company holds investments in shares of the Company.

**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from short and long-term borrowings and obligations under finance lease. These are benchmarked to variable rates which expose the Group to cash flow interest rate risk.

	<u>2023</u> <u>Rupees</u>	<u>2022</u> <u>Rupees</u>
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Fixed rate instruments	5,575,528,216	5,494,956,076
Variable rate instruments	-	-
	<u>5,575,528,216</u>	<u>5,494,956,076</u>

**Cash flow analysis**

A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit for the year by the amounts shown below. This analysis assumes that all other variables, particularly foreign currency rates, remain constant. The analysis was performed on the same basis for 2021.

	<b>Profit and loss</b> <b>100 basis points</b>	
	<u>Increase</u> <u>Rupees</u>	<u>Decrease</u> <u>Rupees</u>
<b>As at 30 June 2023</b>		
Cash flow sensitivity-fixed rate financial assets	55,755,282	(55,755,282)
<b>As at 30 June 2022</b>		
Cash flow sensitivity-fixed rate financial assets	43,402,156	(43,402,156)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / loss for the year and assets / liabilities of the Company.

**34.3 Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital consists of equity as stated in statement of financial position. The Board of Directors monitor the return on capital and the level of dividend to the shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

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**NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
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**34.4 Fair value of financial instruments**

The fair value of financial assets at fair value is given below. The carrying values of other financial assets and liabilities not carried at fair value is a reasonable approximation of their fair value.

**Fair value hierarchy**

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The Company has the following financial assets at fair value:

	Level 1	Level 2	Level 3	Total
	.....Rupees.....			
<b>Financial assets measured at fair value</b>				
Investments at fair value through OCI				-
June 30, 2023	178,019,742	-	-	178,019,742
June 30, 2022	274,101,410	-	-	274,101,410

**35 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation.

**36 GENERAL**

Figures have been rounded off to the nearest Rupee.

Corresponding figures have been re-arranged or reclassified, where ever considered necessary, for the purpose of better presentation of financial statements.

**37 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by the Board of Directors of the Company on 29 DEC 2023.

29 DEC 2023

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Chairman



Director