

Audited Financial Statements
For the year ended 30th June, 2024

**National Fertilizer Corporation of Pakistan
(Pvt.) Ltd.**



Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

A member firm of PrimeGlobal International





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 30th June, 2024

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, 2024, 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, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

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. Pak China Fertilizers Limited has been shut down and financial statements have not been made available to us after the year ended 30th June, 2018. According to the management, no liquidator has been appointed to settle the liabilities of concerned parties. 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, 2024. 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).

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

Signature: *Naveed Zafar Ashfaq Jaffery & Co*

Lahore


Date: *October 12, 2024*


UDIN: AR202410575SUdByPRLf

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

	Note	2024 Rupees	2023 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	472,499,382	473,335,514
Investment in subsidiaries-at cost	5	1,231,250	1,231,250
Investment in associates-at cost	6	2,000,000	2,000,000
Financial assets at fair value through other comprehensive income	7	429,374,694	196,819,742
Long term loans-secured and considered good	8	16,438,997	15,164,442
Security deposits		474,331	474,331
Deferred tax asset	9	3,450,676	8,676,161
		<u>925,469,330</u>	<u>697,701,440</u>
CURRENT ASSETS			
Consumable stores		214,965	312,698
Receivable from WAPDA	11	263,937,350	263,937,350
Loans, advances, prepayments and other receivables	12	9,887,726	8,486,176
Short term investments-at cost	13	5,873,661,246	5,575,528,216
Accrued interest on short term investments		375,243,100	273,234,547
Cash and bank balances	15	19,195,956	17,275,369
		<u>6,542,140,343</u>	<u>6,138,774,356</u>
TOTAL ASSETS		<u>7,467,609,673</u>	<u>6,836,475,796</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid up capital	16	1,058,814,190	1,058,814,190
Surplus on revaluation of property, plant and equipment	17	426,787,663	427,124,544
Other Reserves	18	5,501,885,756	5,228,357,030
Unappropriated profit		412,555,613	21,648,490
		<u>7,400,043,222</u>	<u>6,735,944,254</u>
NON-CURRENT LIABILITIES			
Provisions	19	3,987,906	7,390,224
Security deposits		100,000	100,000
		<u>4,087,906</u>	<u>7,490,224</u>
CURRENT LIABILITIES			
Accrued, other liabilities and payables	20	20,789,944	32,073,278
Due to subsidiaries	21	6,909,063	6,945,404
Staff retirement benefits	10	11,942,555	26,547,288
Provision for taxation-net	22	23,836,982	27,475,348
		<u>63,478,544</u>	<u>93,041,318</u>
TOTAL EQUITY AND LIABILITIES		<u>7,467,609,673</u>	<u>6,836,475,796</u>
CONTINGENCIES AND COMMITMENTS			
	23		

The annexed notes from 1 to 35 form an integral part of these financial statements.


Chief Executive Officer


Director

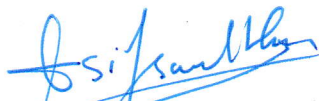
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NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
Income			
Dividend	24	7,771,292	28,990,269
Profit on bank deposits and short term investments		1,217,088,053	872,062,597
Other income	25	696,401	679,790
		<u>1,225,555,746</u>	<u>901,732,656</u>
Expenses			
Administrative and general expenses	26	(217,399,853)	(183,450,992)
Financial charges		(34,943)	(31,847)
		<u>(217,434,796)</u>	<u>(183,482,839)</u>
Profit before taxation		<u>1,008,120,950</u>	<u>718,249,817</u>
Taxation	27	(396,050,708)	(227,676,849)
Net profit after taxation		<u>612,070,242</u>	<u>490,572,968</u>
Other comprehensive income			
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		19,473,774	(28,711,855)
Surplus on Revaluation of Fixed Assets - net of tax		(336,881)	427,124,545
Write off investment of associated company - IFC		-	(269,140,400)
Unrealized gain / (loss) on investments categorized as "Available for sale"		232,554,952	(96,081,668)
Total other comprehensive income / (loss) for the year		<u>251,691,845</u>	<u>33,190,622</u>
Total comprehensive income for the year		<u>863,762,087</u>	<u>523,763,590</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

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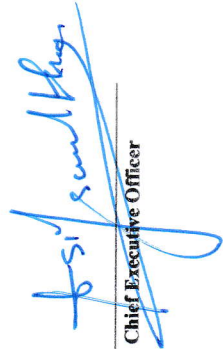

Chief Executive Officer


Director

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

	Other Reserves										Total
	Ordinary share capital	Capital redemption reserve fund	Reserve on acquisition	Reserve for issuance of bonus share	Fair value reserve of financial assets at FVTOCI	Actuarial gains/(loss) reserve	General reserves	Surplus on Revaluation of Fixed Assets	Un-appropriated profit		
Balance as at June 30, 2022	1,058,814,190	490,170,020	54,012,345	306,000,000	273,111,273	15,461,438	4,049,395,477	-	165,187,849	6,412,152,592	
Transfer from unappropriated profit to reserves	-	-	-	-	-	-	165,000,000	-	(165,000,000)	-	
Dividend	-	-	-	-	-	-	-	-	(200,000,000)	(200,000,000)	
Profit for the year ended June 30, 2022	-	-	-	-	-	-	-	-	490,572,968	490,572,968	
Remeasurement gain / (loss) on defined benefit obligation / asset	-	-	-	-	-	(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	-	-	-	-	-	-	-	(28,072)	28,073	-	
Other comprehensive income for the year	-	-	-	-	(96,081,668)	-	-	-	-	(96,081,668)	
Total comprehensive income for the year	-	-	-	-	(96,081,668)	(28,711,855)	-	427,124,545	221,460,641	523,791,663	
Balance as at June 30, 2023	1,058,814,190	490,170,020	54,012,345	306,000,000	177,029,605	(13,250,417)	4,214,395,477	427,124,545	21,648,490	6,735,944,255	
Transfer from unappropriated profit to reserves	-	-	-	-	-	-	21,500,000	-	(21,500,000)	-	
Dividend	-	-	-	-	-	-	-	-	(200,000,000)	(200,000,000)	
Profit for the year ended June 30, 2024	-	-	-	-	-	-	-	-	612,070,242	612,070,242	
Remeasurement gain / (loss) on defined benefit obligation / asset	-	-	-	-	-	19,473,774	-	-	-	19,473,774	
Incremental depreciation - net of tax	-	-	-	-	-	-	-	-	(336,881)	(336,881)	
Transfer from capital to revenue reserves	-	-	-	-	-	-	-	-	336,881	336,881	
Other comprehensive income for the year	-	-	-	-	232,554,952	-	-	-	-	232,554,952	
Total comprehensive income for the year	-	-	-	-	232,554,952	-	-	(336,881)	612,407,123	864,098,968	
Balance as at June 30, 2024	1,058,814,190	490,170,020	54,012,345	306,000,000	409,584,557	6,223,357	4,235,895,477	426,787,664	412,555,613	7,400,043,223	

The annexed notes from 1 to 35 form an integral part of these financial statements.


Chief Executive Officer

Director

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

	Note	2024 Rupees	2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,008,120,950	718,249,817
Adjustment for non cash and other items:			
Profit on bank deposits and investments		(1,217,088,053)	(872,062,597)
Depreciation	4.1	1,109,152	1,426,041
Income from dividend		(7,771,292)	(28,990,269)
Provision for rent escalation		(3,114,173)	(74,447,937)
Provision against retirement benefit plans		18,172,568	6,910,011
Provision for leave encashment		4,341,500	5,166,068
Finance cost		(34,943)	(31,847)
		<u>(1,204,385,241)</u>	<u>(962,030,530)</u>
Operating loss before working capital changes		(196,264,291)	(243,780,713)
Effect on cash flows due to working capital changes			
(Increase)/decrease in current assets:			
Consumable stores		97,733	(28,611)
Loans, advances, deposits, prepayments and other receivables		(1,401,550)	1,291,959
Current portion of long term loans and advances		(1,274,555)	(2,316,907)
		<u>(2,578,372)</u>	<u>(1,053,559)</u>
Increase / (decrease) in current liabilities:			
Due to subsidiaries		(36,341)	(595,815)
Accrued, other liabilities and payables		(11,283,333)	20,004,500
		<u>(11,319,674)</u>	<u>19,408,685</u>
Operating loss after working capital changes		(210,162,337)	(225,425,587)
Profit received on bank deposits and investments		1,115,079,500	696,373,806
Contributions paid to retirement benefit plans		(5,349,450)	(3,431,850)
Leave encashed during the year		(4,629,645)	(3,608,686)
Finance cost paid		34,943	31,847
Income taxes paid		(402,417,666)	(202,321,568)
		<u>702,717,682</u>	<u>487,043,549</u>
Net cash from operating activities		492,555,345	261,617,962
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4.1	(273,020)	(2,443,685)
Dividend received	24	7,771,292	28,990,269
Net cash generated from investing activities		7,498,272	26,546,584
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(200,000,000)	(200,000,000)
Net cash (used in)/ generated from financing activities		(200,000,000)	(200,000,000)
Net increase/ (decrease) in cash and cash equivalents		300,053,617	88,164,546
Cash and cash equivalents at the beginning of the year		5,592,803,585	5,504,639,039
Cash and cash equivalents at the end of the year		5,892,857,202	5,592,803,585
Cash and cash equivalents comprise of:			
Short term investments-at amortized cost	13	5,873,661,246	5,575,528,216
Cash and bank balances	15	19,195,956	17,275,369
	15.2	<u>5,892,857,202</u>	<u>5,592,803,585</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.


Chief Executive Officer


Director

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

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:

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

- 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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NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

- 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. The most recent valuations in this regard were carried out as at June 30, 2024.

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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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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

Property, plant and equipment other than land are stated at cost less accumulated depreciation and impairment, if any, in value.

The cost 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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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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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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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 3-6 % annually.

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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	2024	2023
	Rupees	Rupees
	472,499,382	473,335,514
	472,499,382	473,335,514

4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

4.1 Property, plant and equipment

Description	Note	Cost as at July 1, 2023	Addition	Disposal	Cost as at June 30, 2024	Accumulated depreciation as at 01 July 2023	Depreciation charged for the year	Depreciation write off on disposals	Accumulated depreciation as at 30 June 2024	Net book value as at 30 June 2024	Rate of depreciation %
Land - Freehold		462,385,685	-	-	462,385,685	-	-	-	-	462,385,685	-
Building		13,131,404	-	-	13,131,404	3,681,344	474,483	-	4,155,827	8,975,577	5%
Furniture and fixtures		2,443,242	-	-	2,443,242	2,074,281	84,176	-	2,158,457	284,785	10%
Office, electrical and sundry equipment		8,117,124	128,000	-	8,245,124	7,298,641	231,414	-	7,530,055	715,069	10%
Computers		5,899,732	145,020	-	6,044,752	5,896,779	9,726	-	5,906,505	138,247	25%
Vehicles		20,932,735	-	-	20,932,735	20,623,366	309,353	-	20,932,719	16	20%
Books		332,482	-	-	332,482	332,480	-	-	332,480	2	30%
Telephone exchange		413,385	-	-	413,385	413,384	-	-	413,384	1	30%
		513,655,789	273,020	-	513,928,809	40,320,275	1,109,152	-	41,429,427	472,499,382	

Description	Note	Cost as at July 1, 2022	Addition	Revaluation	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		39,526,995	2,443,685	420,415,005	462,385,685	-	-	-	-	462,385,685	-
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%
		81,307,503	2,443,685	429,904,601	513,655,789	38,894,234	1,426,041	-	40,320,275	473,335,514	

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4.2 Had there been no Revaluation, the related figures of fixed assets as at 30th June, 2024 would have been as follows:

Description	Note	Cost as at July 1, 2023	Addition	Disposal	Cost as at June 30, 2024	Accumulated depreciation as at 01 July 2023	Depreciation charged for the year	Depreciation write-off on disposals	Accumulated depreciation as at 30 June 2024	Net book value as at 30 June 2024	Rate of depreciation %
Land - Freehold		41,970,680	-	-	41,970,680	-	-	-	-	41,970,680	-
Building - freehold		3,641,808	-	-	3,641,808	3,641,804	3	-	3,641,807	1	5%
Furniture and fixtures		2,443,242	-	-	2,443,242	2,074,281	84,176	-	2,158,457	284,785	10%
Office, electrical and sundry equipment		8,117,124	128,000	-	8,245,124	7,298,641	231,414	-	7,530,055	715,069	10%
Computers		5,899,732	145,020	-	6,044,752	5,896,779	9,726	-	5,906,505	138,247	25%
Vehicles		20,932,735	-	-	20,932,735	20,623,366	309,353	-	20,932,719	16	20%
Books		332,482	-	-	332,482	332,480	-	-	332,480	2	30%
Telephone exchange		413,385	-	-	413,385	413,384	-	-	413,384	1	30%
2024		83,751,188	273,020	-	84,024,208	40,280,735	634,672	-	40,915,407	43,108,801	

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		39,526,995	2,443,685	-	41,970,680	-	-	-	-	41,970,680	-
Building - freehold		3,641,808	-	-	3,641,808	3,542,339	99,465	-	3,641,804	4	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%
2023		81,307,503	2,443,685	-	83,751,188	38,894,234	1,386,501	-	40,280,735	43,470,453	

4.3 Incremental Depreciation

Depreciation under Revaluation Model
 Depreciation under Cost Model
 Difference due to incremental depreciation

Note	2024	2023
	Rupees	Rupees
	1,109,152	1,426,041
	634,672	1,386,501
	474,480	39,540

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	Note	2024 Rupees	2023 Rupees
9 DEFERRED TAX ASSET			
The balance of deferred tax is recognized in respect of following temporary differences:			
Taxable temporary differences:			
Revaluation of Building		-	2,751,983
Deductible temporary differences			
Property, plant and equipment		1,169,158	(1,586,265)
Staff retirement benefits		(3,463,341)	(7,698,714)
Provision for rent escalation		-	(903,110)
Provision for compensated absences		(1,156,493)	(1,240,055)
		<u>(3,450,676)</u>	<u>(8,676,161)</u>
Movement in deferred tax:			
Opening deferred tax liability / (asset) as at July 01, 2023		(8,676,161)	(19,762,555)
Charged to statement of profit or loss		(2,728,592)	20,061,788
Charged to other comprehensive income	9.1	7,954,077	(8,975,394)
Closing deferred tax liability / (asset) as at June 30, 2024		<u>(3,450,676)</u>	<u>(8,676,161)</u>
9.1	Deferred tax on actuarial gain / (loss) on employee defined benefit plan amounting to Rs. 7,954,077 (2023: Rs. 14,469,360) recognized in other comprehensive income.		

	Note	2024 Rupees	2023 Rupees
10 STAFF RETIREMENT BENEFITS			
Pension Fund	10.1	(9,174,187)	(20,950,666)
Gratuity Fund	10.1	(2,768,368)	(5,596,622)
		<u>(11,942,555)</u>	<u>(26,547,288)</u>

10.1 The latest actuarial valuation of Pension Fund and Gratuity Fund as of June 30, 2024 was based on the 'Project Unit Credit Method' which reflects the following results:

	2024 Rupees	2024 Rupees	2023 Rupees	2023 Rupees
	Pension	Gratuity	Pension	Gratuity
Net (asset) / liability recognized				
Present value of defined benefit obligation	217,642,260	36,889,076	205,987,409	33,301,161
Other payables	357,852	-	136,135	-
Fair value plan assets	(208,825,925)	(34,120,708)	(185,172,878)	(27,704,539)
Net (asset) / liability in the statement of financial position	<u>9,174,187</u>	<u>2,768,368</u>	<u>20,950,666</u>	<u>5,596,622</u>

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

As at July 1	20,950,666	5,596,622	(16,043,876)	(1,326,229)
Charge to statement of profit or loss	14,435,712	3,736,856	5,016,401	1,893,610
Charge to other comprehensive income	(20,862,741)	(6,565,110)	35,409,991	5,029,241
Contribution made during the year	(5,349,450)	-	(3,431,850)	-
As at June 30	<u>9,174,187</u>	<u>2,768,368</u>	<u>20,950,666</u>	<u>5,596,622</u>

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

	2024 Rupees	2024 Rupees	2023 Rupees	2023 Rupees
	Pension	Gratuity	Pension	Gratuity
Movement in liability for defined benefits obligation				
Present value of defined obligation as at 01 July, 2023	205,987,409	33,301,161	145,295,636	22,372,525
Current service cost	11,596,153	2,855,388	7,473,581	2,072,651
Interest cost on defined benefit obligation	31,556,021	5,222,760	19,331,378	3,020,291
Benefits due but not paid (payables)	(357,852)	-	(136,135)	-
Benefits paid	(10,905,585)	(281,565)	(4,064,348)	-
Remeasurement:				
Actuarial (gains) / losses from changes in financial assumptions	(2,759,805)	(38,606)	3,227,854	47,412
Experience adjustments	(17,474,081)	(4,170,062)	34,859,443	5,788,282
Present value of defined obligation as at 30 June, 2024	217,642,260	36,889,076	205,987,409	33,301,161
Movement in fair value of plan assets				
Fair value of plan assets at 01 July, 2023	185,172,878	27,704,539	161,712,972	23,698,754
Interest income on plan assets	28,716,462	4,341,292	21,788,558	3,199,332
Benefits paid	(11,041,720)	(281,565)	(4,437,808)	-
Expected return on assets	628,855	2,356,442	2,677,306	806,453
Contribution made during the year	5,349,450	-	3,431,850	-
Fair value of plan assets at 30 June, 2024	208,825,925	34,120,708	185,172,878	27,704,539
Charge for the year:				
In statement of profit or loss:				
Current service cost	11,596,153	2,855,388	7,473,581	2,072,651
Interest cost on defined benefit plan	31,556,021	5,222,760	19,331,378	3,020,291
Interest income on plan assets	(28,716,462)	(4,341,292)	(21,788,558)	(3,199,332)
Expense charge to profit or loss account	14,435,712	3,736,856	5,016,401	1,893,610
In other comprehensive income:				
Actuarial (gains) / losses from changes in financial assumptions	(2,759,805)	(38,606)	3,227,854	47,412
Experience adjustments	(17,474,081)	(4,170,062)	34,859,443	5,788,282
Return on plan assets, excluding interest income	(20,233,886)	(4,208,668)	38,087,297	5,835,694
Total remeasurement charge to other comprehensive income	(20,862,741)	(6,565,110)	35,409,991	5,029,241
June 30, 2025				
Expected contribution for the next year				
Current service cost			10,615,333	2,889,379
Interest cost on defined benefit obligation			30,469,916	5,129,012
Interest income on plan assets			(29,610,091)	(4,741,440)
Amount charge to statement of profit or loss			11,475,158	3,276,951

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NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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	2024	2024	2023	2023
Significant assumptions	Pension	Gratuity	Pension	Gratuity
Discount rate used for the year	13.50% p.a	15.75% p.a	13.50% p.a	13.50% p.a
Discount rate used for the year end obligation	15.75%	14.00%	15.75%	15.75%
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-24	01-Jul-24	01-Jul-23	01-Jul-23
Plan Assets at June 30	2024	2024	2023	2023
	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%
Year end Sensitivity Analysis on Defined Benefit Obligation				
Discount rate + 100 bps	182,224,078	33,472,999	182,224,078	30,096,720
Discount rate - 100 bps	234,938,828	40,851,959	234,938,828	37,020,316
Salary Increase + 100 bps	220,570,735	40,838,557	220,570,735	37,008,462
Salary Increase - 100 bps	192,820,181	33,424,194	192,820,181	30,051,174
The average duration of defined benefit obligation is	13 Years	10 Years	13 Years	10 Years
			2024	2023
			Note	Rupees

11 RECEIVABLE FROM WAPDA

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
	263,937,350	263,937,350

11.1

- 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 (2023: 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.

Later on, 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. Further, the Honorable Lahore High Court decided the Respondants (WAPDA First Sukuk Company Limited and WAPDA) cannot seek to recover Ijara payments from NFC on account of their own negligence and payments by NFC received will suffice as compensation for NFC. This is especially as so as NFC has not calimed any specific loss or damage from Respondants and the compensation in the form of retaining the Ijara payments is to compensate for negligence caused by Respondants.

NFC has passed 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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
15 CASH AND BANK BALANCES			
Cash in hand		200,000	200,000
Cash at bank - on deposit account	15.1	18,995,956	17,075,369
	15.2	<u>19,195,956</u>	<u>17,275,369</u>

15.1 These deposit accounts carry mark-up rates ranging from 18.82% to 22.85% (2023: 8.25% to 19.50%).

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	2024 Rupees	2023 Rupees
Short term investments-at cost	13	5,873,661,246	5,575,528,216
Short term investments for project	14	-	-
Cash and bank balances	15	19,195,956	17,275,369
Cash and cash equivalents as per statement of cash flows		<u>5,892,857,202</u>	<u>5,592,803,585</u>

16 SHARE CAPITAL

16.1 Authorised share capital

2024 Numbers	2023 Numbers		2024	2023
150,982,998	150,982,998	Ordinary shares	1,509,829,980	1,509,829,980
		Ordinary shares of Rs. 10 each		
49,017,002	49,017,002	Preference shares	490,170,020	490,170,020
		Preference shares of Rs. 10 each		
<u>200,000,000</u>	<u>200,000,000</u>		<u>2,000,000,000</u>	<u>2,000,000,000</u>

16.2 Issued, subscribed and paid up capital

Fully paid ordinary shares of Rs 10 each

2024 Numbers	2023 Numbers		2024	2023
93,441,619	93,441,619	Ordinary shares	934,416,190	934,416,190
		Ordinary shares of Rs. 10 each paid in cash		
12,439,800	12,439,800	Shares issued on conversion of cash development loans	124,398,000	124,398,000
<u>105,881,419</u>	<u>105,881,419</u>		<u>1,058,814,190</u>	<u>1,058,814,190</u>

16.3 Reconciliation of numbers of shares outstanding

Ordinary shares

	2024 Numbers	2023 Numbers
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	<u>105,881,419</u>	<u>105,881,419</u>

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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
17 Surplus on Revaluation of Property, Plant & Equipment			
Balance as on 1st July, 2023		429,865,061	-
Less : Deferred Tax Liability		(2,740,517)	-
		<u>427,124,544</u>	<u>-</u>
Surplus on Revaluation for the year		-	429,904,601
Less : Deferred Tax Liability		-	(2,751,984)
		-	<u>427,152,617</u>
Incremental Depreciation for the year		(474,480)	(39,540)
Less : Deferred Tax on Incremental Depreciation		137,599	11,467
		<u>(336,881)</u>	<u>(28,073)</u>
		<u>426,787,663</u>	<u>427,124,544</u>

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	850,182,365	850,182,365
General reserve		4,235,895,477	4,214,395,477
Fair value reserve of financial assets at FVTOCI		409,584,557	177,029,605
Actuarial gains/ (loss) reserve		6,223,357	(13,250,417)
		<u>5,501,885,756</u>	<u>5,228,357,030</u>

18.1 Capital Reserves

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
		<u>850,182,365</u>	<u>850,182,365</u>

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.

	Note	2024 Rupees	2023 Rupees
19 PROVISIONS			
Provision for leave encashment			
Balance of the beginning of the year		4,276,051	2,718,669
Provision during the year		4,341,500	5,166,068
Payment during the year		(4,629,645)	(3,608,686)
Balance of the end of the year		<u>3,987,906</u>	<u>4,276,051</u>
Provision for rent escalation			
Balance of the beginning of the year		3,114,173	77,562,110
Provision during the year		4,780,500	6,381,655
Payment during the year		(7,894,673)	(80,829,592)
Balance of the end of the year	19.1	-	3,114,173
Total of Provisions		<u>3,987,906</u>	<u>7,390,224</u>

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

19.1 This includes payable on account of rent escalating amounting to Rs.Nil (2023: Rs.3,114,173). 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.3,114,173 is payable by NFC to Alfalah building as at June 30, 2023. Durig the year 2023-2024, an amount of Rs.7,894,673 was paid to Alfalah building administration. A provision for unpaid amount based on 7% annual increment has been recognized during the year.

	Note	2024 Rupees	2023 Rupees
20 ACCRUED, OTHER LIABILITIES AND PAYABLES			
Accrued liabilities		19,310,091	13,404,162
Other liabilities		1,479,853	18,669,115
		<u>20,789,944</u>	<u>32,073,277</u>
	Note	2024 Rupees	2023 Rupees
21 DUE TO SUBSIDIARIES			
Payable to National Fertilizer Marketing Limited (a related party)	21.1	6,909,063	6,945,404
		<u>6,909,063</u>	<u>6,945,404</u>
21.1 This represents payable to National Fertilizer Marketing Limited, incurred in the normal course of business and is non-interest bearing.			
22 PROVISION FOR TAXATION-NET			
Balance at beginning of the year		27,475,348	22,181,855
Tax expense for the year	27	398,779,300	207,615,061
Income tax paid during the year		(402,417,666)	(202,321,568)
Balance as at year end		<u>23,836,982</u>	<u>27,475,348</u>
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 the said amount has been deposited 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.

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NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED
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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, 2024 (2023: Rs. Nil).

	Note	2024 Rupees	2023 Rupees
24 DIVIDEND			
Industry Facilitation Centre - IFC		-	28,897,692
Hoechst Pakistan Limited formerly Sanofi - Aventis Pakistan Limited		7,671,000	-
Ittehad Chemicals Limited		100,292	92,577
		<u>7,771,292</u>	<u>28,990,269</u>
25 OTHER INCOME			
Service charges on loan to employees		696,401	571,790
Rental income from Gulberg guest house		-	108,000
		<u>696,401</u>	<u>679,790</u>
26 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, allowances and benefits	26.1	156,726,821	126,842,747
Directors' meetings fee	26.1	9,841,575	5,229,407
Directors' training expenses		743,750	-
Travelling and conveyance		7,835,180	7,183,925
Rent and utilities	26.2	20,132,040	11,329,106
Communication and advertisement		727,035	738,390
Stationery, printing and subscriptions		1,566,944	1,428,238
Repair and maintenance		1,794,479	1,208,387
Legal and professional charges		1,592,998	3,058,451
Auditors' remuneration	26.3	400,000	400,000
Depreciation	4.1	1,109,152	1,426,041
Insurance		212,939	212,794
Punjab Workers Welfare Fund		14,364,996	24,044,482
Miscellaneous		351,944	349,024
		<u>217,399,853</u>	<u>183,450,992</u>

26.1 This includes

(a) Contributions to staff retirement benefit schemes

Contribution to defined contribution provident fund of Rs. 3,698,165 (2023: Rs. 3,643,810), expense recognized in respect of defined benefit pension fund of Rs. 14,413,968 (2023: Rs. 5,466,096) and expense recognized in respect of gratuity fund of Rs. 3,736,856 (2023: Rs. 1,893,610)

(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:

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NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED
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	2024			2023		
	Directors	Chief Executive	Executives	Directors	Chief Executive	Executives
 Rupees					
Managerial remuneration	-	-	3,394,460	-	-	3,293,417
Meeting fee	9,841,575	-	-	5,229,407	-	-
Housing and utilities	-	-	1,586,055	-	-	1,345,835
Contribution to provident fund	-	-	282,870	-	-	274,456
Leave encashment	-	-	-	-	-	352,245
Pension	-	-	584,215	-	-	559,880
No. of persons	10	1	1	6	1	1

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.Nil (2023: Rs.3,114,173). 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.3,114,173 is payable by NFC to Alfalah building as at June 30, 2023. Durig the year 2023-2024, an amount of Rs.7,894,673 was paid to Alfalah building administration. A provision for unpaid amount based on 7% annual increment has been recognized during the year.

	Note	2024 Rupees	2023 Rupees
26.3 Auditors' Remuneration			
Audit fee		347,500	347,500
Other certification		22,500	22,500
Out of pocket expenses		11,500	11,500
Sales tax on services		18,500	18,500
		<u>400,000</u>	<u>400,000</u>
27 TAXATION			
Current tax	27.1	398,779,300	207,615,061
Deferred charge / (reversal) for the year		(2,728,592)	20,061,788
		<u>396,050,708</u>	<u>227,676,849</u>
27.1 Major components of current tax expense			
Charge for the year		398,779,300	207,615,061
Prior year adjustments		-	-
	22	<u>398,779,300</u>	<u>207,615,061</u>
27.2 Reconciliation of tax charge for the year			
Accounting profit before tax		1,008,120,950	718,249,817
Tax on income @ 29% (2023: 29%)		292,355,076	208,292,447
Super Tax on income @ 10%		102,530,072	64,812,228
Effect of prior years adjustment		-	-
Tax effects of:			
Permanent differences		-	-
Effect of change in rate		-	-
Lower tax rate on dividend income		(1,087,981)	(4,348,540)
Others		-	-
		<u>393,797,167</u>	<u>268,756,135</u>

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NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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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	2024 (Rupees.)	2023 (Rupees.)
Parent:				
Government of Pakistan (Ministry of Industries and Production)	99.99% share holding	Dividend paid during the year	200,000,000	200,000,000
Subsidiary Companies:				
National Fertilizer Marketing Limited (Lahore) NFML	Subsidiary Company with 100 % share holding	Expenses incurred by subsidiary	-	-
		Amount paid by NFC against expenses	36,341	595,815
		Amount due at the end of the year	6,909,063	6,945,404
Associated Companies:				
Corporation House (Private) Limited	Associated Company by holding 25 % (2023: 25%) share capital	Expenses incurred on behalf	367,304	1,096,525
		Amount received against expenses	367,304	1,099,725
		Amount due at the end of the year	-	-
Key management personnel:				
Board of Directors:	Key Management	Remuneration for attending meeting	9,841,575	5,229,407
Other related parties:				
Staff retirement benefit plan - Provident Fund	Other related parties	Contributions by the company	3,698,165	3,643,810
Staff retirement benefit plan - Pension Fund	Other related parties	Contributions by the company	5,327,706	3,881,545

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

29 SIGNIFICANT TRANSACTIONS AND EVENTS AFTER BALANCE SHEET DATE

There were no significant adjustable events subsequent to 30 June 2024, which may require an adjustment to the financial statements or additional disclosure and have not already been disclosed in these financial statements.

30 NUMBER OF EMPLOYEES

Number of employees at the year end
Average no. of employees during the year

<u>2024</u>	<u>2023</u>
<u>62</u>	<u>64</u>
<u>63</u>	<u>64</u>

31 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.

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

32 FINANCIAL ASSETS AND LIABILITIES

32.1 Categories of financial instruments

	At Cost		Fair value through other comprehensive income		Total	
	2024	2023	2024	2023	2024	2023
Rupees.....					
Financial assets						
Equity investments	18,800,000	18,800,000	410,574,694	178,019,742	429,374,694	196,819,742
Investments in subsidiaries and associates	3,231,250	3,231,250	-	-	3,231,250	3,231,250
Long term loans and advances	7,130,621	6,348,032	-	-	7,130,621	6,348,032
Current receivables	263,937,350	263,937,350	-	-	263,937,350	263,937,350
Short term investments	5,873,661,246	5,575,528,216	-	-	5,873,661,246	5,575,528,216
Accrued interest on short term investments	375,243,100	273,234,547	-	-	375,243,100	273,234,547
Cash and bank balances	19,195,956	17,275,369	-	-	19,195,956	17,275,369
Security deposits	474,331	474,331	-	-	474,331	474,331
Total	6,561,673,854	6,158,829,095	410,574,694	178,019,742	6,972,248,548	6,336,848,837
			Note		2024 Rupees	2023 Rupees
Financial liabilities - at cost						
Trade and other payables					20,789,944	32,073,278
Security deposits					100,000	100,000
Due to subsidiary					6,909,063	6,945,404

32.2 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:

	2024 Rupees	2023 Rupees
Investments in subsidiaries, associates and other long term investments	432,605,944	200,050,992
Loans, advances and other receivables	7,130,621	6,348,032
Long term loans and advances	16,438,997	15,164,442
Short term investments	5,873,661,246	5,575,528,216
Receivable from WAPDA	263,937,350	263,937,350
Accrued interest on short term investments	375,243,100	273,234,547
Short term investments for projects	-	-

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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. 5,873 million (2023: Rs. 5,575 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.....				
Financial liabilities				
Provision for leave encashment	3,987,906	-	3,987,906	-
Provision for rent escalation	-	-	-	-
Accrued, other liabilities and payables	20,789,944	20,789,944	-	-
Security deposits	100,000	-	100,000.00	-
Due to subsidiary	6,909,063	-	6,909,063.00	-
Total	31,786,913	20,789,944	10,996,969	-
2023	46,508,906	32,073,277	11,321,455	3,114,173

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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.

	2024 Rupees	2023 Rupees
Fixed rate instruments		
Financial assets		
Fixed rate instruments	5,873,661,246	5,575,528,216
Variable rate instruments	-	-
	<u>5,873,661,246</u>	<u>5,575,528,216</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.

	Profit and loss 100 basis points	
	Increase Rupees	Decrease Rupees
As at 30 June 2024		
Cash flow sensitivity-fixed rate financial assets	58,736,612	(58,736,612)
As at 30 June 2023		
Cash flow sensitivity-fixed rate financial assets	55,755,282	(55,755,282)

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

32.3 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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32.4 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.....			
Financial assets measured at fair value				
Investments at fair value through OCI	-			-
June 30, 2024	410,574,694	-	-	410,574,694
June 30, 2023	178,019,742	-	-	178,019,742

33 CORRESPONDING FIGURES

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

34 GENERAL

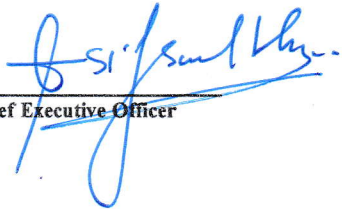
Figures have been rounded off to the nearest Rupee.

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

35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on Oct 12, 2024.

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Chief Executive Officer



Director