

# Media Times Limited

## Statement of Financial Position

As at 30 June 2020

	Note	2020 Rupees	2019 Rupees
<b>ASSETS</b>			
<b><u>Non-current assets</u></b>			
Property, plant and equipment	5	218,482,439	267,951,455
Intangibles	6	776,130	1,042,938
Long term deposits		6,868,807	6,748,807
Deferred taxation	7	-	-
		<b>226,127,376</b>	<b>275,743,200</b>
<b><u>Current assets</u></b>			
Stores and spare parts		-	54,433
Trade debts	8	45,546,646	40,975,021
Advances, prepayments and other receivable	9	1,495,035	1,737,981
Advance income tax		5,254,216	7,093,265
Cash and bank balances	10	3,469,448	588,218
		<b>55,765,345</b>	<b>50,448,918</b>
		<b>281,892,721</b>	<b>326,192,118</b>
<b>EQUITY AND LIABILITIES</b>			
<b><u>Share capital and reserves</u></b>			
Authorized share capital 210,000,000 (2019: 210,000,000) ordinary shares of Rs. 10 each	11	<b>2,100,000,000</b>	<b>2,100,000,000</b>
Share capital	11	<b>1,788,510,100</b>	<b>1,788,510,100</b>
Share premium reserve	12	<b>76,223,440</b>	<b>76,223,440</b>
Accumulated loss		<b>(2,709,565,176)</b>	<b>(2,606,334,042)</b>
		<b>(844,831,636)</b>	<b>(741,600,502)</b>
<b><u>Non-current liabilities</u></b>			
Long term finance	13	<b>264,614,697</b>	<b>264,756,697</b>
Deferred liability	14	<b>20,034,591</b>	<b>26,459,530</b>
		<b>284,649,288</b>	<b>291,216,227</b>
<b><u>Current liabilities</u></b>			
Trade and other payables	15	<b>545,414,283</b>	<b>527,913,128</b>
Contract liability	16	<b>4,848,425</b>	<b>8,498,583</b>
Accrued mark-up	17	<b>217,576,898</b>	<b>168,589,173</b>
Short term borrowings	18	<b>48,000,000</b>	<b>48,000,000</b>
Liabilities against assets subject to finance lease	19	<b>26,235,463</b>	<b>23,575,509</b>
		<b>842,075,069</b>	<b>776,576,393</b>
		<b>281,892,721</b>	<b>326,192,118</b>
<b>Contingencies and commitments</b>			
	20		

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

Chief Executive

Director

Chief Financial Officer

**Media Times Limited**  
**Statement of Profit or Loss**  
*For the year ended 30 June 2020*

	<i>Note</i>	<b>2020 Rupees</b>	<b>2019 Rupees</b>
Revenue - net	21	<b>156,452,269</b>	177,165,827
Cost of production	22	<b>(138,482,342)</b>	(193,689,028)
<b>Gross (loss) / profit</b>		<b>17,969,927</b>	(16,523,201)
Administrative and selling expenses	23	<b>(83,868,498)</b>	(133,540,539)
Expected credit loss on financial assets at amortized cost	8.3	<b>(12,992,766)</b>	(41,012,944)
Other income	24	<b>23,864,130</b>	13,456,727
Finance cost	25	<b>(52,105,497)</b>	(52,457,688)
Other expenses	26	<b>(486,039)</b>	(13,610,568)
<b>Loss before taxation</b>		<b>(107,618,743)</b>	(243,688,213)
Taxation	27	<b>(2,400,309)</b>	(817,911)
<b>Loss after taxation</b>		<b>(110,019,052)</b>	(244,506,124)
Loss per share - basic and diluted	28	<b>(0.62)</b>	(1.37)

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

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

Media Times Limited  
Statement of Comprehensive Income  
*For the year ended 30 June 2020*

	2020	2019
	Rupees	Rupees
<b>Loss after taxation</b>	<b>(110,019,052)</b>	<b>(244,506,124)</b>
<b><u>Other comprehensive income / (loss)</u></b>		
<i>Items that will never be reclassified to profit or loss:</i>		
- Actuarial gain / (loss) on defined benefit obligation	<b>6,787,918</b>	1,189,323
<b>Total comprehensive loss for the year</b>	<b><u>(103,231,134)</u></b>	<b><u>(243,316,801)</u></b>

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

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

\_\_\_\_\_  
Director

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

Media Times Limited  
Statement of Cash Flow  
For the year ended 30 June 2020

	Note	2020 Rupees	2019 Rupees
<b><u>Cash flows from operating activities</u></b>			
Cash used in operations	29	1,251,891	(25,044,823)
Finance cost paid		(457,819)	(522,145)
Income tax paid		(561,260)	(1,245,107)
<b>Net cash generated from / (used in) operating activities</b>		<b>232,812</b>	<b>(26,812,075)</b>
<b><u>Cash flows from investing activities</u></b>			
Capital expenditure		(326,346)	(756,783)
Proceeds from sale of property, plant and equipment		3,116,764	11,277,450
<b>Net cash generated from investing activities</b>		<b>2,790,418</b>	<b>10,520,667</b>
<b><u>Cash flows from financing activities</u></b>			
Proceeds of long term finances - net of repayments		(142,000)	16,169,000
<b>Net cash (used in) / generated from financing activities</b>	34	<b>(142,000)</b>	<b>16,169,000</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>2,881,230</b>	<b>(122,408)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>588,218</b>	<b>710,626</b>
<b>Cash and cash equivalents at end of the year</b>	10	<b>3,469,448</b>	<b>588,218</b>

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

Chief Executive

Director

Chief Financial Officer

Media Times Limited  
Statement of Changes in Equity  
For the year ended 30 June 2020

	Share capital	Capital reserve Share premium	Revenue reserve Accumulated loss	Total
	Rupees			
Balance at 30 June 2018	1,788,510,100	76,223,440	(2,363,017,241)	(498,283,701)
<b><u>Total comprehensive income for the year</u></b>				
Loss for the year	-	-	(244,506,124)	(244,506,124)
Other comprehensive gain for the year ended 30 June 2019	-	-	1,189,323	1,189,323
<b>Total comprehensive loss</b>	-	-	(243,316,801)	(243,316,801)
<b>Balance at 30 June 2019</b>	<b>1,788,510,100</b>	<b>76,223,440</b>	<b>(2,606,334,042)</b>	<b>(741,600,502)</b>
	-	-	-	-
<b>Balance as at 1 July 2019</b>	<b>1,788,510,100</b>	<b>76,223,440</b>	<b>(2,606,334,042)</b>	<b>(741,600,502)</b>
<b><u>Total comprehensive income for year</u></b>				
Loss for the year	-	-	(110,019,052)	(110,019,052)
Other comprehensive income for the year ended 30 June 2020	-	-	6,787,918	6,787,918
<b>Total comprehensive loss</b>	-	-	(103,231,134)	(103,231,134)
<b>Balance at 30 June 2020</b>	<b>1,788,510,100</b>	<b>76,223,440</b>	<b>(2,709,565,176)</b>	<b>(844,831,636)</b>

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

Chief Executive

Director

Chief Financial Officer

**Media Times Limited**  
**Notes to the Financial Statements**  
*For the year ended 30 June 2020*

**1 Corporate and general information**

**1.1 Legal status and nature of business**

Media Times Limited ("the Company") was incorporated in Pakistan on 26 June 2001 as a private limited company and was converted into public limited company on 06 March 2007. The Company is listed on the Pakistan Stock Exchange. The registered office of the Company is located at 41-N, Industrial Area, Gulberg II, Lahore. The Company is primarily involved in publishing daily English and Urdu newspapers by the name of "Daily Times" and "AajKal" respectively.

**2 Events and conditions related to going concern**

The Company has incurred a net loss of Rs. 110.019 million during the year ended 30 June 2020 and, as of date, the Company's current liabilities exceed its total assets by Rs. 560.182 million. The Company's equity has eroded and the accumulated losses exceed the share capital and share premium by Rs. 844.831 million at 30 June 2020. "Zaiqa" and "Business Plus" channels of the Company remained non-operational throughout the year. The channels were remained non-operational due to shifting of up linking station from Karachi to Lahore region. Further during the year revenue from advertisement in print media had decreased by 12% as compared to last year due to the ongoing economic and political situation in the country and resulting cuts in advertisement budget of majority of clients. The Company has also defaulted in payments of its loan and lease liabilities as mentioned in notes 18 and 19 to these financial statements. There is a material uncertainty related to these events which may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities out of court in the normal course of business. The Company's sponsors are negotiating with Faysal Bank Limited for settlement of short term borrowings from their own sources. The Company has relaunched its Urdu Newspaper "Daily Aaj Kal" and is planning to launch further products in print and social media sectors. Further, the Company is planning to launch a Web TV with the brand name of Daily Times and to relaunch "Zaiqa" channel channel with improved content and distribution all over Pakistan. The management of the Company is confident that the above actions and steps shall enable the Company to attract revenue streams that will result in improved liquidity. Further the Company's promoters have offered full support to the Company to meet any working capital needs.

**3 Basis of preparation**

**3.1 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:

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

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

### **3.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except the recognition of certain employee benefits at present value.

### **3.3 Functional and presentation currency**

These financial statements are presented in Pakistani Rupee ("Rs.") which is the Company's functional currency. All financial information presented in Rupees has been rounded off to the nearest rupee, unless otherwise stated.

### **3.4 Use of estimates and judgments**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

#### **3.4.1 Property, plant and equipment**

The management of the Company reassesses useful lives and residual value for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. Any change in the estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

#### **3.4.2 Expected credit loss / Loss allowances against trade debts, deposits, advances and other receivables**

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

### **3.4.3 Provisions and Contingencies**

The Company reviews the status of all pending litigations and claims against the Company. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date.

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

### **3.4.4 Taxation**

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 views taken by 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.

### **3.4.5 Staff retirement benefits**

The Company operates approved unfunded gratuity scheme covering all its full time permanent workers who have completed the minimum qualifying period of service as defined under the respective scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years. Calculations are sensitive to changes in the underlying assumptions.

## **4 Summary of Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as disclosed in note 4.1.

#### **4.1 New standards, amendments to accounting and reporting standards and new interpretations**

Amendments to accounting and reporting standards and interpretations which are effective during the year ended June 30, 2020

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

##### **4.1.1 IFRS 16 'Leases'**

IFRS 16 'Leases' replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. It results in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under IFRS 16, a new concept of right to use leased item is introduced requiring recognition of right of use asset and a financial liability to pay rentals. The only exceptions are short-term and low-value leases.

However, there is no impact on the statement of profit or loss, the statement of other comprehensive income and the statement of cash flow for the year ended 30 June 2020 except for the reclassification of leased assets from operating assets to right of use assets.

##### **4.1.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective**

There are certain new standards, interpretations and amendments to approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

#### **4.2 Property, plant and equipment**

##### **Owned**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs. The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is possible that the future economic benefits embodied in the part will flow to the entity and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing of property, plant and equipment are recognized in profit and loss as incurred.

Depreciation is provided on straight line method and charged to profit and loss account to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note to these financial statements after taking into account their residual values. Depreciation on additions is charged from the date asset is available for use up to the date when asset is retired.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on sale of an item of property, plant and equipment are determined by comparing the proceeds from sale with the carrying amount of property, plant and equipment, and are recognized in profit or loss account.

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

Right of use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged on straight line basis over the shorter of the lease term or the useful life of the asset. Where the ownership of the asset transfers to the Company at the end of the lease term or if the cost of the asset reflects that the Company will exercise the purchase option, depreciation is charged over the useful life of asset.

## **4.3 Intangibles**

Intangibles are stated at cost less accumulated amortization for finite intangibles and any identified impairment loss. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Finite intangibles are amortized using straight-line method over their estimated useful lives. Amortization on additions to intangible assets is charged from the month in which an asset is put to use and on disposal up to the month of disposal.

## **4.4 Stores and spare parts**

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

## **4.5 Trade debts, deposits and other receivable**

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

## **4.6 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and bank balances which are carried in the balance sheet at cost.

## **4.7 Financial instruments**

### **4.7.1 Recognition and initial measurement**

Financial assets and liabilities are initially recognized when the Company becomes a party to contractual provisions of the instrument. And a financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

#### 4.7.2 Classification and subsequent measurement

##### **Financial assets**

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

##### **Amortized cost**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, trade debts and other receivables.

##### **Debt Instrument - FVOCI**

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

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

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. However, the Company has no such instrument at the balance sheet date.

##### **Equity Instrument - FVOCI**

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss. However, the Company has no such instrument at the balance sheet date.

#### **Fair value through profit or loss (FVTPL)**

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. However, the Company has no such instrument at the balance sheet date.

#### **Financial assets – Business model assessment:**

For the purposes of the assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).

#### **Financial liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial liabilities comprise trade and other payables, long term finance, short term borrowing, liabilities against assets subject to finance lease and accrued mark up.

#### **4.7.3 Derecognition**

##### **Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

##### **Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### **4.8 Impairment**

##### **Financial assets**

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### **Non-financial assets**

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

#### **4.9 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

#### **4.10 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

#### **4.11 Retirement and other benefits**

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company and measured on an undiscounted basis. The accounting policy for employee retirement benefits is described below:

##### **Post employment benefits - Defined benefit plan**

The Company operates unfunded defined benefit gratuity plan for all permanent employees, having a service period of more than one year. The Company recognizes expense in accordance with IAS 19 "Employee Benefits".

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognized immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss account.

#### **4.12 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods or services received.

#### **4.13 Provisions**

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

#### **4.14 Revenue and other income recognition**

Revenue from contracts with customers is recognized, when control of goods is transferred to the customers, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services rendered excluding sales taxes and after deduction of any trade discounts. Revenue from specific revenue and other income recognition policies are as follows:

- Revenue from sale of newspapers / magazines is recognized at the point in time when control is transferred to the customer which is when newspapers / magazines are dispatched to the
- Revenue from advertisement in print media is recognized at the point in time when the control is transferred to the customer which is on the publication of advertisement;
- Revenue from advertisement in electronic media is recognized at the point in time when the control is transferred to the customer which is when the related advertisement or commercial appears before the public i.e. on telecast;
- Revenue from sale of outdated newspaper is recognized at the point in time when control is transferred to the customer which is when newspapers are dispatched to the customer;
- Revenue from outsourcing and other services is recognized when the control is transferred to the customer i.e. when related services are provided;
- Rental income is recognized over the time when control is transferred to customers i.e. when right to receive payment is established;
- Dividend income is recognized when the Company's right to receive payment is established; and
- Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

#### **4.15 Contract liabilities**

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievement.

#### **4.16 Lease liabilities**

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used. Subsequently these are increased by interest, reduced by lease payments and remeasured for lease modifications, if any. Liabilities in respect of short term and low value leases are not recognised and payments against such leases are recognised as expense in profit or loss.

#### **4.17 Taxation**

##### **Current**

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

##### **Deferred**

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

#### **4.18 Contingent liabilities**

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and 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
- there is present 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.

#### **4.19 Foreign currency transactions and balances**

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences arising on retranslation are generally recognized in profit and loss account.

#### **4.20 Earnings per share**

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

#### **4.21 Segment reporting**

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from other segments. Operating segment are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Director of the Company that makes strategic decisions.

5 Property, plant and equipment

	Owned assets							Right of use assets					Total
	Leasehold improvements	Plant and machinery	Office equipment	Computers	Furniture and fittings	Vehicles	Sub total	Plant and equipment	Office equipment	Computers	Vehicles	Sub total	
	-----Rupees-----							-----Rupees-----					
<b>Cost</b>													
Balance as at 1 July 2018	25,850,565	1,184,795,864	57,283,987	50,322,295	13,342,983	26,849,106	1,358,444,800	66,667,045	120,178	272,541	4,808,679	71,868,443	1,430,313,243
Additions	-	-	-	756,783	-	-	756,783	-	-	-	-	-	756,783
Disposals	-	(1,043,104)	(12,561,648)	-	(5,095,400)	(4,259,000)	(22,959,152)	-	-	-	(585,000)	(585,000)	(23,544,152)
Written off during the year	(23,656,369)	-	-	-	-	-	(23,656,369)	-	-	-	-	-	(23,656,369)
<b>Balance as at 30 June 2019</b>	<b>2,194,196</b>	<b>1,183,752,760</b>	<b>44,722,339</b>	<b>51,079,078</b>	<b>8,247,583</b>	<b>22,590,106</b>	<b>1,312,586,062</b>	<b>66,667,045</b>	<b>120,178</b>	<b>272,541</b>	<b>4,223,679</b>	<b>71,283,443</b>	<b>1,383,869,505</b>
Balance as at 1 July 2019	2,194,196	1,183,752,760	44,722,339	51,079,078	8,247,583	22,590,106	1,312,586,062	66,667,045	120,178	272,541	4,223,679	71,283,443	1,383,869,505
Additions	-	-	320,000	-	-	-	320,000	-	-	-	-	-	320,000
Disposals	-	(3,923,548)	(1,907,682)	(138,227)	-	-	(5,969,457)	-	-	-	-	-	(5,969,457)
Written off during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 30 June 2020</b>	<b>2,194,196</b>	<b>1,179,829,212</b>	<b>43,134,657</b>	<b>50,940,851</b>	<b>8,247,583</b>	<b>22,590,106</b>	<b>1,306,936,605</b>	<b>66,667,045</b>	<b>120,178</b>	<b>272,541</b>	<b>4,223,679</b>	<b>71,283,443</b>	<b>1,378,220,048</b>
<b>Depreciation and impairment</b>													
Balance as at 1 July 2018	16,302,289	888,024,564	54,492,545	49,778,034	12,554,020	21,300,658	1,042,452,110	49,481,500	118,387	272,541	4,223,679	54,096,107	1,096,548,217
Charge for the year	2,385,554	46,881,229	588,748	490,556	144,061	899,980	51,390,129	3,877,681	1,791	-	-	3,879,472	55,269,600
On disposals	-	(820,010)	(12,265,776)	-	(4,460,820)	(2,134,600)	(19,681,206)	-	-	-	-	-	(19,681,206)
Written off during the year	(16,737,904)	-	-	-	-	-	(16,737,904)	-	-	-	-	-	(16,737,904)
Impairment	-	428,190	-	-	-	-	428,190	91,153	-	-	-	91,153	519,343
<b>Balance as at 30 June 2019</b>	<b>1,949,939</b>	<b>934,513,973</b>	<b>42,815,517</b>	<b>50,268,590</b>	<b>8,237,261</b>	<b>20,066,038</b>	<b>1,057,851,319</b>	<b>53,450,334</b>	<b>120,178</b>	<b>272,541</b>	<b>4,223,679</b>	<b>58,066,732</b>	<b>1,115,918,050</b>
Balance as at 1 July 2019	1,949,939	934,513,973	42,815,517	50,268,590	8,237,261	20,066,038	1,057,851,319	53,450,334	120,178	272,541	4,223,679	58,066,732	1,115,918,051
Charge for the year	80,915	42,606,991	287,625	423,917	5,641	800,252	44,205,341	3,877,681	-	-	-	3,877,681	48,083,022
On disposals	-	(2,697,248)	(1,907,681)	(138,227)	-	-	(4,743,156)	-	-	-	-	-	(4,743,156)
Written off during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	418,760	-	-	-	-	418,760	60,932	-	-	-	60,932	479,692
<b>Balance as at 30 June 2020</b>	<b>2,030,854</b>	<b>974,842,476</b>	<b>41,195,461</b>	<b>50,554,280</b>	<b>8,242,902</b>	<b>20,866,290</b>	<b>1,097,732,264</b>	<b>57,388,947</b>	<b>120,178</b>	<b>272,541</b>	<b>4,223,679</b>	<b>62,005,345</b>	<b>1,159,737,609</b>
<b>Carrying value</b>													
At 30 June 2019	244,257	249,238,787	1,906,822	810,488	10,322	2,524,068	254,734,743	13,216,711	-	-	-	13,216,711	267,951,455
<b>At 30 June 2020</b>	<b>163,342</b>	<b>204,986,736</b>	<b>1,939,196</b>	<b>386,571</b>	<b>4,681</b>	<b>1,723,816</b>	<b>209,204,341</b>	<b>9,278,098</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,278,098</b>	<b>218,482,439</b>
<b>Depreciation rate (% per annum)</b>	20%	4.02% - 10%	10%	33%	10%	20%		6.67% - 10%	10%	33%	20%		

5.1 Leasehold improvements and plant and machinery are located at the facility as mentioned in 1.1 to these financial statements.

	Note	2020 Rupees	2019 Rupees
5.2 The depreciation charge for the year has been allocated as follows:			
Cost of production	22	46,484,672	50,758,910
Administrative and selling expenses	23	1,598,350	4,510,690
		<u>48,083,022</u>	<u>55,269,600</u>

5.3 Cost of assets as at 30 June 2020 include fully depreciated assets amounting to Rs. 495.4 million (2019: Rs. 485.9 million).

5.4 Details of operating fixed assets disposed-off during the year:

Description	Quantity	Cost	Accumulated depreciation	Net book value	Proceeds from disposal	Gain on disposal	Particulars of the purchaser	Mode of disposal	Relationship with the purchaser
Rupees									
<b>Plant and machinery</b>									
Generator 400 KVA	1	3,448,640	2,197,102	1,251,538	1,670,000	418,462	Syed Javed Hussain Shah	Negotiation	None
<b>Total</b>		<b>3,448,640</b>	<b>2,197,102</b>	<b>1,251,538</b>	<b>1,670,000</b>	<b>418,462</b>			

## 6 Intangible assets

2020							
Cost as at 01 July 2019	Additions/ (deletions)	Cost as at 30 June 2020	Rate	Accumulated amortization as at 01 July 2019	Amortization charge for the year	Accumulated Amortization as at 30 June 2020	Book value as at 30 June 2020
Rupees			%	Rupees			
Computer software	422,000	-	422,000	20% - 50%	422,000	-	422,000
Licenses	4,000,000	-	4,000,000	6.67%	2,957,062	266,808	776,130
	<u>4,422,000</u>	<u>-</u>	<u>4,422,000</u>		<u>3,379,062</u>	<u>266,808</u>	<u>776,130</u>
2019							
Cost as at 01 July 2018	Additions/ (deletions)	Cost as at 30 June 2019	Rate	Accumulated amortization as at 01 July 2018	Amortization charge for the year	Accumulated Amortization as at 30 June 2019	Book value as at 30 June 2019
Rupees			%	Rupees			
Computer software	422,000	-	422,000	20% - 50%	422,000	-	422,000
Licenses	4,000,000	-	4,000,000	6.67%	2,690,254	266,808	1,042,938
	<u>4,422,000</u>	<u>-</u>	<u>4,422,000</u>		<u>3,112,254</u>	<u>266,808</u>	<u>1,042,938</u>

6.1 The amortization charge for the year has been allocated to cost of production.

## 7 Deferred taxation

Deferred tax (liability) / asset comprises temporary differences relating to:

	2020 Rupees	2019 Rupees
Accelerated tax depreciation allowances	(24,498,848)	(13,981,809)
Unused tax losses and others	24,498,848	13,981,809
	-	-

The deferred tax assets amounting to Rs 379.182 million had not been recorded on unused tax losses due to uncertain future taxable profits. Under the Income Tax Ordinance 2001, the Company can carry forward business losses up to 6 years.

8 Trade debts	Note	2020 Rupees	2019 Rupees
<b><u>Considered good</u></b>			
<i>Unsecured:</i>			
Related parties	8.1	1,121,024	492,324
Others		273,087,868	256,152,177
		274,208,892	256,644,501
Less: Provision for expected credit losses (ECL)	8.3	(228,662,246)	(215,669,480)
		45,546,646	40,975,021

8.1 The balances due from related parties are as follows:

First Capital Securities Corporation Limited	171,600	-
First Capital Equities Limited	949,424	491,824
Pace Super Mall	-	500
	1,121,024	492,324

8.2 Maximum aggregate outstanding balance at anytime during the year from First Capital Securities Corporation Limited, First Capital Equities Limited and Pace Super Mall is Rs 0.171 million, Rs. 0.949 million and Rs. 500 respectively.

8.3 The movement in provision for loss allowance under IFRS 9 and IAS 39 is as follows:

	Note	2020 Rupees	2019 Rupees
Balance at 01 July		215,669,480	165,494,871
Effect of initial application of IFRS 9 as at 01 July 2018 (note 4.1)		-	9,161,665
Loss allowance under expected credit loss - IFRS 9	23	12,992,766	41,012,944
<b>Balance at 30 June</b>		<b>228,662,246</b>	<b>215,669,480</b>

## 9 Advances, prepayments and other receivable

Advances to staff - unsecured, considered good		1,495,035	1,737,981
Other receivables- unsecured		-	10,524,915
		1,495,035	12,262,896
Less: Effect of initial application of IFRS 9 as at 01 July 2019	9.1	-	(10,524,915)
		1,495,035	1,737,981

9.1 The movement in provision for expected credit loss is as follows:

	2020 Rupees	2019 Rupees
Effect of initial application of IFRS 9 as at 01 July 2019	10,524,915	10,524,915
Write off / Charged during the year	(10,524,915)	-
<b>Balance at 30 June</b>	<b>-</b>	<b>10,524,915</b>

	<i>Note</i>	<b>2020 Rupees</b>	<b>2019 Rupees</b>
<b>10 Cash and bank balances</b>			
Cash in hand		<b>1,180</b>	1,435
<b><u>Cash at bank</u></b>			
<i>Local currency</i>			
- Current accounts		<b>253,072</b>	15,710
<i>Markup based deposits with conventional banks</i>			
- Deposit and saving accounts	<i>10.1</i>	<b>3,162,446</b>	520,319
		<b>3,415,518</b>	536,029
Foreign currency - current account		<b>52,750</b>	50,754
		<b>3,469,448</b>	588,218

**10.1** These carry return at the rate of 5.50% to 9.50% (2019: 2.80% to 5.50%) per annum.

## **11 Share capital**

### **11.1 Authorized share capital**

	<b>2020 (Number of shares)</b>	<b>2019</b>	<b>2020 Rupees</b>	<b>2019 Rupees</b>
Ordinary shares of Rs. 10 each	<b>210,000,000</b>	210,000,000	<b>2,100,000,000</b>	2,100,000,000

### **11.2 Issued, subscribed and paid up capital**

Ordinary shares of Rs. 10 each fully paid in cash	<b>135,871,350</b>	135,871,350	<b>1,358,713,500</b>	1,358,713,500
Ordinary shares of Rs. 10 each issued other than cash, in accordance with the scheme of merger with Total Media Limited (TML)	<b>42,979,660</b>	42,979,660	<b>429,796,600</b>	429,796,600
	<b>178,851,010</b>	178,851,010	<b>1,788,510,100</b>	1,788,510,100

**11.3** Ordinary shares of the Company held by associated companies as at year end are as follows:

	<b>2020</b>		<b>2019</b>	
	<b>Percentage of holding</b>	<b>Number of shares</b>	<b>Percentage of holding</b>	<b>Number of shares</b>
First Capital Securities Corporation Limited	<b>25.31%</b>	<b>45,264,770</b>	25.31%	45,264,770
First Capital Equities Limited	<b>8.01%</b>	<b>14,327,500</b>	8.01%	14,327,500

**11.4** Directors hold 4,200 (2019: 4,200) ordinary shares comprising 0.002% of total paid up share capital of the Company.

## **12 Share premium reserve**

The share premium reserve can be utilized by the Company only for the purposes specified in section 81(3) of the Companies Act, 2017.

		2020 Rupees	2019 Rupees
<b>13 Long term finance</b>	<i>Note</i>		
Long term finance - unsecured	<i>13.1</i>	<u>264,614,697</u>	<u>264,756,697</u>

- 13.1** This represents unsecured loan obtained from WTL Services (Private) Limited an associated company. This loan is repayable in January 2022. This carries mark-up at the rate of three months KIBOR plus 3% per annum (30 June 2019: three months KIBOR plus 3% per annum), payable on demand.

#### **14 Deferred liability**

##### **14.1 Gratuity**

The latest actuarial valuation of the Company's defined benefit plan was conducted on 30 June 2020 using projected unit credit method. Details of obligation for defined benefit plan is as follows;

		2020 Rupees	2019 Rupees
<b>The amount recognised in the balance sheet is as follows:</b>	<i>Note</i>		
Present value of defined benefit obligation	<i>14.2</i>	<u>20,034,591</u>	<u>26,459,530</u>
<b>14.2 Movement in the present value of defined benefit obligation:</b>			
Balance at beginning of the year		26,459,530	31,956,709
Current service cost	<i>14.3</i>	3,483,215	4,413,727
Interest cost	<i>14.3</i>	3,366,354	2,628,183
Benefits due but not paid		(6,486,590)	(11,349,766)
Actuarial (gain) / loss for the year	<i>14.5</i>	(6,787,918)	(1,189,323)
Balance at end of the year		<u>20,034,591</u>	<u>26,459,530</u>

##### **14.3 The amounts recognized in the profit and loss account against defined benefit schemes are as follows:**

	2020 Rupees	2019 Rupees
Current service cost	3,483,215	4,413,727
Interest cost	3,366,354	2,628,183
Net charge to profit and loss	<u>6,849,569</u>	<u>7,041,910</u>

##### **14.4 Estimated expense to be charged to profit and loss next year**

Current service cost	2,422,270	3,483,215
Interest cost	1,781,647	3,687,509
<b>Net charge to profit and loss</b>	<u>4,203,917</u>	<u>7,170,724</u>

##### **14.5 Remeasurement of planned obligation**

Actuarial loss from changes in financial assumptions	(422,438)	460,723
Experience adjustments	(6,365,480)	(1,650,046)
	<u>(6,787,918)</u>	<u>(1,189,323)</u>

##### **14.6 The principal actuarial assumptions at the reporting date were as follows:**

	<u>2020</u>	<u>2019</u>
Discount rate	14.50%	10.00%
Discount rate used for year end obligation	9.25%	14.50%
Expected per annum growth rate in salaries	7.25%	12.50%
Expected mortality rate	SLIC (2001-2005) Setback 1 year	SLIC (2001-2005) Setback 1 year

As at 30 June 2020, the weighted average duration of the defined benefit obligation was 11 years (2019: 10 years).

## 14.7 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2020 would have been as follows:

<u>Assumptions</u>	<u>Present value of defined benefit obligation due to</u>	
	<u>Increase in assumptions</u> Rupees	<u>Decrease in assumptions</u> Rupees
Discount rate (100 bps change)	18,066,910	22,369,813
Salary increase (100 bps change)	22,438,263	17,975,802

	<i>Note</i>	<b>2020</b> Rupees	2019 Rupees
<b>15 Trade and other payables</b>			
Creditors	15.1	145,422,013	146,168,733
Accrued liabilities		217,822,686	213,349,750
Security deposits	15.2	1,122,500	122,500
Sales tax payable - net		16,506,967	16,506,967
Gratuity due but not paid		78,403,103	71,916,513
Withholding tax payable		86,137,014	79,848,665
		<b>545,414,283</b>	<b>527,913,128</b>

**15.1** Creditors include Rs. 9.92 million (2019: Rs. 9.92 million) and Rs. 18.60 million (2019: 7.89 million) payable to World Press (Private) Limited and Pace Pakistan Limited, respectively, the related parties.

**15.2** It includes security received from agencies against execution of agency contract.

	<i>Note</i>	<b>2020</b> Rupees	2019 Rupees
<b>16 Contract Liability</b>			
Advance from customer	16.1	<b>4,848,425</b>	8,498,583

**16.1** This represents advance received from customers for future sales of goods / services.

	<i>Note</i>	<b>2020</b> Rupees	2019 Rupees
<b>17 Accrued mark-up</b>			
<i>Mark-up based borrowings:</i>			
Long term finance - unsecured	13.1	127,663,642	87,835,342
Running finance	17.1	89,063,712	79,904,287
Finance lease	17.2	849,544	849,544
		<b>217,576,898</b>	<b>168,589,173</b>

**17.1** This represents overdue markup and other charges on running finance facility from Faysal Bank Limited (refer note 18.1 for details).

**17.2** This represents overdue markup on finance lease facility from Orix Leasing Pakistan Limited (refer note 19 for details).

	Note	2020 Rupees	2019 Rupees
<b>18 Short term borrowings</b>			
<b><u>Secured</u></b>			
<i>Mark-up based borrowings from conventional banks:</i>			
Running finance	18.1	<b>48,000,000</b>	48,000,000

- 18.1** The Company obtained running finance facility, of Rs. 50 million, from Faysal Bank Limited under mark-up arrangements for working capital requirement. The said facility was expired on 28 January 2012 and the Company had not paid the principal and markup on due date. Accordingly Faysal Bank Limited filed a suit against the Company for recovery of Rs. 69.30 million at Lahore High Court which was fully recorded in annual audited financial statements for the year ended 30 June 2017. During the year 2015, the case was decided against the Company as the Lahore High Court through its order dated 20 November 2015 directed that an amount of Rs. 54.16 million along with the cost of fund as contemplated by section 3 of the Financial Institutions (Recovery of Finances) Ordinance 2001 is to be paid by the Company through sale of the hypothecated goods and assets of the Company, the attachment and auction of the other assets of the Company and any other mode which the court deems appropriate. The Company being aggrieved filed the regular first appeal dated 09 March 2016 in Honorable Lahore High Court.

However, during the last year the Company re-negotiated with Faysal Bank Limited and the loan was rescheduled into a long term loan. As per restructuring terms and conditions, the outstanding principal of Rs. 50 million and related markup of Rs. 8 million were repayable in 24 unequal quarterly installments started from 31 December 2017 and the remaining overdue markup of Rs. 11 million already recorded by the Company was waived off by Faysal Bank Limited. The principal amount of outstanding loan of Rs. 50 million carried mark up at three month KIBOR or cost of fund of Faysal Bank Limited, whichever is lower, which was payable quarterly in arrears and the overdue markup of Rs. 8 million was interest free.

As per the settlement agreement with Faysal Bank Limited, the Company was required to pay installments of principal of Rs. 50 million and accrued markup of Rs. 8 million as per the repayment schedule and provide fresh security in the form of registered exclusive mortgage over 9 shops located at Pace Pakistan, 96-B/I, Gulberg II, Lahore. However, subsequent to the restructuring, the Company could not pay installments relating to principal and accrued markup on due dates and even within the grace period of 90 days as allowed by Faysal Bank Limited and remained unable to provide fresh security as described earlier. As per the settlement agreement, this non-compliance was considered as event of default and as a consequence of default the Company was bound to make immediate payment of the entire outstanding amount with up to date markup along with additional amount aggregating to Rs. 64.41 million. Accordingly, the outstanding principal amount of Rs. 48 million was classified as short term borrowing last year and total markup of Rs. 64.41 million was classified as accrued markup. Further, the Company was required to pay markup at the rate of 3MK+ 2%. During the year, the Company recognized further interest expense of Rs. 9.15 million in respect of this loan.

This rescheduled loan is secured by way of exclusive charge over all present and future, current assets of Rs. 80 million and future fixed assets of Rs. 50 million, respectively.

## 19 Liabilities against assets subject to finance lease

The Company defaulted in repayment of lease liability after rescheduling of the facility from Orix Leasing Pakistan Limited. As per revised terms, the facility was payable by 30 June 2013. Interest was charged at the rate of 18.75% (2019: 18.75%) per annum. The detail of outstanding balance is as follows:

	2020 Rupees	2019 Rupees
Principal overdue	6,438,000	6,438,000
Additional lease rental on over due payments	19,797,463	17,137,509
	<u>26,235,463</u>	<u>23,575,509</u>

Under the terms of the agreements, the Company has an option to acquire the assets at end of the respective lease term and the Company intends to exercise the option. In case of default in payment of installments the Company is also liable to pay additional lease rental on overdue payments at the rate of 0.1% per day. The Company has not paid the principal and markup on due date and has accounted for additional lease rentals at the rate of 0.1% per day on overdue payments as per the terms of the agreement. During last year, on 15 October 2018, Orix Leasing Pakistan Limited filed the suit against Company for recovery of principal and mark up amounting to Rs. 24 million and the related liability has already been booked in these financial statements.

## 20 Contingencies and commitments

### 20.1 Contingencies

- 20.1.1** In the year 2010, the Assistant Commissioner of Inland Revenue Lahore passed an order against the Company for alleged short payment of Rs. 6.87 million under section 11(2) & 36(1) of Sales Tax Act, 1990 and imposed a penalty equivalent to the amount of original alleged short payment. The Company being aggrieved by the order of Assistant Commissioner filed an appeal before Commissioner Inland Revenue Appeals-III Lahore. The Commissioner Appeals set aside the appeal of the Company with directions to the assessing officer. Subsequently the Company filed an appeal in Income Tax Appellate Tribunal Lahore. The learned Appellate Tribunal also set aside the appeal for denovo proceeding. No fresh proceedings have yet been started by Taxation officer. The management believes that there will be no adverse financial impact on the Company.
- 20.1.2** The previous land lord filed a suit against the Company for the recovery of unpaid rent amounting to Rs. 7 million and damages of Rs. 10 million in Sindh High Court which is pending adjudication. The management after consultation with its legal counsel is confident that the case will be decided in favor of the Company. However being prudent the Company has recorded a liability to the extent of unpaid rent.
- 20.1.3** Two petitions are pending in the Sindh High Court filed by Axact (Private) Limited against the Company and Sheharyar Taseer wherein they have claimed recovery for damages of Rs. 14.5 million and Criminal Revision Application U/s 439 section 561-A Criminal Procedure Code, 1898. The management is confident that the case will be decided in favor of the Company, accordingly no provision is recorded in these financial statements.
- 20.1.4** A petition is pending before Sindh High Court filed by JS Bank Limited against the Company wherein JS Bank Limited have claimed recovery of damages of Rs. 5 billion under the Defamation Ordinance, 2002. The case is pending adjudication and the management is confident that the case will be decided in favor of the Company, accordingly no provision is recorded in these financial statements.

**20.1.5** Different ex-employees of the Company filed suits against the Company for recovery of unpaid salaries and damages aggregating to Rs. 68.502 million. The management of the Company believes that the liability of the Company is limited to actual pending final settlement amount, Accordingly the related provision to the extent of actual final settlements, amounting to Rs. 31.89 million, has been recorded in these financial statements.

## **20.2 Commitments**

There was no commitments as at 30 June 2020 (2019: Nil).

	<b>2020</b>	2019
	<b>Rupees</b>	Rupees
<b>21 Revenue - net</b>		
Advertisement	<b>103,307,538</b>	131,899,214
Newspaper	<b>32,603,130</b>	39,328,514
Outsourcing fee and other services	<b>50,400,000</b>	51,657,401
	<b>186,310,668</b>	222,885,129
<i>Less:</i>		
Sales tax	-	189,394
Commission and discounts	<b>29,858,399</b>	45,529,908
	<b>29,858,399</b>	45,719,302
	<b>156,452,269</b>	177,165,827

## **21.1 Disaggregation of revenue**

Product wise disaggregation of gross revenue is as follows:

### *Advertisement*

- Electronic media	-	1,894,540
- Print media	<b>103,307,538</b>	130,004,674
Newspaper	<b>32,603,130</b>	39,328,514
Outsourcing fee and other services	<b>50,400,000</b>	51,657,401
	<b>186,310,668</b>	222,885,129

Customer wise disaggregation of gross revenue is as follows:

### *Advertisement*

- Agency	<b>48,307,061</b>	96,157,278
- Direct clients	<b>55,000,477</b>	35,741,936
<i>Newspaper</i>		
- Agency	<b>32,603,130</b>	39,328,514
<i>Outsourcing fee and other services</i>		
- Direct clients	<b>50,400,000</b>	51,657,401
	<b>186,310,668</b>	222,885,129

**21.2** Out of the total contract liability as at 01 July 2019, an amount of Rs. 4.98 million is recognized as revenue during the current year.

<b>22</b>	<b>Cost of production</b>	<i>Note</i>	<b>2020</b> <b>Rupees</b>	<b>2019</b> <b>Rupees</b>
	Salaries, wages and other benefits	22.1	40,114,657	63,749,661
	Paper consumed		19,830,681	28,629,998
	Stores and spare parts consumed		85,875	13,370,670
	Printing charges		23,584,608	14,881,458
	Programming and content cost		-	30,260
	Transmission and up-linking cost		1,699,992	12,600,414
	Insurance		-	133,412
	News agencies' charges		240,000	210,000
	Repairs and maintenance		3,546	236,290
	Utilities		2,935,159	5,724,736
	Freight and carriage		1,809,212	1,541,536
	Depreciation	5.2	46,484,665	50,758,910
	Amortization of intangibles	7.1	266,808	266,808
	Others		1,427,139	1,554,875
			<b>138,482,342</b>	<b>193,689,028</b>

**22.1** These include Rs. 2.26 million (2019: Rs. 3.07 million) in respect of gratuity expense for the year.

<b>23</b>	<b>Administrative and selling expenses</b>	<i>Note</i>	<b>2020</b> <b>Rupees</b>	<b>2019</b> <b>Rupees</b>
	Salaries, wages and other benefits	23.1	46,191,582	56,884,563
	Rent, rates and taxes		16,363,559	23,294,540
	Communications		1,799,181	2,713,011
	Vehicle running and maintenance		3,370,539	5,195,958
	Marketing, promotion and distribution		2,698,524	15,310,531
	Legal and professional		975,289	2,163,622
	Insurance		-	244,511
	Utilities		1,062,339	2,306,913
	Printing and stationary		256,886	1,101,420
	Entertainment		663,337	2,830,643
	Travel and conveyance		922,841	2,007,366
	Repairs and maintenance		1,316,552	1,948,471
	Fee and subscriptions		375,764	3,637,814
	Postage and courier		196,574	223,504
	Newspapers and periodicals		226,758	381,400
	Auditors' remuneration	23.2	2,030,000	2,028,750
	Depreciation	5.2	1,598,357	4,510,690
	Others		3,820,416	6,756,832
			<b>83,868,498</b>	<b>133,540,539</b>

**23.1** Salaries, wages and other benefits include Rs. 4.58 million (2019: Rs. 3.97 million) in respect of gratuity expense for the year.

<b>23.2</b>	<b>Auditors' remuneration</b>	<b>2020</b> <b>Rupees</b>	<b>2019</b> <b>Rupees</b>
	Statutory audit fee	1,550,000	1,390,000
	Half yearly review fee	420,000	412,500
	Out of pocket expenses	60,000	226,250
		<b>2,030,000</b>	<b>2,028,750</b>

24	Other income	Note	2020 Rupees	2019 Rupees
	<b><u>Income from financial assets</u></b>			
	- Markup from deposits with conventional banks			
	Interest income on bank deposits		9,556	21,602
	<b><u>Income from non-financial assets</u></b>			
	Gain on disposal of property, plant and equipment		1,890,463	7,999,504
	Liabilities no longer payable written back		15,882,156	-
	Scrap sales		1,585,075	4,073,738
	Rental income from plant and machinery		3,966,000	1,339,400
	Miscellaneous income		530,880	22,483
			<u>23,864,130</u>	<u>13,456,727</u>
25	Finance cost			
	Long term finances	13.1	39,828,300	33,788,136
	Short term borrowing	18.1	9,159,425	15,487,466
	Additional lease rental on overdue lease liability		2,659,954	2,659,954
	Bank charges		457,818	522,132
			<u>52,105,497</u>	<u>52,457,688</u>
26	Other expenses			
	Fixed assets written off		-	6,918,465
	Advance to staff written off		-	5,972,761
	Impairment on plant and machinery		486,039	519,342
	Other receivables written off		-	200,000
			<u>486,039</u>	<u>13,610,568</u>
27	Taxation			
	Current tax		2,336,560	2,479,183
	Prior year tax		63,749	(1,661,272)
			<u>2,400,309</u>	<u>817,911</u>

**27.1** No numeric tax rate reconciliation for the current year and preceding year is given in the financial statements, as provision made primarily represents minimum tax due under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) and tax deducted under section 150 and 153 of the Ordinance.

		2020	2019
<b>28 Loss per share - basic and diluted</b>			
Loss after taxation	<i>Rupees</i>	<u>(110,019,052)</u>	<u>(244,506,124)</u>
Weighted average number of ordinary shares	<i>Number</i>	<u>178,851,010</u>	<u>178,851,010</u>
Loss per share - basic and diluted	<i>Rupees</i>	<u>(0.62)</u>	<u>(1.37)</u>

Basic earning per share has been calculated by dividing the profit attributable to equity holders of the Company by weighted average number of ordinary shares in issue during the year.

**28.1** There is no dilutive effect on the basic earnings per share of the Company.

	<i>Note</i>	2020 <b>Rupees</b>	2019 <b>Rupees</b>
<b>29 Cash used in operations</b>			
Loss before taxation		<b>(107,618,743)</b>	(243,688,213)
<i>Adjustments for:</i>			
Depreciation	5.2	<b>48,083,022</b>	55,269,600
Amortization of intangibles	6	<b>266,808</b>	266,808
Advance to staff written off	26	-	5,972,761
Other receivable written off		-	200,000
Fixed asset written off		-	6,918,465
Impairment of property, plant and equipment		<b>486,039</b>	519,342
Liabilities no longer payable written back	24	<b>(15,882,156)</b>	-
Gain on disposal of property, plant and equipment	24	<b>(1,890,463)</b>	(7,999,504)
Provision for retirement benefits	14.3	<b>6,849,569</b>	7,041,910
Finance cost	25	<b>52,105,497</b>	52,457,688
Operating loss before working capital changes		<b>(17,600,427)</b>	(123,041,143)
<i>Changes in :</i>			
Stores and spare parts		<b>54,433</b>	781,780
Trade debts		<b>(4,571,624)</b>	49,229,366
Advances, prepayments and other receivables		<b>242,946</b>	(2,000,341)
Long term deposit		<b>(120,000)</b>	(209,764)
Trade and other payables		<b>23,246,563</b>	50,195,279
		<b>18,852,318</b>	97,996,320
Cash used in generated from operations		<u><b>1,251,891</b></u>	<u>(25,044,823)</u>

### 30 Transactions with related parties

Related parties comprises of associated companies, directors, key management personnel and other companies where directors have control. Balances and transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

Name of parties	% of shareholding	Nature of relationship	Nature of transactions	Note	2020		2019	
					Transactions during the year	Closing balance	Transactions during the year	Closing balance
					Rupees			
First Capital Securities Corporation Limited	25.31%	Other related party	Sale of services		570,700	-	59,800	-
			Advance received against advertisement		-	-	800,000	-
			Receivable against advertisement		-	171,600	-	-
			Advance against advertisement		-	-	-	399,100
Pace Pakistan Limited	0%	Other related party	Sale of services		49,400	-	59,800	-
			Rent expense		15,562,440	-	14,147,676	-
			Payments made during the year - net		5,451,642	-	6,197,479	-
			Payable against purchase of services		-	18,601,195	-	7,890,397
Pace Barka Properties Limited	0%	Other related party	Building rent		-	-	-	-
			Sale of services		-	-	-	-
First Capital Investments Limited	0%	Other related party	Advance against advertisement		-	870,180	-	870,180
World Press (Private) Limited	0%	Other related party	Sale of services		-	-	-	-
			Funds received during the year - net		-	-	4,765,000	-
			Payable at the year end		-	9,924,614	-	9,924,614
First Capital Equities Limited	8.01%	Other related party	Sale of services		457,600	-	196,300	-
			Receivable against advertisement		-	949,424	-	491,824
			Payable against printing services		-	-	-	-
Pace Super Mall	0%	Other related party	Receivable against advertisement		-	-	-	500
WTL Services (Private) Limited	0%	Other related party	Interest on loan		39,828,300	-	33,788,136	-
			Markup payable		-	127,663,642	-	87,835,342
			Loan payable		-	264,614,697	-	264,756,697
Shehryar Ali Taseer	0.0003%	Key management personnel (Chief Executive director)	Remuneration	30.1	13,000,000	-	13,000,000	-
			Remuneration payable		-	33,970,711	-	26,209,242
Shehrbano Taseer	0.0003%	Key management personnel (Executive director)	Remuneration	30.1	6,500,000	-	6,500,000	-
			Remuneration payable		-	30,313,391	-	23,813,391
Key Management Personnel	0%	Key Management Personnel	Remuneration	30.1	19,898,671	-	16,261,839	-
			Remuneration payable		-	12,743,190	-	2,621,844

**30.1** Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their management team, including the Chief Financial Officer, Chief Executive Officer, Directors, Company Secretary and Head of Departments to be its key management personnel.

### 31 Remuneration of Chief Executive, Directors and Executives

The aggregate amounts charged in the financial statements for the year for remuneration, including all benefits to the chief executive officer, directors and executives of the Company are as follows:

	Directors					
	Chief Executive Officer		Executive Director		Executives	
	2020	2019	2020	2019	2020	2019
	----- R u p e e s -----					
Managerial remuneration	<b>8,000,400</b>	8,000,400	<b>4,000,200</b>	4,000,200	<b>11,943,933</b>	9,664,796
Housing allowance	<b>3,200,400</b>	3,200,400	<b>1,600,200</b>	1,600,200	<b>4,777,932</b>	2,995,982
Utilities	<b>799,200</b>	799,200	<b>399,600</b>	399,600	<b>1,193,139</b>	748,153
Provision for gratuity	<b>1,000,000</b>	1,000,000	<b>500,000</b>	500,000	<b>1,086,667</b>	2,089,588
Reimbursable expenses	-	-	-	-	<b>897,000</b>	763,320
	<b>13,000,000</b>	13,000,000	<b>6,500,000</b>	6,500,000	<b>19,898,671</b>	16,261,839
Number of persons	<b>1</b>	1	<b>1</b>	1	<b>7</b>	5

**31.1** The Company has also provided executives with company maintained cars. No fees were paid to any director for attending board and audit committee meetings. No remuneration is being paid to any non-executive directors.

**31.2** On June 29, 2020, executive director other than chief executive officer ceased to be a director.

## 32 Segment reporting

### 32.1 Reportable segments

The Company has the following two strategic divisions, which are its reportable segments. These divisions offer different products and services and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment.

Reportable segments	Operation
Print media	It comprises of "Daily Times" and "AajKal" being the Daily English and Urdu newspapers respectively printed from Lahore, Karachi and Islamabad.
Electronic media	It comprises of "Business Plus" business news channel with cable penetration over metro cities and "Zaiqa" 24 hours dedicated food and culture channel of Pakistan.

The management reviews internal management reports of each division.

### 32.2 Information about reportable segments

Information related to each reportable segment is set out below. Segment operating profit or loss as included in internal management reports reviewed by the Company's top management is used to measure performance because management believes that such information is the most relevant in evaluating the result of the respective segments relative to other entities that operate in the same industries.

	Print media	Electronic media	Total
	----- Rupees -----		
<b>For the year ended 30 June 2020</b>			
Turnover - net	156,452,269	-	156,452,269
Cost of production	(119,453,302)	(19,029,040)	(138,482,342)
Gross loss	36,998,967	(19,029,040)	17,969,927
Administrative expenses	(82,727,077)	(1,141,421)	(83,868,498)
Expected credit loss on financial assets	(12,992,766)	-	(12,992,766)
Other expenses	(486,039)	-	(486,039)
	<u>(59,206,915)</u>	<u>(20,170,461)</u>	<u>(79,377,376)</u>
Finance cost			(52,105,497)
Other income			23,864,130
Loss before taxation			<u>(107,618,743)</u>
Taxation			(2,400,309)
Loss after taxation			<u><u>(110,019,052)</u></u>

Print media	Electronic media	Total
----- Rupees -----		

**For the year ended 30 June 2019**

Turnover - net	175,827,048	1,338,779	177,165,827
Cost of production	(160,338,693)	(33,350,335)	(193,689,028)
Gross profit / (loss)	15,488,355	(32,011,556)	(16,523,201)
Administrative expenses	(124,581,412)	(8,959,127)	(133,540,539)
Expected credit loss on financial assets	(26,579,365)	(14,433,579)	(41,012,944)
Other expenses	(5,778,484)	(7,832,084)	(13,610,568)
	<u>(141,450,906)</u>	<u>(63,236,346)</u>	<u>(204,687,252)</u>
Finance cost			(52,457,688)
Other income			13,456,727
Loss before taxation			<u>(243,688,213)</u>
Taxation			(817,911)
Loss after taxation			<u><u>(244,506,124)</u></u>

**32.2.1** The revenue reported above represents revenue generated from external customers. All the segment operating activities, revenue, customers and segment assets are located in Pakistan.

**32.2.2 Revenue from major products and services**

The analysis of the Company's revenue from external customers for major products and services is given in note 21 to these financial statements.

**32.2.3 Revenue from major customers**

Revenue from major customers of Print media segment amounts to Rs.79.98 million out of total print media segment revenue.

**32.3** The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 4 to these financial statements.

**32.4** All non-current assets of the Company at 30 June 2020 are located and operating in Pakistan.

**32.5 Segment assets and liabilities**

Reportable segment's assets and liabilities are reconciled to total assets and liabilities as follows:

	Print media	Electronic media	Total
	----- Rupees -----		
<b>As at 30 June 2020</b>			
Segment assets for reportable segments	256,098,179	20,540,326	276,638,505
Unallocated corporate assets			5,254,216
Total assets as per balance sheet			<u>281,892,721</u>
Segment liabilities	353,342,599	116,412,765	469,755,364
Unallocated segment liabilities			656,968,993
Total liabilities as per balance sheet			<u>1,126,724,357</u>
<b>As at 30 June 2019</b>			
Segment assets for reportable segments	281,874,640	37,224,213	319,098,853
Unallocated corporate assets			7,093,265
Total assets as per balance sheet			<u>326,192,118</u>
Segment liabilities	327,513,603	128,483,012	455,996,615
Unallocated corporate liabilities			611,796,005
Total liabilities as per balance sheet			<u>1,067,792,620</u>

**32.6 For the purposes of monitoring segment performance and allocating resources between segments:**

- all assets are allocated to reportable segments other than advance income tax; and
- all liabilities are allocated to reportable segments other than long term finance, deferred liability, gratuity due but not paid, liabilities against assets subject to finance lease, short term borrowings and accrued markup are not allocated to reporting segments as these are managed by the Company.

**32.7 Other segment information**

	Print media	Electronic media	Total
	----- Rupees -----		
<b>For the year ended 30 June 2020</b>			
Capital expenditure	<u>320,000</u>	<u>-</u>	<u>320,000</u>
Depreciation, amortization	<u>31,494,767</u>	<u>16,855,063</u>	<u>48,349,830</u>
Non-cash items other than depreciation, amortization and finance cost	<u>6,621,108</u>	<u>(17,058,119)</u>	<u>(10,437,011)</u>
<b>For the year ended 30 June 2019</b>			
Capital expenditure	<u>756,783</u>	<u>-</u>	<u>756,783</u>
Depreciation and amortization	<u>33,035,184</u>	<u>22,501,224</u>	<u>55,536,408</u>
Non-cash items other than depreciation amortization and finance cost	<u>12,270,394</u>	<u>382,580</u>	<u>12,652,974</u>

### 33 Financial instruments

The Company's activities expose it to a variety of financial risks:

- Credit risk
- Liquidity risk
- Market risk

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

#### 33.1 Risk management framework

The Board of Directors has overall responsibility for establishment and over-sight of the Company's risk management framework. The audit committee is responsible for developing and monitoring the Company's risk management policies. The committee regularly meets and any changes and compliance issues are reported to the Board of Directors.

Risk management systems are reviewed regularly by the audit committee to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

#### 33.2 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counterparty. To manage credit risk the financial viability of all counterparties is regularly monitored and assessed. Outstanding customer receivables are regularly monitored.

##### 33.2.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	<i>Note</i>	<b>2020</b> <b>Rupees</b>	2019 Rupees
Long term deposits		<b>6,868,807</b>	6,748,807
Trade debts	8	<b>45,546,646</b>	40,975,021
Other receivables	9	<b>1,495,035</b>	1,737,981
Bank balances	10	<b>3,468,268</b>	586,783
		<b>57,378,756</b>	50,048,592

### 33.2.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	Note	2020 Rupees	2019 Rupees
Customers	8	45,546,646	40,975,021
Banking companies and financial institutions	10	3,468,268	586,783
Others		8,363,842	8,486,788
		<u>57,378,756</u>	<u>50,048,592</u>

### 33.2.3 Credit quality and impairment of financial assets

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers and utility Companies, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

#### a) Long term deposits

Long term deposits represent mainly deposit with Pak Sat International (Private) Limited. The management believes that no impairment allowance is necessary in respect of these long term deposits.

#### b) Trade debts

These include customers which are counter parties to trade debts. The Company recognises ECL for trade debts using the simplified approach as explained in note 4.8. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2020 (on adoption of IFRS 9) was determined as follows:

	2020		2019	
	Gross carrying amount	Loss Allowance	Gross carrying amount	Loss Allowance
	Rupees	Rupees	Rupees	Rupees
Past due (0 - 180 days)	44,835,386	(7,047,489)	39,923,369	(5,779,867)
Past due (180 - 360 days)	16,861,971	(9,164,076)	18,516,517	(11,684,999)
Past due more than 360 days	212,511,535	(212,450,681)	198,204,614	(198,204,614)
	<u>274,208,892</u>	<u>(228,662,246)</u>	<u>256,644,500</u>	<u>(215,669,480)</u>

Ageing of trade receivables from related parties is as follows:

	2020				
	0 - 90 days	91 - 120 days	121 -365 days	More than 365 days	Total
	-----Rupees-----				
First Capital Equities Limited	-	-	457,600	491,824	949,424
First Capital Securities Corporation Limited	-	-	171,600	-	171,600
	<u>-</u>	<u>-</u>	<u>629,200</u>	<u>491,824</u>	<u>1,121,024</u>

#### c) Other receivables

This mainly represents represents receivables from employees of the Company and these are secured against salaries payable to these employees. Based on the past experience, management of the Company is confident that these balances are recoverable.

#### d) Bank balances

The Company's exposure to credit risk against balances with various commercial banks is as follows:

	2020 Rupees	2019 Rupees
<b>Cash at bank</b>		
Local currency		
- Current accounts	253,072	15,710
Markup based deposits with conventional banks		
- Deposit and saving accounts	3,162,446	520,319
	<u>3,415,518</u>	<u>536,029</u>
Foreign currency - current account	52,750	50,754
	<u>3,468,268</u>	<u>586,783</u>

The credit quality of Company's bank balances can be assessed with reference to external credit rating agencies as follows:

Banks	Rating		Rating agency	2020	2019
	Short term	Long term		Rupees	Rupees
Faysal Bank Limited	A 1 +	AA	PACRA	1,393,145	494,080
Habib Metropolitan Bank Ltd.	A 1 +	AA+	PACRA	7,114	6,592
Bank Alfalah Limited	A 1 +	AA+	PACRA	68,642	55,579
Allied Bank Limited	A 1 +	AAA	PACRA	1,999,367	30,532
				<b>3,468,268</b>	<b>586,783</b>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

### 33.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company'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 materially exposed to liquidity risk, as due to insufficient liquidity, the Company was unable to repay the loans and lease obligations to its lenders. As explained in note 2, the Company's ability to continue as going concern is substantially dependent on its ability to successfully manage the liquidity risk.

The following are the contractual maturities of financial liabilities as on 30 June 2020:

		Carrying amount	Contracted cash flow	Up to one year or less	One to two years	More than two years
	<i>Note</i>	----- Rupees -----				
<b><u>Financial liabilities</u></b>						
Long term finance	13	264,614,697	305,338,899	27,149,468	278,189,431	-
Trade and other payables	15	442,770,302	442,770,302	442,770,302	-	-
Accrued mark-up	17	217,576,898	217,576,898	217,576,898	-	-
Short term borrowing	18	48,000,000	48,000,000	48,000,000	-	-
Liabilities against assets subject to finance lease	19	26,235,463	26,235,463	26,235,463	-	-
		<b>999,197,360</b>	<b>1,039,921,562</b>	<b>761,732,131</b>	<b>278,189,431</b>	<b>-</b>

The following are the contractual maturities of financial liabilities as on 30 June 2019:

		Carrying amount	Contracted cash flow	Up to one year or less	One to two years	More than two years
	<i>Note</i>	----- Rupees -----				
<b><u>Financial liabilities</u></b>						
Long term finance	13	264,756,697	370,460,808	42,281,645	42,281,645	285,897,518
Trade and other payables	15	431,557,496	431,557,496	431,557,496	-	-
Accrued mark-up	17	168,589,173	168,589,173	168,589,173	-	-
Short term borrowings	18	48,000,000	48,000,000	48,000,000	-	-
Liabilities against assets subject to finance lease	19	23,575,509	23,575,509	23,575,509	-	-
		<b>936,478,875</b>	<b>1,042,182,986</b>	<b>714,003,823</b>	<b>42,281,645</b>	<b>285,897,518</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

### 33.4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and other price risk.

#### 33.4.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered in foreign currency. The Company is exposed to foreign currency's assets and liabilities risk at year end.

#### Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows. The figures represent foreign currency balances after conversion in Pak Rupees using exchange rates prevailing at the balance sheet date.

<b><u>Asset</u></b>	<b>2020 Rupees</b>	<b>2019 Rupees</b>
Cash at bank	<b>52,750</b>	50,754
<b>Net balance sheet exposure</b>	<b>52,750</b>	<b>50,754</b>

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2020	2019	2020	2019
GBP to PKR	205.03	181.47	207.05	203.01
USD to PKR	164.15	140.78	168.25	160.05

#### Sensitivity analysis:

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, profit before tax for the year would have been higher / (lower) by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	2020 Rupees	2019 Rupees
<b>Effect on profit and loss</b>		
GBP/USD	(5,275)	(5,075)

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the profit.

#### Currency risk management

Since the maximum amount exposed to currency risk is only 0.001871% (2019: 0.0013%) of the Company's financial assets, any adverse / favorable movement in functional currency with respect to US dollar and GBP will not have any material impact on the operational results.

### 33.4.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	2020		2019	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	----- Rupees -----		----- Rupees -----	
Balance with bank - deposit account	3,162,446	-	520,319	-
Long term finance	-	264,614,697	-	264,756,697
Short term borrowing	-	48,000,000	-	48,000,000
	<u>3,162,446</u>	<u>312,614,697</u>	<u>520,319</u>	<u>312,756,697</u>

#### Sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss account. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

#### Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / decreased loss before tax for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss before tax	
	100 bps Increase	100 bps Decrease
	----- Rupees -----	
<b>As at 30 June 2020</b>		
Cash flow sensitivity - Variable rate financial liabilities	(3,094,523)	3,094,523
<b>As at 30 June 2019</b>		
Cash flow sensitivity - Variable rate financial liabilities	(3,122,364)	3,122,364

### 33.4.3 Other price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments. The Company is not exposed to any other price risk.

### 33.5 Fair values of financial instruments

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

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

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

#### 33.5.1 Fair value measurement of financial instruments

The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

		2020					
		Carrying amount			Fair value		
		Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
<b>On-Balance sheet financial instruments</b>		----- Rupees -----					
<b><u>30 June 2020</u></b>							
<b><u>Financial assets not measured at fair value</u></b>							
Long term deposits		6,868,807	-	6,868,807	-	-	-
Trade debts	33.5.2	45,546,646	-	45,546,646	-	-	-
Other receivables	33.5.2	1,495,035	-	1,495,035	-	-	-
Cash and bank balances	33.5.2	3,469,448	-	3,469,448	-	-	-
		<u>57,379,936</u>	<u>-</u>	<u>57,379,936</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Financial liabilities not measured at fair value</u></b>							
Long term finances	33.5.2	-	264,614,697	264,614,697	-	-	-
Liabilities against assets subject to finance lease	33.5.2	-	26,235,463	26,235,463	-	-	-
Trade and other payables	33.5.2	-	442,770,302	442,770,302	-	-	-
Accrued mark-up	33.5.2	-	217,576,898	217,576,898	-	-	-
Short term borrowing	33.5.2	-	48,000,000	48,000,000	-	-	-
		<u>-</u>	<u>999,197,360</u>	<u>999,197,360</u>	<u>-</u>	<u>-</u>	<u>-</u>

		2019					
		Carrying amount			Fair value		
		Loans and receivables at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
On-Balance sheet financial instruments	<i>Note</i>	----- Rupees -----					
<u>30 June 2019</u>							
<u>Financial assets not measured at fair value</u>							
Long term deposits		6,748,807	-	6,748,807	-	-	-
Trade debts	33.5.2	40,975,021	-	40,975,021	-	-	-
Other receivables	33.5.2	1,737,981		1,737,981			
Cash and bank balances	33.5.2	588,218	-	588,218	-	-	-
		<u>50,050,027</u>	<u>-</u>	<u>50,050,027</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Financial liabilities not measured at fair value</u>							
Long term finances	33.5.2	-	264,756,697	264,756,697	-	-	-
Liabilities against assets							
subject to finance lease	33.5.2		23,575,509	23,575,509	-	-	-
Trade and other payables	33.5.2	-	431,557,496	431,557,496	-	-	-
Short term borrowing	33.5.2	-	48,000,000	48,000,000	-	-	-
Accrued mark-up	33.5.2	-	168,589,173	168,589,173	-	-	-
		<u>-</u>	<u>936,478,875</u>	<u>936,478,875</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 33.5.2 Fair value versus carrying amounts

The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

34 Reconciliation of movements of liabilities to cash flows arising from financing activities.

	30 June 2020			
	Liabilities			
	Long term finances	Short term borrowings	Liabilities against assets subject to finance lease	Total
	----- Rupees -----			
Balance as at 01 July 2019	264,756,697	48,000,000	23,575,509	336,332,206
<b><u>Changes from financing activities</u></b>				
Receipts of long term finances - net of repayments	(142,000)	-	-	(142,000)
<b>Total changes from financing cash flows</b>	<b>(142,000)</b>	<b>-</b>	<b>-</b>	<b>(142,000)</b>
<b><u>Other changes</u></b>				
Additional lease rental on overdue lease liability	-	-	2,659,954	2,659,954
<b>Total liability related other changes</b>	<b>-</b>	<b>-</b>	<b>2,659,954</b>	<b>2,659,954</b>
<b>Closing as at 30 June 2020</b>	<b>264,614,697</b>	<b>48,000,000</b>	<b>26,235,463</b>	<b>338,850,160</b>
	30 June 2019			
	Liabilities			
	Long term finances	Short term borrowings	Liabilities against assets subject to finance lease	Total
	----- Rupees -----			
Balance as at 01 July 2018	248,587,697	48,000,000	20,915,555	317,503,252
<b><u>Changes from financing activities</u></b>				
Receipts of long term finances - net of repayments	16,169,000	-	-	16,169,000
<b>Total changes from financing cash flows</b>	<b>16,169,000</b>	<b>-</b>	<b>-</b>	<b>16,169,000</b>
<b><u>Other changes</u></b>				
Additional lease rental on overdue lease liability	-	-	2,659,954	2,659,954
<b>Total liability related other changes</b>	<b>-</b>	<b>-</b>	<b>2,659,954</b>	<b>2,659,954</b>
<b>Closing as at 30 June 2019</b>	<b>264,756,697</b>	<b>48,000,000</b>	<b>23,575,509</b>	<b>336,332,206</b>

### 35 Capital risk management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

### 36 Impact of COVID-19

The spread of COVID-19 as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) has effected the demand of the Company's primary services. Due to this, management has assessed the accounting implications of these developments on these financial statements, however, according to management's assessment, there was significant impact on financial performance and resultant revenue was reduced by Rs 11 million in last quarter as compared to 1st three quarters.

### 37 Number of employees

The total average number of employees during the year and as at June 30, 2020 and 2019 respectively are as follows:

	2020	2019
	No. of employees	
Average number of employees during the year	104	169
Number of employees as at June 30	87	120

### 38 The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation the effect of which is not material, except for the reclassification of salaries and wages in cost of sales, administrative and selling expenses;

	Rupees
Reclassification from cost of sales	(15,247,336)
Reclassification to administrative and selling expense	15,247,336

### 39 Date of authorization for issue

These financial statements were authorized for issue on \_\_\_\_\_ by the Board of Directors of the Company.

Chief Executive

Director

Chief Financial Officer