



CATERING TO FUELING NEEDS

ANNUAL REPORT **2020**



CATERING TO FUELING NEEDS



Established in 1966, the objective of Burshane LPG (Pakistan) Limited is to engage efficiently, responsibly and profitably in the LPG and allied business. We seek a high Standard of performance, maintaining a strong long-term and growing position in the competitive environment. The driving force behind Burshane LPG (Pakistan) Limited is a dedicated workforce made up of experienced professionals and its continuous efforts in maintaining high standards of technical resources and safety standards.



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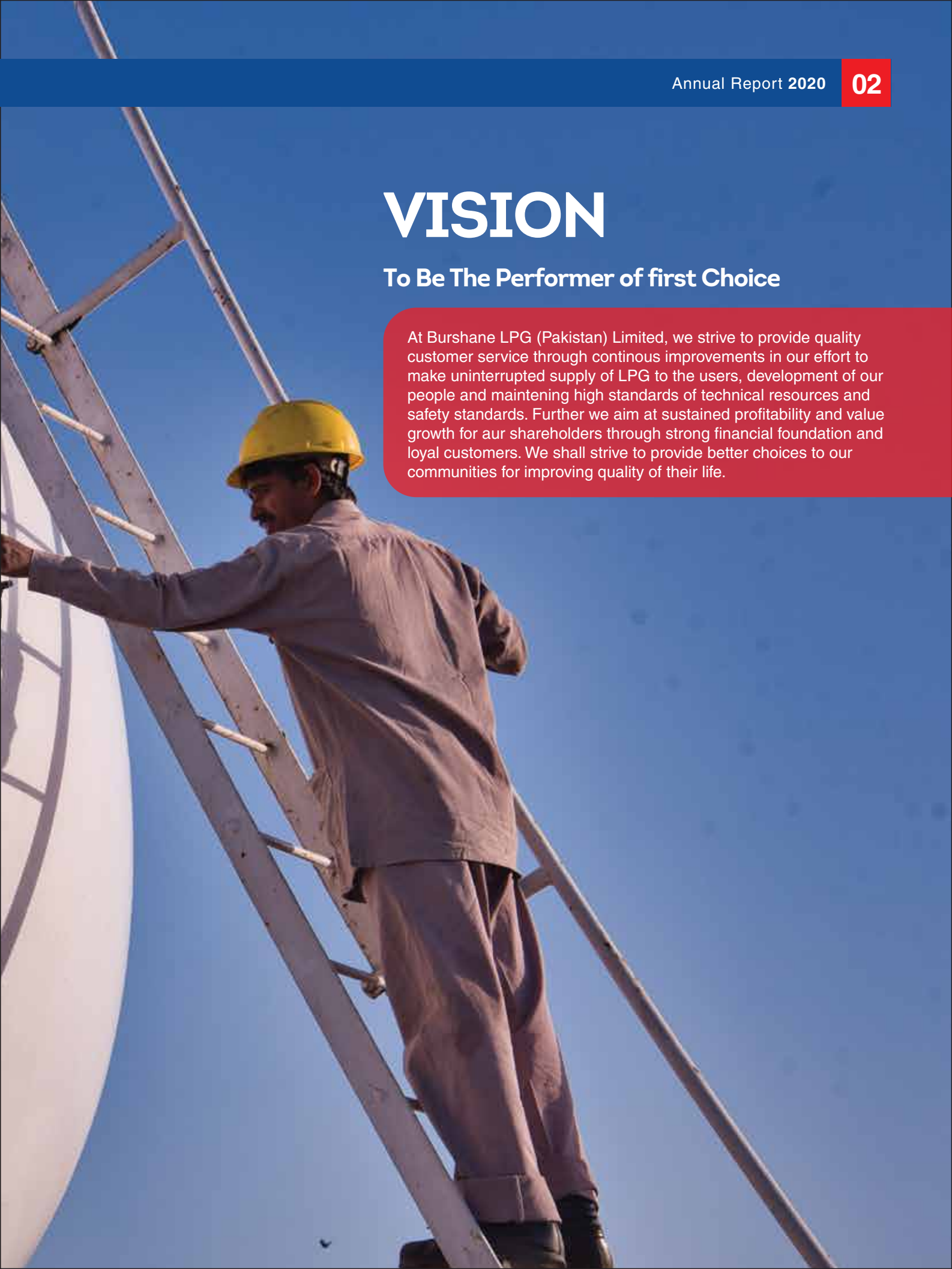
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VISION

To Be The Performer of first Choice

At Burshane LPG (Pakistan) Limited, we strive to provide quality customer service through continuous improvements in our effort to make uninterrupted supply of LPG to the users, development of our people and maintaining high standards of technical resources and safety standards. Further we aim at sustained profitability and value growth for our shareholders through strong financial foundation and loyal customers. We shall strive to provide better choices to our communities for improving quality of their life.



INCREDIBLE ENERGY





LPG Autogas is by far the most widely available environmentally friendly alternative fuel. Recent independent tests have also shown that LPG has the best environmental record compared with petrol and diesel. Driving an LPG vehicle is safe, easy and best of all, much cheaper than driving a petrol or diesel model. Engines running on LPG produce less harmful emissions compared to petrol or diesel, whilst making significant savings at the pumps.



COMPANY INFORMATION

Board of Directors

Mr. Shaikh Abdus Sami
Chairman / Independent Director

Mr. Asad Alam Khan
CEO / Director

Ms. Hamdia Fatin Niazi
Director

Mr. Darayus T. Sethna
Director

Mr. Shahriar D. Sethna
Director

Mr. Saiffee Zakiuddin
Director

Ms. Shahbano Hameed
Director (NIT Nominee)

Mr. Muhammad Khalid Dar
Director Marketing & Sales

Maj. Gen Rafiullah Khan (R)
Independent Director

Auditors

BDO Ebrahim & Co.
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.

Tax Advisors

MAAVINS SOLUTION

Registrar & Share Registration Office

THK Associates (Pvt.) Limited

Management

Mr. Asad Alam Khan
Chief Executive Officer

Mr. Saiffee Zakiuddin
Director Finance

Mr. Khurram Kasbati
Chief Financial Officer

Mr. Muhammad Khalid Dar
Director Marketing & Sales

Mr. Irfan Javed Warsi
General Manager - Commercial
and Business Development (HR)

Mr. Amir Aziz
Head of Operations, Distribution & HSSE

Mr. Asad Wasty
Head of Internal Audit

Mr. Murtaza Saifuddin
Company Secretary

Bankers

National Bank of Pakistan
Habib Bank Limited
MCB Bank Limited
Standard Chartered Bank Pakistan Limited
Faysal Bank Limited
United Bank Limited
Summit Bank Limited
Bank Alfalah Limited
Meezan Bank Limited
Sindh Bank Limited
JS Banl Limited

Registered Office:

Suite 101, 1st Floor, Horizon Vista,
Plot No. Commercial - 10, Block-4
Scheme No. 5, Clifton, Karachi - 75600
Tel : + 92 21 35878356, 35309870 & 73
UAN : +92 21 111 111 BPL (275)
Fax : +92 21 3587 8353
www.burshane.com







CONVENIENT & SAFE DOMESTIC USE

In both urban and rural areas, LPG is being widely used as an alternative source of Natural Gas or where there is no access to central gas pipeline. In domestic segment LPG is used mainly for cooking and heating purposes, for economic reasons, convenience over traditional fuels as well as to ensure Environment (HSSE). Burshane LPG (Pakistan) Limited is among the pioneers in LPG marketing and distribution in Pakistan. Company incorporated in 1966 and consistently developed and established its countrywide distribution network which is primarily focused to cater the needs of domestic users and deliver our best services to them. Burshane LPG has a very clear strategy to offer and deliver differentiated Customer Value Propositions to various segments of market, to increase customer satisfaction and retain its position as the premium LPG brand available in market. Company is committed on attracting more customers and enhancing the brand by providing products and services to create customer loyalty and market share on a sustainable basis. Consistent focus on our CVP across the entire value chain has distinguished our brand among competitors in industry. Our core values of honesty, integrity and respect for people are at the heart of the way we manage our business.

MANAGEMENT



Mr. Asad Alam Khan
Chief Executive Officer



Mr. Saiffee Zakiuddin
Director Finance



Mr. Amir Aziz
Head of Operations
Distribution & HSSE



Mr. Asad Wasty
Head of Internal Audit



**Mr. Murtaza
Saifuddin**
Company Secretary



Mr. Khurram Kasbati
Chief Financial Officer



Mr. Muhammad Khalid Dar
Director Marketing & Sales



Mr. Irfan Javed Warsi
GM Commercial & Business Development (HR)



Ms. Roozbeh Baria
Regional Sales Manager (South)



Mr. Shahid Abbas
Regional Sales Manager (North)



Syed Muhammad Wasi
Faisalabad Plant Manager



Muhammad Sajjad Ahmed
Karachi Plant Manager

ENVIRONMENT FRIENDLY LPG

LPG is truly a modern environment friendly product. LPG is the normal abbreviation used to describe 'Liquefied Petroleum Gas', which is itself used to describe those hydrocarbons existing as vapors under ambient conditions of temperature and pressure.



EFFICIENT ECO-FRIENDLY

LPG is a clean - burning fuel which cleans the environment by reducing air pollution. It has absolutely no lead content (safe vehicle fuel) - the perfect environment alternative - and is cheaper than gasoline. It contributes to a healthier working environment and has virtually no harmful exhaust emission. LPG is the fuel of the future. Apart from being environmentally friendly, in Pakistan it can significantly contribute to the economy by replacing Kerosene. It can also assist in reducing de-forestation in cases where wood is used as a source of energy, thus making the environment pollution free and healthier. De-forestation leads to serious environmental damage and disturbs the ecological balance causing erosion and landslides in these areas. Thus there is a need to increase the availability, as well as usage of LPG, as it can to some extent overcome the de-forestation problem of the country. Burshane LPG (Pakistan) Limited is actively playing its role by promoting the superior environment and convenient aspects of LPG.





CHAIRMAN'S REVIEW

I am presenting this review report to the shareholders of Burshane LPG Pakistan Limited (the "Company") as required under Section 192 of the Companies Act, 2017.

The year 2020 saw the world deal with a significant global challenge, the COVID-19 outbreak, which impacted all sectors of the economy. Various industries suffered serious supply chain and transportation disruptions, cancelation of orders, raw material shortages, and at times complete lockdown, etc., impacting routine business operations. However, due to well navigated handling of the pandemic by the management, the effect of lockdown was mitigated to some extent. Our sales team engaged with our distributors and retailers to ensure that maximum level of sales is possible. During the year under review, the net turnover at PKR 2,582 million was 20.55% lower than PKR 3,250 million recorded for the year ended June 30, 2019, whereas, gross margin reduced to PKR 133.816 million in percentage 5.2% vs previous year 6.6% and showed a decline of PKR 81.539 million mainly because of negative margins during the months of September 2019 which saw rise in relatively cheaper imports for the winter months offtake and from March 2020 onwards due to COVID-19 related slowdown in business.

Performance evaluation

As required under the Code of Corporate Governance (the "Code") and in pursuance of SECP's guidelines, an evaluation process is carried out online internally to assess annual performance of the Board, members of the Board and its sub-committees as well as performance of the Chief Executive Officer (CEO). An evaluation

proforma link is circulated to each of the members of the Board and its Committees requiring them to complete the questionnaires online with their comments. Results are compiled by the Company Secretary and shared subsequently in the next meeting of the Board with the intent to address areas of further improvement. I am pleased to report that overall performance of the Board, its Committees and CEO of the Company for the year ended June 30, 2020 remained satisfactory.

Operational excellence

The Company continues to excel in its performance of Health, Safety, Security and Environment (HSSE) standards, with no Lost Time Injury and Fatality. The management is continually looking for ways to reduce the environmental impact of its operations, products and services.

We believe that sustainable development is only possible if Business Principles are adhered to and abided. Burshane has firmly embedded rules of engagement and standard operating procedures (SOPs) in all aspects of its operations and continuously strives to inculcate these principles amongst our stakeholders.

In the context of business growth, the management is fully aware of challenges faced and its obligations towards its stakeholders. It stands committed to develop long-term corporate plans to increase the shareholder value in the business. All possible options are being pursued to increase the market share of the Company and to enhance return on capital employed. Therefore, the management remains confident that, going forward, it will be able to show stronger performance and turnaround the Company into a profitable venture.



Role of the Chairman

In my capacity as Chairman, I ensure that:

- Board receives adequate, accurate, clear, complete and reliable information in a timely manner for a thorough discussion and a meaningful oversight on all aspects of the business.
- Board is properly briefed on all significant matters.
- All key issues are discussed by the Board in a timely manner.
- Environment in board room remains conducive, allows constructive and open debates.
- Board plays a constructive role in devising strategies, policies and its implementation.
- Strategies and policies agreed by the Board are effectively implemented by the Chief Executive Officer and the management.
- Decisions taken by the Board are in the best interest of the Company and fairly reflect consensus of the Board members.
- Good corporate governance and procedures are in place.

Finally, I would like to thank the staff, distributors and customers for their continuous support in ensuring sustainable growth of the company and for making Burshane their brand of first choice.

Karachi
Dated: April 13, 2021

Shaikh Abdus Sami
Chairman



چیئرمین کا جائزہ:

میں یہ جائزہ رپورٹ برشنے ایل پی جی پاکستان لمیٹڈ کے شیئر ہولڈرز کے سامنے پیش کر رہا ہوں۔ جو کے ("کمپنی") کمپنیز ایکٹ، 2017 کے سیکشن 192 کے تحت درکار ہے۔

سال 2020 میں عالمی سطح پر ایک اہم عالمی چیلنج، COVID-19 پھیلا، جس نے معیشت کے تمام شعبوں کو متاثر کیا۔ متعدد صنعتوں کو سپلائی کا سنگین سامنا کرنا پڑا، نقل و حمل میں رکاوٹیں، احکامات کی منسوخی، خام مال کی قلت، اور بعض اوقات مکمل لاک ڈاؤن وغیرہ، معمول کے کاروباری کاموں کو متاثر کرتے رہے ہیں تاہم، اچھی طرح سے چلنے والی پینڈنگ کی وجہ سے انتظامیہ کے ذریعہ لاک ڈاؤن کے اثر کو کسی حد تک کم کیا گیا۔ ہماری سیلز ٹیم ہمارے ڈسٹری بیوٹرز خوردہ فروشوں کے ساتھ مصروف ہیں تاکہ یہ یقینی بنایا جا سکے کہ زیادہ سے زیادہ فروخت بویزیر غور سال کے دوران، پی کے آر 2,582 ملین پر خالص کاروبار 20.55% کم رہا، 30 جون، 2019 کو ختم ہوئے سال کے لئے پی کے آر سے 3,250 ملین ریکارڈ ہوئے، جبکہ مجموعی مارجن میں کمی واقع ہوئی۔ PKR 133.816 ملین فیصد 5.2% بمقابلہ گزشتہ سال 6.6% میں کمی ظاہر کی۔ PKR 81.539 ملین بنیادی طور پر ستمبر 2019 کے مہینوں کے دوران منفی مارجن کی وجہ سے ہے جس نے موسم سرما کے مہینوں کے مقابلے میں اور مارچ 2020 سے نسبتاً سستے درآمدات میں اضافہ دیکھا بعد میں COVID-19 سے متعلق کاروبار میں سست روی رہی۔

کارکردگی کی تشخیص:

جیسا کہ کارپوریٹ گورننس ("کوڈ") کے تحت اور ایس ای سی پی کی پیروی میں درکار ہے ایک سالانہ کارکردگی کا اندازہ کرنے کے لئے اندرونی طور پر ایک تشخیصی عمل انجام دیا جاتا ہے۔ تاکہ کارکردگی کا جائزہ لیا جاسکے۔ بورڈ، بورڈ کے ممبران اور اس کی ذیلی کمیٹیوں کے ساتھ چیف کی کارکردگی ایگزیکٹو آفیسر (سی ای او) ہوتا ہے۔ ایک تشخیصی پروفارماریٹ کے پر ممبر کو گردش کیا جاتا ہے۔ بورڈ اور اس کی کمیٹیوں کو ان کے ساتھ سوالنامہ آن لائن مکمل کرنے کی ضرورت ہوتی ہے۔ تبصرے نتائج کمپنی سکرٹری کے ذریعہ مرتب کیے گئے ہیں اور اس کے نتیجے میں اگلے نتائج مشترک ہیں، مزید بہتری کے شعبوں کو حل کرنے کے ارادے سے بورڈ کا اجلاس ہوا۔ مجھے خوشی ہے کہ بورڈ، اس کی کمیٹیوں اور کمپنی کے سی ای او کی مجموعی کارکردگی بہتر رہی، 30 جون 2020 کو ختم ہونے والا سال تسلی بخش رہا۔

اعلیٰ مہارت:

کمپنی صحت، حفاظت اور ماحولیات کی کارکردگی میں اعلیٰ کارکردگی کا مظاہرہ کر رہی ہے، (HSSE) معیارات، بغیر وقت کی چوٹ اور اموات، اس کی کارروائیوں، مصنوعات اور خدمات کے ماحولیاتی اثرات کو کم کرنے کے طریقوں کے لئے انتظامیہ مسلسل کوشش کر رہی ہے۔ ہمارا خیال ہے کہ پائیدار ترقی اسی وقت ممکن ہے جب کاروباری اصولوں پر عمل پیرا رہے اور ساتھ رہے۔ برش نے اپنے وعدے اور معیاری آپریٹنگ کے قواعد کو مضبوطی سے سرائت کیا ہے، طریقہ کار (SOPs) اپنے کاروائیوں کے تمام پہلوؤں ہمارے اسٹیک ہولڈرز کے مابین اصول اور ان کو فروغ دینے کے لئے مستقل جدوجہد کرتا ہے۔

کاروبار میں اضافے کے تناظر میں، انتظامیہ کو درپیش چیلنجز اور اس کے اسٹیک ہولڈرز کی طرف ذمہ داریاں اس سے نمٹنے کے بارے میں پوری طرح آگاہ ہے۔ یہ طویل مدتی کارپوریٹ منصوبوں کو تیار کرنے کے لئے پرعزم ہے

کاروبار میں حصص یافتگان کی قیمت میں اضافہ کرنے کی تمام ممکنہ اختیارات کی تلاش کی جا رہی ہے کمپنی کے مارکیٹ شیئر میں اضافہ اور ملازمت والے سرمائے میں واپسی میں اضافہ کرنا، کارکردگی اور کمپنی کو ایک منافع بخش منصوبے میں تبدیل کرنا لہذا، انتظامیہ کو یقین ہے کہ آگے بڑھتے ہوئے، یہ مزید مضبوطی دکھائے گا۔

چیئرمین کا کردار

بطور چیئرمین میری صلاحیت میں، میں اس بات کو یقینی بناتا ہوں کہ:

- بورڈ کو کاروبار کے تمام پہلوؤں پر ایک مکمل بحث اور معنی خیز نگرانی کے لئے بروقت مناسب، درست، واضح، مکمل اور قابل اعتماد معلومات موصول ہوتی ہیں۔
- بورڈ کو تمام اہم امور پر مناسب طریقے سے آگاہ کیا جاتا ہے۔
- بورڈ کے ذریعہ تمام کلیدی امور پر بروقت تبادلہ خیال کیا جاتا ہے۔
- بورڈ روم میں ماحول سازگار رہتا ہے، تعمیری اور کھلی بحث و مباحثے کی اجازت دیتا ہے۔
- بورڈ حکمت عملی، پالیسیاں وضع کرنے اور اس کے نفاذ کے لئے تعمیری کردار ادا کرتا ہے۔
- بورڈ کو چیف ایگزیکٹو آفیسر اور انتظامیہ کے ذریعہ طے شدہ حکمت عملیوں اور پالیسیوں کو مؤثر طریقے سے نافذ کیا جاتا ہے۔
- بورڈ کے فیصلے کمپنی کے بہترین مفاد میں ہیں اور بورڈ کے ممبروں کے اتفاق رائے کی مصفاہ عکاسی کرتے ہیں
- اچھی کارپوریٹ گورننس اور طریقہ کار اپنی جگہ پر ہیں۔
- آخر میں، میں عملے، تقسیم کاروں اور صارفین کو کمپنی کی پائیدار ترقی کو یقینی بنانے اور برشان کو ان کی پہلی پسند کا برانڈ بنانے اور ان کی مسلسل مدد پر شکریہ ادا کرنا چاہتا ہوں۔

DIRECTORS' REPORT

The Directors of your Company are hereby presenting the Annual Report together with the Company's audited Financial Statements for the year ended June 30, 2020.

Financial Performance

During the year under review, the net turnover at PKR 2,582 million was 20.55% lower than PKR 3,250 million recorded for the year ended June 30, 2019. The quantity sold also decreased by 6,893 MT and was 31,465 MT during the year under review. The principal reason for drop in sales was overall business disruption during COVID -19 lockdown during the months of March to June 2020, excessive supply by LPG's importers in the market and a sharp reduction of participants in the distribution chain who withdrew from the market due to the Government documentation drive. During the year, your company purchased imported LPG of 5,652 MT as compared to 12,477 MT purchased during the previous year. The gross margin reduced to PKR 133.816 million and showed a decline of PKR 81.539 million mainly because of negative margins during the months of September 2019 where excess supply of LPG in market and from March 2020 onwards, we saw the major impact of downward trend in the overall economic and social activity of the country in all fields of life due to COVID-19. However, due to navigated handling of the pandemic well by our management, the effect of lockdown was mitigated to some extent. Our sales team engaged with our distributors and retailers to ensure that maximum level of sales is possible.

Administrative expenses increased by PKR 4.986 million (4.7%) and Distribution & marketing expenses increased by PKR 1,819 million (2.6%) in the year which was below the inflation rate of the Country.

Company incurred a loss before tax of PKR 70.559 million as compared to profit before tax of PKR 64.974 million during the year ended 30th June 2020 and the loss per share was PKR 4.88 compared to earnings per share of PKR 1.15 in the preceding year.

Material Changes and Commitments

The Company is negotiating reprofiling of its Demand Finance Liability of Rs 254m with National Bank of Pakistan Ltd. Under the reprofiling agreement, the company will convert its term debt into short term line and achieve reduction in mark up by utilizing the cash balance towards adjustment of its exposure on daily basis and at the same time regularize overdue into current status. Additionally, the Company has asked for an LC limit within which OD/funded facility to finance the imported LPG which shall be repaid by the cash cycle of the company, through sale of LPG.

Post Balance Sheet Items

A complaint was filed by the Directorate of Investigation and Intelligence (Inland Revenue) (I & I – IR) against the Company for Tax evasion of approximately Rs 1.7 billion, with Special Court for Customs, Taxation and (Anti-Smuggling). Based on this complaint the court passed 2 orders against the Company and some of its Directors. The orders were pertaining to freezing of Company's 9 bank accounts for 90 days and issuance of Non Bailable Arrest Warrants of its certain Directors. The Company immediately obtained Protective Bail from the High Court and subsequently from the Special Court which was later confirmed. The Company also filed a Constitutional Petition with High Court against the order of the Special Court for freezing of 9 bank accounts. All banks except MCB have removed the freeze on Company's accounts on expiry of 90 days, and we have taken up with MCB to do the same.

Another Constitutional Petition against the Complaint filed by I & I - IR challenging its jurisdiction to file such complaint with the special Court under the Anti Money Laundering Act 2010, has also been filed with High Court. The High Court in its first interim order has restrained all the respondents, which include FBR, I & I DG, Director, the Complaining Deputy Director and the Special Court, from taking any further coercive action against the Company and its Directors.

The Company believes that the application filed by I & I - IR, is based on some personal Vendetta and that there is no substance in the Complaint. All the above cases are in progress with the respective courts and the Company is confident that the decisions in all these cases shall be in favor of the Company.

The Company and some of its Directors have also filed a Suit for Damages in the High Court for recovery of Rs 1 billion for damages caused to the Company's reputation and its Directors reputation and mental torture due to appearance of the Director of I & I - IR on Dunya TV News Show named "Dunya Kamran Khan ke Saath". This case is also under hearing with the High Court and we are confident the decision shall be in our favor.

Business Ethics

We believe that sustainable development is only possible if we abide by our Business Principles. Burshane has firmly embedded them in all the operations of the company and we continuously strive to inculcate these principles amongst our stakeholders.

We have once again excelled in our performance of Health, Safety, Security and Environment (HSSE), with no lost time injury and fatality. The management is committed towards not only improving the HSSE standards for itself but leading in to establish best practices for the industry as well.

In the context of business growth, the Company has again made agreement with PRL for supply of LPG. Under the agreement, PRL would supply a volume of up to 10MT per day of LPG, depending upon their production.

We would like to assure you that the management of your company is fully aware of its obligations towards its stakeholders and is determined to develop long-term corporate plans to increase the value of the business. We are looking into all possible options to increase the market share and earn an adequate return on capital employed in Business in a profitable manner; therefore, we are confident that we will show strong performance in the coming years.

During the year various cases were filed with Supreme Court of Pakistan for abolition of Signature Bonus on supply of LPG by the local producers. The Supreme Court directed OGRA to regulate the practice of Signature Bonus and accordingly OGRA has imposed a ban on charging of signature bonus by the producers of local LPG. As a result the surplus LPG which remains unallocated is sold by the producers by way of an auction process or is allocated to their existing customers, without any premium or signature bonus.

Adherence to Best Practices of Corporate Governance:

A statement setting out the Company's compliance status on the best practices of corporate governance appears in the "Corporate Governance Section" on Page No. 33. In addition, a "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019" together with the Auditors' Review Report to Members thereon appears on Page No. 44 and 48, respectively.



DIRECTORS' REPORT

Composition of Board:

The total number of directors are Nine (9) and their compositions are as following:

- Male: 7
- Female: 2

Category	Name
Independent Director	Maj.Gen (R.) Rafiullah Khan (R) Mr. Sheikh Abdus Sami (Appointed on September 19, 2019)
Other Non-Executive Directors	Mr. Shahriar D. Sethna Ms. Hamdia Fatin Niazi Mr. Darayus T.Sethna Mr. Tassaduq Hussain Niazi (Resigned on September 18, 2019) Ms. Shahbano Hameed (Appointed on April 28, 2020) Mr. Etrat Hussain Rizvi (Resigned on April 28, 2020)
Executive Directors	Mr. Asad Alam Niazi Mr. Saifee Zakiuddin Mr. Khalid Dar

The following Committees continued to function as per the requirements of the law and as directed by the Board.

a) Audit Committee

Maj.Gen Rafi ullah Khan (R)	-	Chairman (Appointed on September 19, 2019)
Mr. Shaikh Abdus Sami	-	Member (Appointed on September 19, 2020)
Ms. Hamdia Fatin Niazi	-	Member
Mr. Shahriar D.Sethna	-	Member
Mr. Darayaus T. Sethna	-	Member

b) Human Resource and Remuneration Committee

Maj. Gen Rafi ullah Khan (R)	-	Chairman
Mr. Darayus T. Sethna	-	Member
Mr. Asad Alam Niazi	-	Member
Ms. Hamdia Fatin Niazi	-	Member
Mr. Saifee Zakiuddin	-	Member (Appointed on April 28, 2020)

During the year, five (5) meetings of the Board of Directors, five (5) meetings of the Audit Committee and no meeting of the HR & remuneration committee were held. Attendance of each Director is shown separately on page # 177.

Pattern of Shareholding

Information with respect to pattern of shareholding along with categories of shareholders as at June 30, 2020 as required under section 227 of the Companies Act, 2017, is given in this report on page 178.

Financial Highlights:

Following are the key numbers of the results for the year

(Rs. in '000)

Net Sales	2,582,454
Gross Margins	133,816
Loss before Tax	(70,559)
Loss after Tax	(109,829)
Earnings/(Loss) per Share	(4.88)

Following is the appropriation:

Dividend declared	Cash	NIL
	Bonus	NIL

The present Auditors M/s BDO Ibrahim & Co., Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board of Directors endorse the recommendation of the Audit Committee for their reappointment as auditors of the Company for the financial year ending June 30, 2021, subject to shareholders' approval in the Annual General Meeting.

During the year, the Company has conducted Board performance evaluation by way of self-assessment by each Director and have ensured that this requirement is fully complied with.

On behalf of the Board, we would like to thank the staff, business partners, customers and all other stakeholders for their continued support in ensuring sustainable growth of the Company and for making Burshane their brand of first choice.

Shaikh Abdus Sami
Chairman

Asad Alam Khan
Director / CEO

Karachi
Dated: April 14, 2021



تصرف درج ذیل ہے

منافع	نقد	-----
	اضافی انعام	-----

موجودہ آڈیٹرز میسرز بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو چکے ہیں اور اپل ہونے کی وجہ سے، خود کو دوبارہ تقرری کے لئے پیش کر چکے ہیں۔ بورڈ آف ڈائریکٹرز 30 جون 2021 کو ختم ہونے والے مالی سال کے لئے کمپنی کے آڈیٹر کے طور پر دوبارہ تقرری کے لئے آڈٹ کمیٹی کی سفارش کی توثیق کرتا ہے، جو سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔

سال کے دوران، کمپنی نے ہر ڈائریکٹر کی طرف سے خود تشخیص کے ذریعے بورڈ کی کارکردگی کی تشخیص کی ہے اور اس بات کو یقینی بنایا ہے کہ اس ضرورت کی مکمل تعمیل کی جائے۔

بورڈ کی جانب سے ہم عملے، کاروباری شراکت داروں، صارفین اور دیگر تمام اسٹیک ہولڈرز کا شکریہ ادا کرنا چاہتے ہیں کہ انہوں نے کمپنی کی پائیدار ترقی کو یقینی بنانے میں مسلسل تعاون کیا اور برشین کو اپنی پہلی پسند کا برانڈ بنایا۔

اسد عالم خان
ڈائریکٹر / سیایو

شیخ عبدالسمیع
چیئرمین

تاریخ، اپریل، 2021

نام	زمرہ
میجر جنرل رفیع اللہ خان (ر) جناب شیخ عبداسمیع (مقرر، 19 ستمبر، 2019)	آزاد ڈائریکٹر
جناب شہریار ڈی سیٹھنا محترمہ حمیدہ فاطن نیازی جناب درایس ٹی سیٹھنا جناب تصدق حسین نیازی (18 ستمبر 2019 کو مستعفی) محترمہ شاہ بانو (مقرر اپریل 2020) جناب عطرت حسین رضوی (28 اپریل 2020 کو مستعفی)	دیگر نان ایگزیکٹو ڈائریکٹرز
جناب اسد عالم نیازی جناب سیفی ذکی الدین جناب خالد ڈار	ایگزیکٹو ڈائریکٹر

مندرجہ ذیل کمیٹیاں قانون کے تقاضوں کے مطابق اور بورڈ کی ہدایت کے مطابق کام کرتی رہیں۔

الف) آڈٹ کمیٹی

میجر جنرل رفیع اللہ خان (ر) - چیئرمین (مقرر، 19 ستمبر، 2019)

جناب شیخ عبدس سمیع - رکن (مقرر، 19 ستمبر، 2020)

محترمہ حمیدہ فاطن نیازی - ممبر

جناب شہریار ڈی سیٹھنا - ممبر

مسٹر درایوس ٹیسیٹھنا - رکن

ب) انسانی وسائل اور معاوضہ کمیٹی

میجر جنرل رفیع اللہ خان (ر) - چیئرمین

جناب درایوس ٹی سیٹھنا - رکن

جناب اسد عالم نیازی - رکن

محترمہ حمیدہ فاطن نیازی - رکن

سیفی ذکی الدین - رکن جناب

سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ (5) اجلاس، آڈٹ کمیٹی کے پانچ (5) اجلاس اور ایچ آر اور معاوضہ کمیٹی کوئی اجلاس منعقد نہیں ہوا۔ ہر ڈائریکٹر کی حاضری صفحہ # 177 پر الگ سے دکھائی جاتی ہے۔

شیئر ہولڈنگ کا نمونہ:

30 جون تک حصص یافتگان کے زمرے کے ساتھ حصص یافتگی کے انداز کے حوالے سے معلومات، کمپنیز ایکٹ 2017 کے سیکشن 227 کے تحت ضرورت کے مطابق 2020، صفحہ # 178 پر اس رپورٹ میں دیا گیا ہے۔

مالی جھلکیاں:

سال کے نتائج کے اہم اعداد و شمار درج ذیل ہیں (روپے) 000ء میں

2,582,454

133,816

(70,559)

(109,829)

(4.88)

خالص فروخت

مجموعی مارجن

ٹیکس سے پہلے نقصان

ٹیکس کے بعد نقصان

آمدنی/(نقصان) فی حصص

اینٹی منی لانڈرنگ ایکٹ 2010 کے تحت خصوصی عدالت میں اس طرح کی شکایت درج کرانے کے اپنے دائرہ اختیار کو چیلنج کرتے ہوئے میں - آئی آر کی طرف سے دائر شکایت کے خلاف ایک اور آئینی درخواست بھی ہائی کورٹ میں دائر کی گئی ہے۔ ہائی کورٹ نے اپنے پہلے عبوری حکم نامے میں تمام جواب دہندگان جن میں ایف بی آر، آئی اور آئی ڈی جی، ڈائریکٹر، کمپلیننگ ڈپٹی ڈائریکٹر اور اسپیشل کورٹ شامل ہیں، کمپنی اور اس کے ڈائریکٹرز کے خلاف مزید جبری کارروائی کرنے سے روک دیا ہے۔

کمپنی کا خیال ہے کہ میں اور آئی آر کی طرف سے دائر درخواست کچھ ذاتی انتقام پر مبنی ہے اور شکایت میں کوئی مادہ نہیں ہے۔ مندرجہ بالا تمام مقدمات متعلقہ عدالتوں کے پاس جاری ہیں اور کمپنی کو یقین ہے کہ ان تمام معاملات میں فیصلے کمپنی کے حق میں ہوں گے۔

"دینا کامران خان کے ساتھ" ہونے والے نامی شوجو کہ دنیا نیوز پر نشر ہوا تھا اس کے ڈائریکٹرز کی ساتھ اور ذہنی اذیت کو پہنچنے والے نقصانات کے لئے ہائی کورٹ میں ایک ارب روپے کی وصولی کے لئے مقدمہ دائر کیا ہے۔ اس کیس کی سماعت ہائی کورٹ میں جاری ہے اور ہمیں یقین ہے کہ کورٹ کا فیصلہ کمپنی کے حق میں ہوگا۔

کاروباری اخلاقیات:

ہم سمجھتے ہیں کہ پائیدار ترقی صرف اسی صورت میں ممکن ہے جب ہم اپنے کاروباری اصولوں کی پاسداری کریں۔ برشین نے انہیں کمپنی کے تمام کاموں میں مضبوطی سے شامل کیا ہے اور ہم اپنے اسٹیک ہولڈرز کے درمیان ان اصولوں کو پیدا کرنے کی مسلسل کوشش کرتے ہیں۔

ہم نے ایک بار پھر صحت، تحفظ، سلامتی اور ماحولیات (ایچ ایس ایس ای) کی اپنی کارکردگی میں بہترین کارکردگی کا مظاہرہ کیا ہے، جس میں وقت کی کوئی چوٹ اور ہلاکت ضائع نہیں ہوئی ہے۔ انتظامیہ نہ صرف اپنے لئے ایچ ایس ایس ای معیارات کو بہتر بنانے کے لئے پرعزم ہے بلکہ صنعت کے لئے بھی بہترین طریقوں کو قائم کرنے کی طرف لے جا رہی ہے۔

کاروباری نمونے کے لئے کمپنی نے ایل پی جی کی فراہمی تناظر میں لئے پی آر ایل کے ساتھ ایک بار پھر معاہدہ کیا ہے۔ معاہدے کے تحت پی آر ایل ایل پی جی کی پیداوار کے لحاظ سے روزانہ 10 ملین ٹی تک کا حجم فراہم کرے گا۔

ہم آپ کو یقین دلانا چاہتے ہیں کہ آپ کی کمپنی کی انتظامیہ اپنے اسٹیک ہولڈرز کے تئیں اپنی ذمہ داریوں سے پوری طرح آگاہ ہے اور کاروبار کی قدر بڑھانے کے لئے طویل مدتی کارپوریٹ منصوبے تیار کرنے کے لئے پرعزم ہے۔ ہم مارکیٹ شیئر بڑھانے اور منافع بخش طریقے سے کاروبار میں ملازم سرمائے پر مناسب منافع حاصل کرنے کے لئے تمام ممکنہ اختیارات پر غور کر رہے ہیں؛ اس لئے ہمیں یقین ہے کہ ہم آنے والے برسوں میں مضبوط کارکردگی کا مظاہرہ کریں گے۔

سال کے دوران مقامی پروڈیوسرز کی جانب سے ایل پی جی کی فراہمی پر سگنیچر بونس کے خاتمے کے لئے سپریم کورٹ آف پاکستان میں مختلف مقدمات دائر کیے گئے۔ سپریم کورٹ نے اوگرا کو سگنیچر بونس کے عمل کو ریگولیٹ کرنے کی ہدایت کی اور اس کے مطابق اوگرا نے مقامی ایل پی جی کے پروڈیوسروں کی جانب سے دستخطی بونس وصول کرنے پر پابندی عائد کر دی ہے۔ نتیجتاً اضافی ایل پی جی جو غیر مختص رہتی ہے پروڈیوسرز نیلامی کے عمل کے ذریعے فروخت کرتے ہیں یا اپنے موجودہ صارفین کو مختص کیا جاتا ہے، بغیر کسی پریمیم یا دستخطی بونس کے۔

کارپوریٹ گورننس کے بہترین طریقوں پر عمل پیرا:

کارپوریٹ گورننس کے بہترین طریق کار پر کمپنی کی تعمیلی حیثیت کو متعین کرنے والا ایک بیان صفحہ نمبر 33 پر "کارپوریٹ گورننس سیکشن" میں ظاہر ہوتا ہے۔

اس کے علاوہ، "تعمیل کا بیان" فہرست کمپنیوں کے ساتھ (کوڈ کارپوریٹ گورننس) ریگولیشنز، 2019 "آڈیٹرز کے ساتھ مل کر" ممبروں کو جائزہ رپورٹ بالترتیب صفحہ نمبر 44 اور 48 دیکھا گیا ہے۔

بورڈ کی تشکیل:

ڈائریکٹرز کی کل تعداد نو (9) ہے اور ان کی ترکیبیں درج ذیل ہیں:

● مرد: 7

● خواتین: 2

ڈائریکٹر کی رپورٹ:

آپ کی کمپنی کے ہدایت کار کمپنی کے ساتھ مل کر سالانہ رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔ 30 جون 2020 کو ختم ہونے والے سال کے لئے مالی اعداد و شمار کا آڈٹ کیا۔

مالی کارکردگی:

زیر جائزہ سال کے دوران پی کے آر 2.582 ملین کا کاروبار ہوا، جو کے 30 جون 2019 کو ختم ہونے والے سال کے پی کے آر 3250 ملین سے، 20.55 فیصد کم رہا۔ فروخت ہونے والی مقدار میں بھی 6,893 میٹرک ٹن کی کمی ہوئی اور زیر جائزہ سال کے دوران یہ 31,465 میٹرک ٹن رہا۔ فروخت میں کمی کی بنیادی وجہ مارچ سے جون 2020 کے مہینوں کے دوران کوویڈ 19- لاک ڈاؤن کے دوران مجموعی طور پر کاروباری خلل، مارکیٹ میں ایل پی جی کے درآمد کنندگان کی جانب سے ضرورت سے زیادہ فراہمی اور ڈسٹری بیوشن چین کے شرکاء میں تیزی سے کمی تھی جو سرکاری دستاویزی مہم کی وجہ سے مارکیٹ سے دستبردار ہو گئے تھے۔ سال کے دوران آپ کی کمپنی نے 5652 میٹرک ٹن درآمد شدہ ایل پی جی خریدی جبکہ گزشتہ سال کے دوران 12,477 میٹرک ٹن خریدی گئی تھی مجموعی مارجن کم ہو کر پی کے آر 133.816 ملین رہ گیا اور پی کے آر 81.539 ملین کی کمی دیکھی گئی جس کی بنیادی وجہ ستمبر 2019 کے مہینوں اور مارچ 2020 کے بعد، ہم نے مجموعی معاشی اور معاشرتی میں مندی کے رجحان کا بڑا اثر دیکھا، جس کے دوران ہم نے زندگی کے تمام شعبوں میں ملک کی مجموعی معاشی اور سماجی سرگرمی میں کمی کے رجحان کے بڑے اثرات دیکھے۔ تاہم، ہماری انتظامیہ کی طرف سے وبا سے مستحکم بنیادوں پر احتیاطی اقدامات اور لاک ڈاؤن کے اثر کو کسی حد تک کم کیا گیا تھا۔ ہماری سیلز ٹیم نے ہمارے تقسیم کاروں اور خوردہ فروشوں کے ساتھ اس بات کو یقینی بنانے کا فیصلہ کیا کہ فروخت کی زیادہ سے زیادہ سطح ممکن ہو۔

انتظامی اخراجات میں پی کے آر 4.986 ملین (4.7 فیصد) کا اضافہ اور مارکیٹنگ ڈسٹری بیوشن اخراجات میں 1.819 ملین (2.6 فیصد) پی کے آر سے اضافہ ہوا۔ جو کہ سال میں اور ملک کی افراط زر کی شرح سے کم تھا۔

کمپنی کو 30 جون 2020 کو ختم ہونے والے سال کے دوران پی کے آر 64.974 ملین کے ٹیکس سے قبل منافع کے مقابلے میں پی کے آر 70.559 ملین کے ٹیکس سے قبل نقصان ہوا اور فی حصص نقصان پی کے آر 4.88 رہا جبکہ پچھلے سال پی کے آر 1.15 کی فی حصص آمدنی تھی۔

اہم تبدیلیاں اور کمپنی عزم:

نیشنل بینک آف پاکستان لمیٹڈ کے ساتھ اپنی ڈیمانڈ فنانس لائبلٹی 254 ملین روپے کی ری پروفائلنگ پر بات چیت کر رہی ہے۔ ری پروفائلنگ معاہدے کے تحت کمپنی اپنے مدتی قرض کو قلیل مدتی لائن میں تبدیل کرے گی اور روزانہ کی بنیاد پر اپنی نمائش کی ایڈجسٹمنٹ کی طرف نقد توازن کو استعمال کرتے ہوئے مارک اپ میں کمی حاصل کرے گی اور اس کے ساتھ ساتھ واجب الادا کو موجودہ حیثیت میں باقاعدہ بنائے گی۔ کمپنی نے ایک ایل سی حد کا مطالبہ کیا ہے جس کے اندر درآمد شدہ ایل پی جی کی مالی معاونت کے لئے او ڈی / فنڈڈ سہولت ہے جسے کمپنی کے نقد چکر کے ذریعے ایل پی جی کی فروخت کے ذریعے واپس کیا جائے گا۔

بیلنس شیٹ کے بعد کی اشیاء:

ڈائریکٹوریٹ آف انویسٹی گیشن اینڈ انٹیلی جنس (ان لینڈ ریونیو) (آئی اینڈ آئی- آئی آر) کی جانب سے کمپنی کے خلاف تقریباً 1.7 بلین روپے کی ٹیکس چوری کے الزام میں شکایت درج کرائی گئی تھی، جس میں کسٹم، ٹیکسیشن اور (اینٹی اسمگلنگ) کی خصوصی عدالت شکایت کی بنیاد پر عدالت نے کمپنی اور اس کے کچھ ڈائریکٹرز کے خلاف 2 احکامات منظور کیے۔ جن میں کمپنی کے 9 بینک اکاؤنٹوں کو 90 دن کے لئے منجمد کرنے اور اس کے کچھ ڈائریکٹروں کے ناقابل ضمانت گرفتاری وارنٹ جاری کرنے سے متعلق تھے۔ کمپنی نے فوری طور پر ہائی کورٹ اور اس کے بعد خصوصی عدالت سے حفاظتی ضمانت حاصل کی جس کی بعد میں تصدیق ہو گئی کمپنی نے خصوصی عدالت کے 9 بینک اکاؤنٹ منجمد کرنے کے حکم کے خلاف ہائیکورٹ میں آئینی درخواست بھی دائر کی۔ ایم سی بی کے علاوہ تمام بینکوں نے 90 دن کی مدت ختم ہونے پر کمپنی کے اکاؤنٹس پر عائد منجمد کو ہٹا دیا ہے اور ہم نے ایسا ہی کرنے کے لئے ایم سی بی کا کام شروع کر دیا ہے۔



HEALTH, SAFETY, SECURITY & ENVIRONMENT HSSE

They ensure that all HSSE policies are properly observed by providing support and resources for actions taken to operate safely and to protect health, environment and to exert a positive influence on the HSSE management of contractors as they play a major role in achieving a high level of HSSE performance. This is evident by the fact that the period under review is without any lost time injury (LTI). As a responsible cooperate citizen, we at Burshane always belief that the only way to sustainable development is through a strong commitment to Health, Safety, Security and Environment in all areas of our business.

In Burshane, HSSE is managed as the most critical business activity. The Management at Burshane demonstrates strong, visible leadership and commitment by allocating sufficient resources to operate and maintain HSSE Management System and lead by example in their personal actions and behaviors.



CORPORATE SOCIAL RESPONSIBILITY CSR

They ensure that all HSSE policies are properly observed by providing support and resources for actions taken to operate safely and to protect health, environment and to exert a positive influence on the HSSE management of contractors as they play a major role in achieving a high level of HSSE performance. This is evident by the fact that the period under review is without any lost time injury (LTI). As a responsible cooperate citizen, we at Burshane always belief that the only way to sustainable development is through a strong commitment to Health, Safety, Security and Environment in all areas of our business.

In Burshane, HSSE is managed as the most critical business activity. The Management at Burshane demonstrates strong, visible leadership and commitment by allocating sufficient resources to operate and maintain HSSE Management System and lead by example in their personal actions and behaviors.



CORPRATE GOVERNANCE

The Board is committed to maintain high standards of Corporate Governance. The Board is pleased to give the following specific statements to comply with the requirements of the Code of Corporate Governance:

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, changes in equity and cash flows.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from have been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There are no material departures from the best practices of corporate governance, as detailed in the listing regulations except as disclosed in the Statement of Compliance with the Code of Corporate Governance.
- Key operating and financial data in summarized form is annexed.
- No trades in the shares of Burshane LPG (Pakistan) Limited were carried out by the Directors, CEO, CFO & Company Secretary and their spouses and minor children.
- Four of the directors have completed the Director's Training course from SECP approved Director Training Institute. In accordance with the criteria specified in the Code, the remaining Directors' training certification within the time specified in the Code.

Board Meetings:

The number of Board and Committees' meetings held during the year and attendance by each Director is disclosed on page no. 177.

Board of Directors:

The Directors as on June 30, 2020 are Mr. Asad Alam Khan, Mr. Shahriar D. Sethna, Ms. Hamdia Fatin Niazi, Mr. Darayus T. Sethna, Mr. Shaikh Abdus Sami, Ms. Shahbano Hameed, Mr. Saifee Zakiuddin, Mr. Muhammad Khalid Dar and Maj. Gen Rafiullah Khan (R).

Pattern of Shareholding:

The pattern of shareholding as of June 30, 2020 as required under section 227 of the Companies Act, 2017 is given on page no. 178.

Auditors:

The auditors BDO Ebrahim & Co. Chartered Accountants, retire and being eligible offer themselves for re-appointment. Audit committee has recommended the appointment of retiring auditors.

On behalf of the Board

Karachi

Dated: 14th April, 2021

Mr. Asad Alam Khan

Director and Chief Executive Officer

STATEMENT OF GENERAL BUSINESS PRINCIPLES

Value

Burshane LPG (Pakistan) Limited employees share a set of core values – honesty, integrity and respect for people. We also firmly believe in the fundamental importance of trust, openness, teamwork and professionalism, and pride in what we do

Responsibilities

Burshane LPG (Pakistan) Limited recognise five areas of responsibility.

To Shareholders

To protect shareholders' investment, and provide a long-term return competitive with those of other leading companies in the industry.

To Customers

To win and maintain customers by developing and providing products and services which offer value in terms of price, quality, safety and environmental impact, which are supported by the requisite technological, environmental and commercial expertise.

To Those With Whom We Do Business

To seek mutually beneficial relationships with contractors, suppliers and in joint ventures and to promote the application of these Burshane LPG (Pakistan) limited general business principles or equivalent principles in such relationships. The ability to promote these principles effectively will be an important factor in the decision to enter into or remain in such relationships

To Society

To conduct business as responsible corporate members of society, to comply with applicable laws and regulations, to support fundamental human rights in line with the legitimate role of business, and to give proper regard to health, safety, security and the environment.

Sustainable Development

As part of the Business Principles, we commit to contribute to sustainable development. This requires balancing short and long term interests, integrating economic, environmental and social considerations into business decision-making.

To Employees

To respect the human rights of its employees and to provide them with good and safe working conditions, and competitive terms and conditions of employment To promote the development and best use of the talents of its employees; to create an inclusive work environment where every employee has an equal opportunity to develop his or her skills and talents. To encourage the involvement of employees in the planning and direction of their work; to provide them with channels to report concerns. We recognise that commercial success depends on the full commitment of all employees.

Economics

Long-term profitability is essential to achieving company's business goals and to its continued growth. It is a measure both of efficiency and of the value that customers place on Burshane LPG (Pakistan) Limited products and services. It supplies the necessary corporate resources for the continuing investment that is required to develop and produce future energy supplies to meet customer needs. Without profits and a strong financial foundation, it would not be possible to fulfil our responsibilities. Criteria for investment and divestment decisions include sustainable development considerations (economic, social and environmental) and an appraisal of the risks of the investment.

Health, Safety, Security & Environment

Burshane LPG (Pakistan) Limited has a systematic approach to health, safety, security and environmental management in order to achieve continuous performance improvement. To this end, Burshane LPG (Pakistan) Limited manage these matters as critical business activities, set standards and targets for improvement, and measure, appraise and report performance. Burshane LPG (Pakistan) Limited continually look for ways to reduce the environmental impact of its operations, products and services.

Competition

Burshane LPG (Pakistan) Limited support free enterprise. It seeks to compete fairly and ethically and within the framework of applicable competition laws; the company will not prevent others from competing freely with it.

Local Communities

Burshane LPG (Pakistan) Limited aim to be good neighbours by continuously improving the ways in which we contribute directly or indirectly to the general well-being of the communities within which it work. Burshane LPG (Pakistan) Limited manage the social impacts of its business activities carefully and work with others to enhance the benefits to local communities, and to mitigate any negative impacts from its activities. In addition, Burshane LPG(Pakistan) Limited take a constructive interest in societal matters, directly or indirectly related to its business.

Business Integrity

Burshane LPG (Pakistan) Limited insist on honesty,integrity and fairness in all aspects of its business and expect the same in its relationships with all those with whom it does business. The direct or indirect offer, payment, soliciting or acceptance of bribes in any form is unacceptable. Employees must avoid conflicts of interest between their private activities and their part in the conduct of company business. Employees must also declare to the company potential conflicts of interest. Allbusiness transactions on behalf of Burshane LPG (Pakistan) Limited must be reflected accurately and fairly in the accounts of the company in accordance with established.

Communication and Engagement

Burshane LPG (Pakistan) Limited recognise that regular dialogue and engagement with its stakeholders is essential. Burshane LPG (Pakistan) Limited is committed to reporting of its performance by providing full relevant information to legitimately interested parties, subject to any overriding considerations of business confidentiality. In its interactions with employees, business partners and local communities, the company seek to listen and respond to them honestly and responsibly.

Political Activities

Burshane LPG (Pakistan) Limited act in a socially responsible manner within the laws of the countries in which it operate in pursuit of its legitimate commercial objectives. Burshane LPG (Pakistan) Limited do not make payments to political parties, organizations or their representatives. Burshane LPG (Pakistan) Limited do not take part in party politics. However, when dealing

with government, Burshane LPG (Pakistan) Limited have the right and the responsibility to make its position known on any matters which affect itself, its employees, its customers its shareholders or local communities in a manner which is in accordance with its values and the BusinessPrinciples.

Where individuals wish to engage in activities in the community, including standing for election to public office, they will be given the opportunity to do so where this is appropriate in the light of local circumstances.

Compliance

Burshane LPG (Pakistan) Limited comply with all applicable laws and regulations of the country in which it operate. Living by the Principles. The shared core values of honesty, integrity and respect for people, underpin all the work the company does and are the foundation of its Business Principles.

The Business Principles apply to all transactions, large or small, and drive the behaviour expected of every employee in Burshane LPG (Pakistan) Limited in the conduct of its business at all times. The Company encourage its business partners to live by them or by equivalent principles. Burshane LPG (Pakistan) Limited encourage its employees to demonstrate leadership, accountability and teamwork, and through these behaviours, to contribute to the overall success of the company

It is the responsibility of management to lead by example, to ensure that all employees are aware of these principles, and behave in accordance with the spirit of this statement. The application of these principles is underpinned by a comprehensive set of assurance procedures, which are designed to make sure that company employees understand the principles and confirm that they act in accordance with them.

As part of the assurance system,it is also the responsibility of management to provide employees with safe and confidential channels to raise concerns and report instances of non-compliance. In turn it is the responsibility of Burshane LPG (Pakistan) Limited employees to report suspected breaches of the Business Principles to the Company. The Business Principles have for many years been fundamental to how the company conduct its business and living by them is crucial to its continued success.

NOTICE OF 54TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY given that the 54th Annual General Meeting (AGM) of Burshane LPG (Pakistan) Limited will be held on Friday, May 07, 2021 at 10:00 A.M, virtually via Video Link, to transact the following business:

Ordinary Business:

1. To confirm minutes of the 53rd Annual General Meeting of the Company held on October 26, 2019.
2. To receive, consider and adopt the Audited Financial Statements together with the Directors' Report and the Auditors' Report thereon for the year ended June 30, 2020.
3. To appoint auditors of the Company for the financial year ending 30 June 2021 and to fix their remuneration. The Board of Directors of the Company has recommended the name of retiring auditors M/s. BDO Ibrahim & Co., Chartered Accountants, for their appointment as external auditors for the year ending 30 June 2021. The retiring auditors, being eligible, have offered themselves for re-appointment for the year ending 30 June 2021.
4. To consider any other business with the permission of the chair.

By Order of the Board

(Murtaza Saifuddin)
Company Secretary

Karachi: April 16, 2021

Notes:

1. Book Closure:

The Share Transfer Books of the Company will remain closed from May 01 to May 07, 2021 (both days inclusive). Transfers received in order by our Share Registrar, M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi by the close of business on April 30, 2021 will be considered in time for the determination of any entitlement, as recommended by the Board of Directors and attending the meeting.

2. Appointment of Proxies and Attending AGM:

- i) A member entitled to attend and vote at the meeting may appoint another member as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
- ii) A duly completed instrument of proxy to be valid must be deposited at the registered office not less than 48 hours before the time of the meeting. Attested copies of valid CNIC or the passport of the member and the Proxy shall be furnished with the Proxy Form.
- iii) The instrument of proxy should be duly signed, stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.
- iv) CDC account holders are also required to follow the guidelines as laid down in Circular No.1 dated 26, January 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

NOTICE OF 54TH ANNUAL GENERAL MEETING

A. For Attending the Meeting:

- i) In case of individual, the account holder or sub-account holder and/or the person, whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii) Members registered on Central Depository Company (CDC) are also requested to bring their particulars, I.D. numbers and account numbers in CDS.
- iii) In case of a corporate entity, the Board of Directors' resolution/Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

B. For Appointing Proxies:

- i) In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per requirement notified by the Company.
- ii) The Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
- v) Corporate entities shall submit the Board of Directors resolution/Power of Attorney with specimen signature along with proxy form.

3. Change in Members Addresses:

Members are requested to notify any changes in their addresses immediately to the Share Registrar M/s. THK Associates (Pvt.) Limited.

4. Submission of Copies of Valid CNICs (mandatory):

Members, who have not yet submitted attested photocopy of their valid CNIC along with folio number are requested to send the same, at the earliest, directly to the Company's Share Registrar.

5. Payment of Dividend through electronic mode (Mandatory):

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company, in case of physical shares.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker / participant / CDC account services.

6. Circulation of Audited Financial Statements Through E-Mail and by CD/DVD/USB:

the Company be and is hereby allowed to transmit its annual audited financial statements, auditor's report and directors report etc. (annual audited accounts) to the Company's shareholders at their registered addresses in the form of soft copies in CD/DVD/USB instead of transmitting the annual audited accounts in printed copy as allowed by the Securities and Exchange Commission of Pakistan via SRO No.470(I)/2016 dated May 31, 2016".

NOTICE OF 54TH ANNUAL GENERAL MEETING

7. Unclaimed dividends & bonus shares:

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact our Share Registrar M/s THK Associates (Pvt) Ltd. to collect/enquire about their unclaimed dividend or pending shares, if any.

Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan.

8. Corona virus related contingency planning for general meetings:

Pursuant to Circular No. 6 of 2021 dated 3 March 2021 issued by the Securities and Exchange Commission of Pakistan and keeping in view the current COVID-19 situation, the Company has decided that it would be advisable and appropriate for the Company to continue to hold its Annual General Meeting proceedings via video conference facility only. This decision has been taken to ensure the safety and well-being of the shareholders and participants, which is, and always will be, a paramount consideration for the Company. The Company has therefore taken measures (explained below) to facilitate shareholders to participate in the Annual General Meeting through video link. Shareholders interested to participate in the meeting through video link are requested to send their particulars set out in the table below, by email, or courier with the subject "Registration for AGM of Burshane LPG – 2020" along with valid copy of both sides of CNIC to Email: Companysecretary@Burshane.com, Registered Office Address: Suite 101, 1st Floor, Horizon Vista, Plot No. Commercial - 10, Block-4 Scheme No. 5, Clifton, Karachi – 75600.

Name of Shareholder	CNIC No.	Folio No.	Cell No.	Email Address

The video link and login credentials will be shared with only those members/appointed proxies, whose emails, containing the aforesaid particulars, are received by the Company at least 48 hours before the time of AGM.

4 کارآمدی این آئی سی کی کاپی کی جمع آوری (لازمی):

ممبران، جنہوں نے تاحال اپنے کارآمد CNIC کی مصدقہ کاپی جمع نہیں کرائی تو ان سے استدعا ہے کہ کمپنی کے شیئر رجسٹر ارجو جلد از جلد جمع کرا دیں۔

5 الیکٹرانک طریقہ کار سے منافع منقسمہ کی ادائیگی (لازمی):

کمپنیز ایکٹ 2017ء کی دفعہ 242 کے تحت لکھنے والے لازمی ہے کہ وہ نقد ڈیویڈنڈ کی ادائیگی اپنے حصص یافتگان کو براہ راست بذریعہ الیکٹرانک طریقہ کار اہل حصص یافتگان کی جانب سے نامزد بینک اکاؤنٹ میں جمع کرائیں۔

ڈیویڈنڈ کی متعلقہ بینک اکاؤنٹس میں وصولی کے سلسلے میں، حصص یافتگان سے درخواست ہے کہ نقد ڈیویڈنڈ کی ادائیگی اپنے بینک اکاؤنٹ میں براہ راست وصولی کیلئے کمپنی کی ویب سائٹ پر دستیاب ڈیویڈنڈ منڈیٹ فارم پر کریں اور دستخط شدہ فارم CNIC کی نقل کے ہمراہ فریکل حصص کی صورت میں کمپنی کے شیئر رجسٹر ارجو جمع کرائیں۔

CDC میں جمع حصص کے حامل حصص یافتگان سے درخواست ہے کہ پر شدہ ڈیویڈنڈ منڈیٹ فارم متعلقہ شیئر ہولڈرز کے بروکر/شرکاء/CDC اکاؤنٹس سرورسز میں جمع کرائیں۔ معلومات کی عدم وصولی کی صورت میں کمپنی ایسے حصص یافتگان کی ڈیویڈنڈ کی ادائیگی روک دے گی۔

6 مالیاتی گواہیوں کی بذریعہ ای میل اور USB/DVD/CD ترسیل

کمپنی کو اجازت ہے کہ اپنے آڈٹ شدہ مالیاتی گواہیوں پر پورے پورے اور ڈائریکٹرز رپورٹ وغیرہ (سالانہ آڈٹ شدہ حسابات) کمپنی کے حصص یافتگان کو ان کے رجسٹرڈ پتے پر بصورت سافٹ کاپی USB/DVD/CD میں گندھی صورت میں سالانہ آڈٹ شدہ حسابات کے بجائے فراہم کرے گی جیسا کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے SRO 2016(1) 470 بتاریخ 31 مئی 2016 میں اجازت دی گئی ہے۔

7 غیر دعویٰ شدہ ڈیویڈنڈ اور بونس شیئرز

ایسے حصص یافتگان جو کسی بھی وجہ سے اپنا منافع منقسمہ یا بونس شیئرز تا حال تسلیم نہیں کئے اور اپنے فریکل شیئرز وصول نہیں کئے ہوں تو انہیں ہدایت دی جاتی ہے کہ شیئر رجسٹر ارمینسز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ سے اپنے غیر دعویٰ شدہ منافع منقسمہ یا بونس شیئرز وصول کرنے کیلئے ہمارے شیئر رجسٹر ارمینسز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ سے رجوع کریں اگر ہوئی ہوں۔

براہ کرم یہ بھی نوٹ کر لیں کہ کمپنیز ایکٹ 2017ء کی دفعہ 244 کے مطابق تمام ڈیویڈنڈ جو اپنی واجب الادا اور قابل ادائگی تاریخ سے تین سال کی مدت سے غیر دعویٰ شدہ ہیں انہیں مقررہ کارروائی کی تکمیل کے بعد وفاقی حکومت کو جمع کرا دیئے جائیں گے اور حصص کی صورت میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو ارسال کر دیئے جائیں گے۔

8 کورونا وائرس کے سلسلے میں اجلاس عام کی منصوبہ بندی

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 6 سال 2021ء بتاریخ 3 مارچ 2021ء کی تعمیل میں اور موجودہ کووڈ-19 صورتحال کے پیش نظر کمپنی نے فیصلہ کیا ہے کہ کمپنی کیلئے صرف ویڈیو کانفرنس کی سہولت کے ذریعے اپنے سالانہ اجلاس عام کی کارروائی جاری رکھنا مناسب ہے۔ یہ فیصلہ حصص یافتگان اور شرکاء کی فلاح و بہبود اور حفاظت کو یقینی بنانے کیلئے کیا گیا ہے۔ جو کہ کمپنی کی اولین ترجیح ہیں۔ لہذا کمپنی نے ویڈیو لنک سہولت کے ذریعے سالانہ اجلاس عام میں حصص یافتگان کو سہولت فراہم کرنے کیلئے اقدامات کئے ہیں۔ (درج ذیل بیان ہے) ویڈیو لنک کے ذریعے اجلاس میں شرکت کے خواہشمند حصص یافتگان سے درخواست ہے کہ وہ ذیل میں دیئے گئے ٹیمپل میں ای میل کے ذریعے یا کوریئر بعنوان "Registration for AGM of Burshane LPG - 2020" جمع CNIC کی دونوں اطراف کی کارآمد کاپی companysecretary@burshane.com پر ای میل کریں یا رجسٹرڈ پتے پر سوٹ نمبر 101، پہلی منزل ہو ریزون وسٹا، پلاٹ نمبر کمرشل 10، بلاک 4، اسکیم نمبر 5، بلاکشن کراچی، 75600 پر ارسال کریں۔

حصص یافتگان کا نام	CNIC نمبر	فولیو نمبر	موبائل نمبر	ای میل ایڈریس

ویڈیو لنک اور لاگ ان انسداد صرف ان ممبران/نامزد پراکسیز کے ساتھ شیئرز کی جائے گی جن کی مذکورہ بالا تفصیلات کے ساتھ ای میل اجلاس عام سے 48 گھنٹے قبل کمپنی کو موصول ہو جائے گی۔

54 ویں سالانہ اجلاس عام کی اطلاع

بذریعہ اطلاع کیا جاتا ہے کہ برٹین ایل پی جی (پاکستان) لمیٹڈ کا 54 ویں سالانہ اجلاس عام بروز جمعہ مورخہ 7 مئی 2021ء کو بوقت صبح 10:00 بجے بذریعہ ویڈیو لنک مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا۔

عمومی امور

- 1 مورخہ 26 اکتوبر 2019ء کو منعقدہ کمپنی کا 53 ویں سالانہ اجلاس عام کی کاروائی کی توثیق۔
- 2 30 جون 2020ء کو ختم ہونے والے سال آڈٹ شدہ مالیاتی گوشوارے بمع ڈائریکٹرز رپورٹ اور آڈیٹر رپورٹ کی وصولی غور و خوض اور منظوری۔
- 3 30 جون 2021ء کو ختم ہونے والے سال کیلئے کمپنی کے آڈیٹر کی تقرری اور مشاہرے کا تعین 30 جون 2021ء کو ختم ہونے والے سال کیلئے کمپنی کے بورڈ آف ڈائریکٹرز کے سبکدوش ہونے والے آڈیٹر میسرز BDO ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کا نام بحیثیت بیرونی آڈیٹر تجویز کیا ہے سبکدوش شدہ آڈیٹر نے بطور اہل 30 جون 2021ء کو ختم ہونے والے سال کیلئے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔
- 4 چیئرمین کی اجازت سے دیگر امور کی انجام دہی

بحکم بورڈ
(مرضی سیف الدین)
کمپنی سیکریٹری

کراچی:

تاریخ: 16 اپریل 2021ء

نوٹس:-

1 گلب بندش:

کمپنی کی حصص منتقلی کتب مورخہ یکم مئی 2021ء تا 7 مئی 2021ء (بشمول دنوں ایام) مندر ہیں گے۔ مورخہ 30 اپریل 2021ء تک کاروباری اختتام کار تک (ہمارے شیئر رجسٹر اریٹرسز) THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ پہلی منزل 40 سی بلاک 6 PECHS کراچی کو موصول ہونے والی منتقلیاں استحقاق کے تعین اور اجلاس میں شرکت کیلئے بروقت تصورات کی جانیں گی جیسا کہ بورڈ آف ڈائریکٹرز کے تجویز کیا ہے۔

2 پراکسی کی تقرری اور AGM میں شرکت۔

- (i) اجلاس میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے کسی دوسرے ممبر کو اپنی جانب سے اجلاس میں شرکت بولنے رائے دہی کیلئے اپنا پراکسی مقرر کر سکتا ہے۔
- (ii) پراکسی کے موثر ہونے کیلئے مکمل شدہ دستاویزات اجلاس کے انعقاد سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس پر ارسال کر دیں۔ ممبران کی CNIC کی مصدقہ کاپی یا پاسپورٹ اور پراکسی کی صورت میں پراکسی فارم جمع کرا دیں۔
- (iii) پراکسی دستاویز یا قاعدہ دستخط شدہ اسٹمپ شدہ اور دو افراد کی گواہی بمع ان کے نام پتہ CNIC نمبر اور دستخط کے ساتھ ہونا چاہئے۔
- (iv) CDC اکاؤنٹ ہولڈر کیلئے ضروری ہے کہ سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان (SECP) کے جاری کردہ سرکلر نمبر 1 بتاریخ 26 جنوری 2020ء کی ہدایات کی پیروی کرنا ہوگا۔

الف) اجلاس میں شرکت کیلئے:

- (i) افراد کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا فرد جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات تو ائند کے مطابق اپ لوڈ ہوں، یعنی شناخت کیلئے اصل سی این آئی سی یا اصل پاسپورٹ اجلاس کے موقع پر پیش کرنا ہوگا۔
- (ii) سینٹرل ڈیپوزٹری کمپنی (سی ڈی سی) میں رجسٹرڈ ممبران سے گزارش ہے کہ وہ بھی سی ڈی سی میں اپنے کو آئی ڈی نمبر اور اکاؤنٹ نمبر ہمراہ لائیں۔
- (iii) کارپوریٹ اثباتی کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نامزد فرد کا دستخطی نمونہ (اگر پہلے فراہم نہ کیا گیا ہو) اجلاس کے موقع پر پیش کرنا ہوگا۔

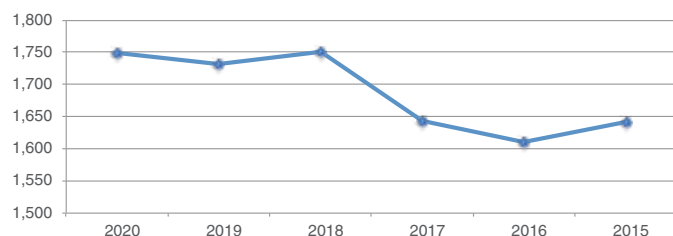
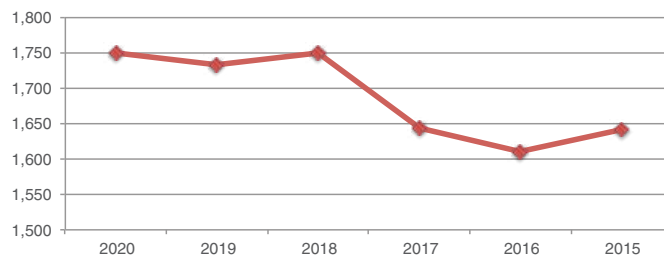
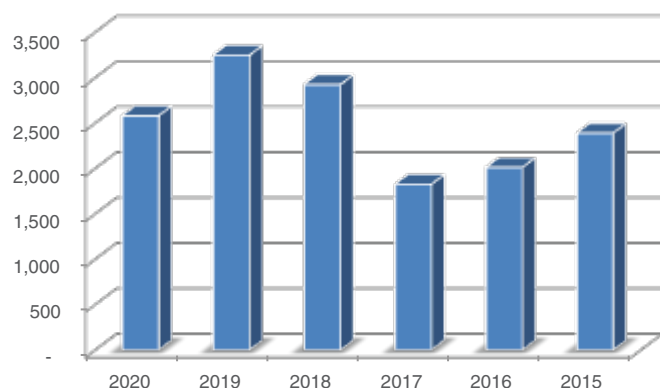
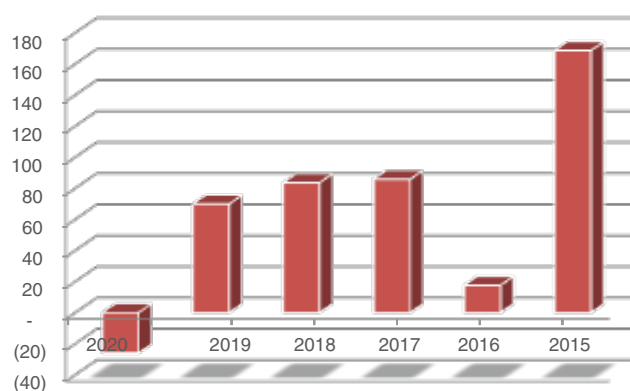
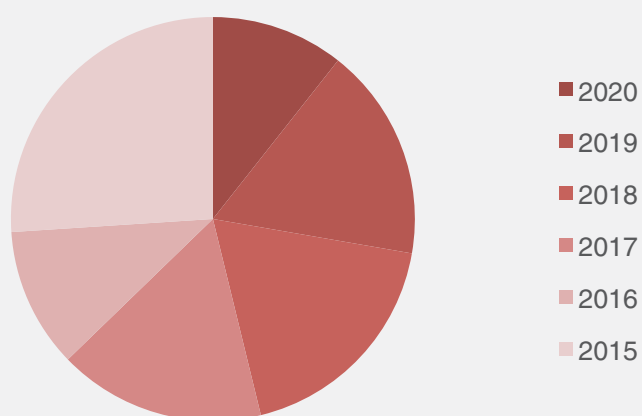
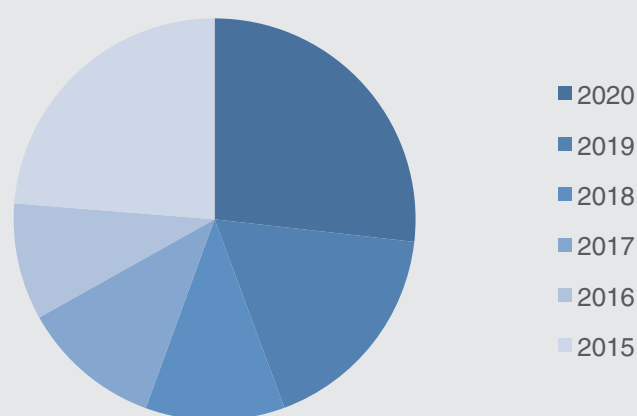
ب) پراکسی کی تقرری کیلئے:

- (i) افراد کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا شخص کی جنکی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات تو ائند کے مطابق اپ لوڈ ہوں، پراکسی فارم مندرجہ بالا شرائط کے مطابق جمع کروانا ہوگا۔
- (ii) پراکسی فارم پر دو افراد کی گواہی ہونی چاہئے جس کا نام، پتہ اور سی این آئی سی نمبر فارم میں درج ہو۔
- (iii) ممبران اور پراکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ہمراہ منسلک ہونی چاہئے۔
- (iv) پراکسی کو اجلاس کے موقع پر اصل سی این آئی سی یا اصل پاسپورٹ پیش کرنا ہوگا۔
- (v) کارپوریٹ اثباتی کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نامزد فرد کا دستخطی نمونہ پراکسی فارم کے ہمراہ کمپنی کو پیش کرنا ہوگا۔

3 ممبران کے پتہ میں تبدیلی:

ممبران سے گزارش ہے کہ پتہ میں کسی بھی تبدیلی کی صورت میں کمپنی کے شیئر رجسٹر اریٹرسز THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو فوری طور پر مطلع کریں۔

FINANCIAL HIGHLIGHTS

Total Assets
Rs. in million

Total equity and liabilities
Rs. in million

Net Sales
Rs. in million

Operating profit
Rs. in million

Gross Profit
Rs. in million

Cash & Cash equivalents
Rs. in million


SIX YEARS SUMMARY

Six Years Summary Rupees in '000

	2020	2019	2018	2017 Restated ----Rupees 000----	2016	2015	2014
Trading Results							
Net turnover	2,582,454	3,249,870	2,926,076	1,826,825	2,012,770	2,391,891	2,467,544
Gross profit	133,816	215,355	232,513	209,820	141,328	328,017	147,842
Operating profit	(26,008)	69,866	83,557	85,793	17,612	168,603	49,352
Earnings before interest, taxes, depreciation and amortisation	75,146	177,939	173,717	160,532	105,748	261,665	107,258
Earnings after tax	(109,829)	25,857	19,596	29,033	(7,551)	96,206	28,282
Interim dividend						-	-
Final dividend	22,640	16,980	22,489	22,489	22,929	-	40,752
Earnings / (loss) before tax	(70,559)	64,974	53,581	50,631	(13,968)	150,228	45,624
Financial Position							
Share capital	224,888	224,888	224,888	224,888	224,888	224,888	226,400
Reserves and Retained Earnings	464,268	594,556	547,533	553,431	557,259	598,581	188,581
Property, plant and equipment and intangibles	1,155,978	1,120,320	1,195,638	1,221,019	1,139,793	1,040,987	238,311
Long-term/deferred liabilities	431,771	388,579	377,031	382,437	463,746	538,986	269,776
Inventory	43,901	75,422	95,341	50,755	37,536	41,489	11,707
Debtor	24,776	23,422	17,654	5,001	11,400	17,581	15,450
Creditor	138,743	91,342	179,374	104,014	110,927	143,551	149,837
Total Assets	1,749,450	1,731,847	1,750,238	1,643,693	1,610,335	1,641,151	825,945
Total current assets	420,223	437,872	402,295	301,658	331,917	443,387	479,211
Total current liabilities	628,523	523,824	600,786	482,937	364,442	289,790	154,626
Number of issued shares	22,489	22,489	22,489	22,489	22,489	22,489	22,640
Cash & Cash equivalents	265,197	173,732	110,922	111,924	92,869	234,771	317,826
Investors Information							
Profitability Ratios							
Gross profit ratio	5.18%	6.63%	7.95%	11.49%	7.02%	13.71%	5.99%
Profit / (loss) before tax to sales	-2.73%	2.00%	1.83%	2.77%	-0.69%	6.28%	1.85%
Profit / (loss) after tax in percent of sales	-4.25%	0.80%	0.67%	1.59%	-0.38%	4.02%	1.15%
EBITDA Margin to sales	2.91%	5.48%	5.94%	8.79%	5.25%	10.94%	4.35%
Return on equity/ capital employed	-15.94%	3.16%	2.54%	3.73%	-0.97%	11.68%	6.82%
Activity / Turnover Ratios							
Inventory turnover ratio (in times)	41.04	35.54	36.87	36.63	47.36	77.60	47.52
Inventory turnover ratio (no. of days)	9	10	10	10	8	5	7.68
Debtor turnover ratio (in times)	107.16	158.24	258.32	222.77	138.90	144.83	127.47
Debtor turnover ratio (no. of days)	3	2	1	2	3	3	2.86
Creditor turnover ratio (in times)	21.28	22.42	19.01	13.82	13.60	13.77	13.83
Creditor turnover ratio (no. of days)	17	16	19	26	27	27	26
Operating cycle (no. of days)	(5)	(4)	(8)	(15)	(16)	(19)	(16)
Total assets turnover ratio (in times)	1.48	1.87	1.72	1.12	1.24	1.94	3.07
Total assets turnover ratio (in days)	246.02	195.54	211.68	325.08	294.82	188.24	118.81
Liquidity Ratios							
Current ratio	0.67	0.84	0.67	0.62	0.91	1.53	3.10
Quick/ acid test ratio	0.60	0.69	0.51	0.52	0.81	1.39	3.02
Cash to Current Liabilities	0.42	0.33	0.18	0.23	0.25	0.81	2.06
Investment/Market Ratios							
Earnings / (loss) per share	(4.88)	1.15	0.87	1.29	(0.34)	4.26	1.25
Break-up value per share	30.64	36.44	34.35	34.61	34.78	24.40	18.33
Cash Flows							
Net cash flow from operating activities	153,889	99,849	68,580	187,794	(1,526)	174,932	186,022
Net cash flow from investing activities	(48,003)	(29,067)	(61,494)	(151,638)	(154,125)	(75,929)	(34,195)
Net cash flow from financing activities	(14,421)	(7,972)	(8,088)	(17,101)	13,749	(182,109)	(37,242)
Net (decrease) / increase in cash and cash equivalents	91,465	62,810	(1,002)	19,055	(141,902)	(83,106)	114,585

HORIZONTAL ANALYSIS OF FINANCIAL STATEMENTS

	2020	2019	2018	2017	2016	2015
Balance Sheet				Restated		
Non-current assets	1,329,227	1,293,975	1,347,943	1,342,035	1,278,418	1,197,764
Current assets	420,223	437,872	402,295	301,658	331,917	443,387
Total assets	1,749,450	1,731,847	1,750,238	1,643,693	1,610,335	1,641,151
Equity	352,741	544,679	497,656	503,554	507,382	537,610
Surplus on revaluation of fixed assets	336,415	274,765	274,765	274,765	274,765	274,765
Non-current liabilities	431,771	388,579	377,031	382,437	463,746	538,986
Current Liabilities	628,523	523,824	600,786	482,937	364,442	289,790
Total equity and liabilities	1,749,450	1,731,847	1,750,238	1,643,693	1,610,335	1,641,151
Net sales	2,582,454	3,249,870	2,926,076	1,826,825	2,012,770	2,391,891
Cost of product sold	(2,448,638)	(3,034,515)	(2,693,563)	(1,617,005)	(1,871,442)	(2,063,874)
Gross profit	133,816	215,355	232,513	209,820	141,328	328,017
Administrative expenses	(111,555)	(106,575)	(108,690)	(92,102)	(80,816)	(73,320)
Distribution and marketing expenses	(70,600)	(68,780)	(64,224)	(62,752)	(65,283)	(90,100)
Other income	34,996	42,645	35,525	49,812	45,133	25,949
Other expenses	(12,665)	(12,779)	(11,567)	(18,985)	(22,750)	(21,943)
	(159,824)	(145,489)	(148,956)	(124,027)	(123,716)	(159,414)
Operating profit	(26,008)	69,866	83,557	85,793	17,612	168,603
Finance costs	(44,551)	(4,892)	(29,976)	(35,162)	(31,580)	(18,375)
Profit / (loss) before taxation	(70,559)	64,974	53,581	50,631	(13,968)	150,228
	2020	2019	2018	2017	2016	2015
Balance Sheet						
	-----% increase/ (decrease) over preceeding year-----					
Non-current assets	2.72%	-4.00%	0.44%	4.98%	6.73%	245.44%
Current assets	-4.03%	8.84%	33.36%	-9.12%	-25.14%	-7.48%
Total assets	1.02%	-1.05%	6.48%	2.07%	-1.88%	98.70%
Equity	-35.24%	9.45%	-1.17%	-0.75%	-5.62%	33.89%
Non-current liabilities	11.12%	3.06%	-1.41%	-17.53%	-13.96%	99.79%
Current Liabilities	19.99%	-12.81%	24.40%	32.51%	25.76%	87.41%
Total equity and liabilities	1.02%	-1.05%	6.48%	2.07%	-1.88%	98.70%
Net sales	-20.54%	11.07%	60.17%	-9.24%	-15.85%	-3.07%
Cost of product sold	-19.31%	12.66%	66.58%	-13.60%	-9.32%	-11.03%
Gross profit	-37.86%	-7.38%	10.82%	48.46%	-56.91%	121.87%
Administrative expenses	4.67%	-1.95%	18.01%	13.97%	10.22%	37.59%
Distribution and marketing expenses	2.65%	7.09%	2.35%	-3.88%	-27.54%	30.65%
Other operating income	-17.94%	20.04%	-28.68%	10.37%	73.93%	-18.04%
Other operating expenses	-0.89%	10.48%	-39.07%	-16.55%	3.68%	177.87%
Operating profit	-137.23%	-16.39%	-2.61%	387.13%	-89.55%	241.63%
Finance costs	810.69%	-83.68%	-14.75%	11.34%	71.86%	392.89%
Profit before taxation	-208.60%	21.26%	5.83%	-462.48%	-109.30%	229.27%

VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

Balance Sheet

	2020	2019	2018	2017	2016	2015
	----Rupees 000----	%	----Rupees 000----	%	----Rupees 000----	%
Non-current assets	1,329,227	76%	1,293,975	75%	1,347,943	77%
Current assets	420,223	24%	437,872	25%	301,658	18%
Total assets	1,749,450	100%	1,731,847	100%	1,643,693	100%
Equity	352,741	20%	544,679	31%	503,554	31%
Surplus on revaluation of fixed assets	336,415	19%	274,765	16%	274,765	17%
Non-current liabilities	431,771	25%	388,579	22%	382,437	23%
Current Liabilities	628,523	36%	523,824	30%	482,937	29%
Total equity and liabilities	1,749,450	100%	1,731,847	100%	1,643,693	100%
Net sales	2,582,454	100%	3,249,870	100%	1,826,825	100%
Cost of product sold	(2,448,638)	-95%	(3,034,515)	-93%	(1,617,005)	-89%
Gross profit	133,816	5%	215,355	7%	209,820	11%
Administrative expenses	(111,555)	-4%	(106,575)	-3%	(92,102)	-5%
Distribution and marketing expenses	(70,600)	-3%	(68,780)	-2%	(62,752)	-3%
Other operating income	34,996	1%	42,645	1%	49,812	3%
Other operating expenses	(12,665)	-0.5%	(12,779)	-0.4%	(18,985)	-1%
Operating profit	(159,824)	-6%	(145,489)	-4%	(124,027)	-7%
Finance costs	(26,008)	-1%	69,866	2%	85,793	5%
Profit / (loss) before taxation	(44,551)	-1.7%	(4,892)	-0.2%	(35,162)	-2%
	(70,559)	-3%	64,974	2%	50,631	3%
					(13,968)	-1%
					150,228	6%

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Burshane LPG (Pakistan) Limited
Year Ending **June 30, 2020**

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 9 as per the following:

a. Male :	-	7
b. Female :	-	2

2. The composition of board is as follows:

Category	Name
Independent Director	Maj.Gen Rafi ullah Khan (R) Mr. Shaikh Abdus Sami
Non-Executive Directors	Mr. Shahriar D. Sethna Ms. Hamdia Fatin Niazi Mr. Darayus T.Sethna Ms. Shahbano Hameed
Executive Directors	Mr. Asad Alam Niazi Mr. Saifee Zakiuddin Mr. Khalid Dar

- The Directors have confirmed that none of them is serving as a director on more than Seven listed companies, including this company;
- The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ Shareholders as empowered by the relevant provisions of the Act and these Regulations;
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;
- The Board of directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
- The Board has not arranged for any Director's Training Program (DTP) during the current year;

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and Chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed following Committees comprising of members given below:
 - a) **Audit Committee**

Maj.Gen Rafi ullah Khan (R)	Chairman
Ms. Hamdia Fatin Niazi	Member
Mr. Shahriar D.Sethna	Member
Mr. Darayaus T. Sethna	Member
Mr. Shaikh Abdus Sami	Member
 - b) **Human Resource and Remuneration Committee**

Maj.Gen Rafi ullah Khan (R)	Chairman
Mr. Asad Alam Niazi	Member
Ms. Hamdia Fatin Niazi	Member
Mr. Saiffee Zakiuddin	Member
Mr. Daryus T sethna	Member
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the Committee for compliance.
14. The frequency of meetings (quarterly/half yearly/yearly) of the Committees were as per following:
 - a) Audit Committee 05 Meetings were held during the year.
 - b) HR and Remuneration Committee No Meetings were held during the year.
15. The Board has set up an effective internal audit function, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of the regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with;

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 (non-mandatory requirements) are below:

S. No.	Requirement	Explanation	Reg. No.
1	<p>The chief executive officer of the company shall place significant issues for the information, consideration and decision, as the case may be, of the Board or its committees that include but are not limited to the following:</p> <p>Management letter issued by the external auditors.</p>	Management Letter in respect of audit for the year ended June 30, 2019 was not finalized as management comments were under discussion, hence it was not presented in BOD meeting.	14(Vii)
2	<p>The chief executive officer of the company shall place significant issues for the information, consideration and decision, as the case may be, of the Board or its committees that include but are not limited to the following:</p> <p>Promulgation of or amendment to a law, rule or regulation, applicability of financial reporting standard and such other matters as may affect the company and the status of compliance therewith.</p>	Management has a plan to discuss these in forthcoming BOD meeting.	14(ix)
3	The directors in their report to members shall state the remuneration policy of non-executive directors including independent directors, as approved by the Board, which shall also include disclosing the significant features and elements thereof.	We have disclosed with respect to amount paid in notes to the financial statement for the year ended June 30, 2019 and same is disclosed in notes to the financial statement for the year ended June 30, 2020.	34(iv)

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

S. No.	Requirement	Explanation	Reg. No.
4	The details of all related party transactions shall be placed periodically before the audit committee of the company and upon recommendations of the audit committee, the same shall be placed before the Board for review and approval: Provided where majority of the directors are interested in such transactions, the matter shall be placed before the general meeting for approval.	Transactions with Roots International Brands (Private) Limited (RIBL) and Burshane Petroleum (Private) Limited (BPPL) were not approved by the Board and hence approval for the transactions with RIBL were approved by the Board on September 11, 2020 and with BPPL are approved by the Board on April 14, 2021.	15
5	All directors of a company shall attend its general meeting(s), (ordinary and extra-ordinary unless precluded from doing so due to any reasonable cause.	Email was circulated to all the directors. Management was not intimated for any leave for absence in AGM by these directors. However, we will ensure proper documentation of leave of absence in future.	10(6)
6	All companies shall make appropriate arrangements to carry out orientation for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders.	For newly appointed Director Ms. Shahbano, the orientation was conducted in subsequent BODs' meeting dated April 28, 2020. Orientation of Mr. Shaikh Abdus Sami was done but not documented in the minutes of meeting in which Mr. Sami was inducted as Director.	18
7	The committee shall meet at least once in a financial year and may meet more often if requested by a member of the Board, or committee itself or the chief executive officer and the head of human resource or any other person appointed by the Board may act as the secretary of the committee.	Due to COVID 19, the Company could not conduct HR committee meeting.	28(3)

Shaikh Abdus Sami
Chairman

Asad Alam Khan
Director / CEO

Dated: April 14, 2021



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BURSHANE LPG (PAKISTAN) LIMITED ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Burshane LPG (Pakistan) Limited for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

KARACHI

DATED: April 14, 2021

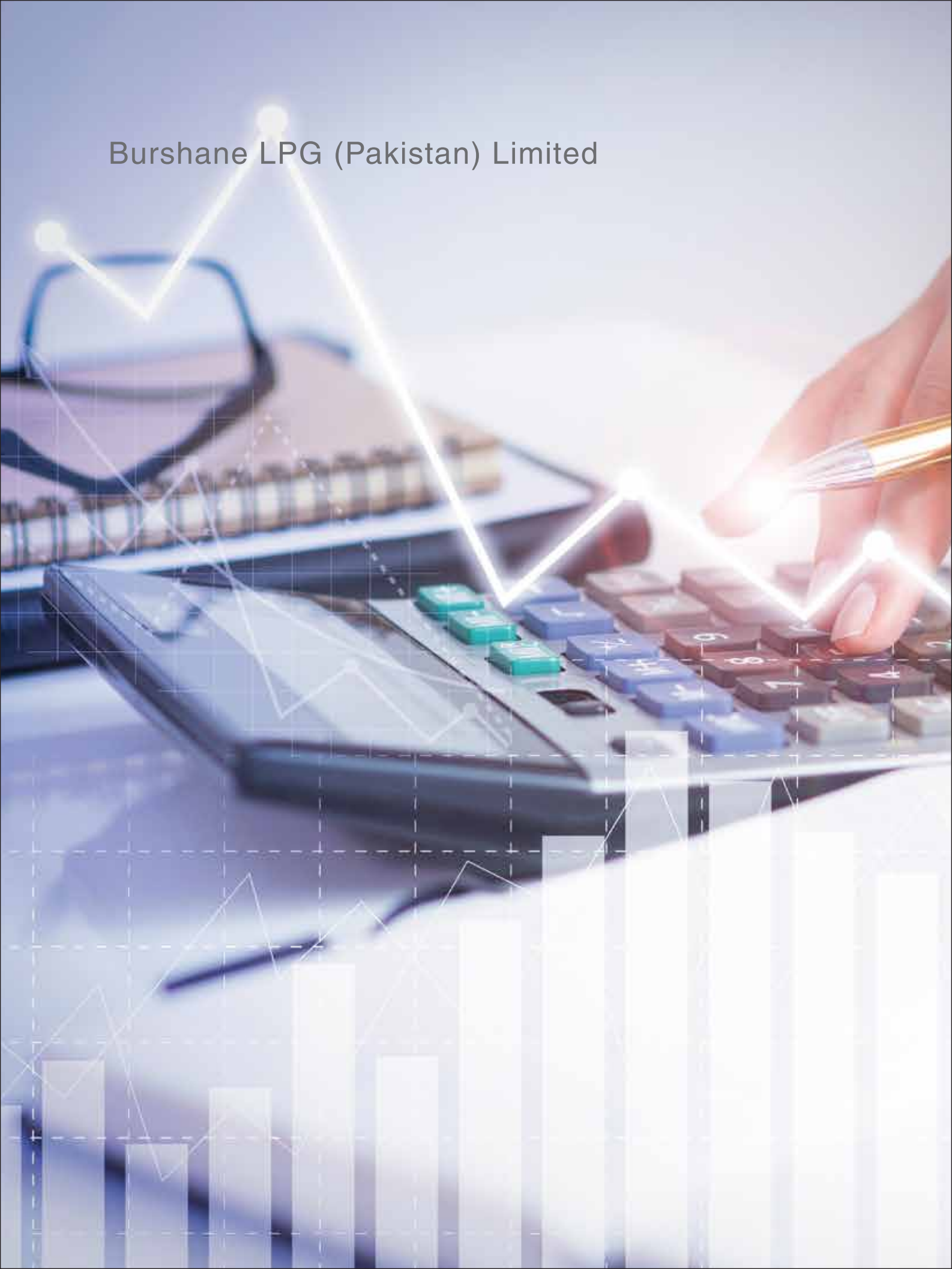
CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

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Burshane LPG (Pakistan) Limited





Unconsolidated Financial Statements



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURSHANE LPG (PAKISTAN) LIMITED Report on the Audit of the Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Burshane LPG (Pakistan) Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2020, and unconsolidated statement of profit or loss, unconsolidated statement of other comprehensive income, the unconsolidated statement of cash flows, the unconsolidated statement of changes in equity for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated profit and loss account, unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows, the unconsolidated statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss and other comprehensive loss, its cash flows and the changes in equity for the year then ended.

Basis for opinion

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

Emphasis of Matter

Without modifying our opinion, we draw attention to the following:

1. Note 54.1 to the unconsolidated financial statements which provide details regarding subsequent events related to transactions with the Roots International Brands Private Limited (RIBS) and investigation order passed by Securities and Exchange Commission of Pakistan.
2. Note 54.2 to the unconsolidated financial statements which provide details regarding a subsequent event relating to complaint filed by Directorate of Intelligence and Investigation, Inland Revenue, Karachi with the Court of Special Judge (Customs, Taxation and Anti-Smuggling), Karachi, (Trial Court) against the Company and its Directors alleging tax evasion. Note 54.2 provides details regarding the matter which is sub-judice.
3. Note 24.1 to the unconsolidated financial statements which provide details regarding restructuring of the financing facilities with National Bank of Pakistan.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S. No.	Key audit matters	How the matter was addressed in our audit
1.	Contingencies	
	<p>As disclosed in note 32 of the unconsolidated financial statements, the Company has contingencies and litigations in respect of legal, sales tax and income tax matters, which are pending adjudication with respective authorities at various legal forums available.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of relevant laws, rules and regulations, probability of outcome and financial impact, if any, for recognition, measurement and disclosure of any related provision or any other element of unconsolidated financial statements.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of such matters and use of significant management judgments and estimates to assess the same including any related financial impacts, we considered contingencies and litigations in respect of legal, sales tax and income tax matters, a key audit matter.</p>	<p>We undertook number of procedures to verify the contingencies and their consequential impact on the unconsolidated financial statements. This included, among others:</p> <ul style="list-style-type: none"> • We obtained and reviewed the details of pending legal, sales tax and income tax matters and discussed the same with the management; • We followed the progress of each case and the Company's estimate of the cost to be incurred; • We reviewed the key elements of the methodology employed by management in challenging reasonableness of the cost estimates; • We considered the impact on future case costs from changes arising in the regulatory environment; • We obtained confirmations from legal advisors for current status on pending previous cases and any new case filed during the year; • Checked orders by relevant authority on previous lawsuits / cases appearing in the unconsolidated financial statements; and • Obtained legal advice on the above cases with the legal advisors to ensure that the outflow is possible and not probable. • We also assessed the adequacy of the disclosures made in respect of contingencies in accordance with the financial reporting standards.



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S. No.	Key audit matters	How the matter was addressed in our audit
2.	Revenue	
	<p>As disclosed in note 33 of the unconsolidated financial statements, the Company reported revenue of Rs. 2,582.45 million from sale of liquefied petroleum and low pressure regulators (LPR) revenue which reflect a decrease of 20.54% from previous year.</p> <p>We focused on revenue as a key audit area due to high volume of transactions and a decrease in revenue from the previous year.</p>	<p>We performed a range of audit procedures in relation to revenue including the following:</p> <ul style="list-style-type: none"> • We considered the appropriateness of the Company's revenue recognition accounting policies; • We obtained understanding of the revenue related processes; • We performed substantive analytical procedures based on historical sales, seasonal fluctuation and review of prices charged to customers including changes made during the year; • We perform test of details on revenue recognized during the year, on a sample basis, including review of order receipt, invoicing and dispatched; • We performed cut-off procedures on transactions occurring either immediately before or after the year end to assess the recording of revenue in correct accounting period; and • We also assessed the adequacy of the disclosures made in respect of revenue in accordance with the financial reporting standards.
3.	First time application of IFRS 16 'Leases'	
	<p>IFRS 16 'Leases' is applicable for accounting periods beginning on or after January 1, 2019 and replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Lease Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 provides a single accounting model for a lessee, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Through our discussions with the management, we understood the process in identifying lease contracts. • We read the lease contracts to assess whether leases have been appropriately identified.



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S. No.	Key audit matters	How the matter was addressed in our audit
	<p>IFRS 16 substantially carries forward the lessor accounting of IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not act as a lessor.</p> <p>The Company has applied IFRS 16 from July 01, 2019 using the modified retrospective approach, therefore, the cumulative effect of adopting IFRS 16 is recognized as an adjustment, if any, to the opening balance of retained earnings as at January 1, 2019 with no restatement to comparative information. As a result, the Company has recognized an increase of Rs. 25.81 million in property, plant and equipment as right-of-use asset, an increase of lease liability by Rs. 23.53 million.</p> <p>The details of new significant accounting policies and the nature and effect of changes to previous accounting policies are stated in note 4.1 to these unconsolidated financial statements.</p>	<ul style="list-style-type: none"> We obtained the Company's quantification of ROU assets and lease liabilities. We agreed the inputs used in the quantification to the lease agreements, challenged the calculations of the discounted rate applied, and performed computation checks. We compared the lease assessment and quantification model developed by management to that required by IFRS 16 and reviewed the reasonableness of the assessment and quantification and methodology applied. We assessed Company's accounting for ROU asset components and lease liabilities. We evaluated the adequacy and considered the appropriateness of disclosures made regarding the application of IFRS 16 and its impact on the unconsolidated financial statement of the Company.

Other matter

The unconsolidated financial statements of the Company for the year ended June 30, 2019 were audited by another firm of chartered accountants who had expressed an unqualified opinion thereon vide their report dated September 30, 2019.

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

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

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

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

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Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows and the unconsolidated statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI
 DATED: April 14, 2021

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UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 ----- (Rupees in '000) -----	2019 -----
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	827,317	732,090
Intangible assets	9	328,661	388,230
Long-term investment	10	50,000	50,000
Long-term loans	11	488	894
Long-term deposits	12	122,761	122,761
		1,329,227	1,293,975
CURRENT ASSETS			
Stores and spares	13	2,215	2,415
Stock-in-trade	14	43,901	75,422
Trade debts	15	24,776	23,422
Loans and advances	16	53,084	59,615
Deposits, prepayments and other receivable	17	21,755	88,936
Taxation - net	18	9,295	14,330
Cash and bank balances	19	265,197	173,732
		420,223	437,872
TOTAL ASSETS		1,749,450	1,731,847
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	20	900,000	900,000
Issued, subscribed and paid-up capital	21	224,888	224,888
Capital reserves	22		
Revaluation surplus of property		336,415	274,765
Other reserves		110,070	169,539
Revenue reserves	22	17,783	150,252
		689,156	819,444
NON-CURRENT LIABILITIES			
Long-term loan	24	-	-
Lease liabilities	25	17,511	2,177
Deferred taxation -net	26	-	-
Cylinder and regulator deposits	27	414,260	386,402
		431,771	388,579
CURRENT LIABILITIES			
Loan from a subsidiary company	28	50,000	50,000
Trade and other payables	29	138,743	91,342
Accrued mark-up on long - term loan	30	97,029	60,295
Un-claimed dividend	31	83,198	66,181
Current portion of lease liabilities	25	5,114	1,567
Current portion of long-term loan	24	254,439	254,439
		628,523	523,824
TOTAL EQUITY AND LIABILITIES		1,749,450	1,731,847
CONTINGENCIES AND COMMITMENTS	32		

The annexed notes from 1 to 55 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ----- (Rupees in '000) -----	2019 -----
Sales - net	33	2,582,454	3,249,870
Cost of sales	34	(2,448,638)	(3,034,515)
Gross profit		133,816	215,355
Administrative expenses	35	(111,555)	(106,575)
Distribution and marketing expenses	36	(70,600)	(68,780)
Other income	37	34,996	42,645
Other expenses	38	(12,665)	(12,779)
		(159,824)	(145,489)
Operating (loss) / profit		(26,008)	69,866
Financial costs	39	(44,551)	(4,892)
(Loss) / profit before taxation		(70,559)	64,974
Taxation	40	(39,270)	(39,117)
Net (loss) / profit for the year		(109,829)	25,857
----- (In Rupees) -----			
(Loss) / earning per share - basic and diluted	41	(4.88)	1.15

The annexed notes from 1 to 55 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ----- (Rupees in '000) -----	2019 -----
Net (loss) / profit for the year		(109,829)	25,857
Other comprehensive income / (loss)			
Items that will not be reclassified subsequently to statement of profit and loss:			
Surplus on revaluation of property	23.1	61,650	-
Actuarial (loss) / gain on remeasurement of retirement and other service benefits	43.7	(59,463)	40,300
		2,187	40,300
Total comprehensive (loss) / income for the year		(107,642)	66,157

The annexed notes from 1 to 55 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ----- (Rupees in '000) -----	2019 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	45	157,635	147,039
Retirement and other service benefits paid		(9,548)	(10,288)
Taxes paid		(34,464)	(45,408)
Financial costs paid		(3,673)	(4,632)
Long-term loans - net		406	572
Long-term deposits - net		-	(21,922)
Cylinder and regulator deposits - net		43,533	34,488
Net cash generated from operating activities		153,889	99,849
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(49,260)	(32,543)
Purchase of intangible assets		(149)	(289)
Proceeds from disposal of operating fixed assets		1,406	3,765
Net cash used in investing activities		(48,003)	(29,067)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(5,623)	(4,475)
Repayment of lease liabilities		(8,798)	(3,497)
Net cash used in financing activities		(14,421)	(7,972)
Net increase in cash and cash equivalents		91,465	62,810
Cash and cash equivalents at beginning of the year		173,732	110,922
Cash and cash equivalents at end of the year		265,197	173,732

The annexed notes from 1 to 55 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	Capital reserves				Revenue Reserves				
	Issued, subscribed and paid-up capital	Reserve on amalgamation	Revaluation surplus of property	Actuarial (loss) / gain on remeasurement of retirement and other service benefits	Sub total	General Reserve	Unappropriated profit / (Accumulated loss)	Sub total	Total

The annexed notes from 1 to 55 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND OPERATIONS

- 1.1** Burshane LPG (Pakistan) Limited (the Company) is a limited liability company incorporated in Pakistan and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at Suite 101, 1st Floor, Horizon Vista, Commercial Plot No. 10, Block - 4, Scheme No. 5, Clifton, Karachi.

The principal activity of the Company is storing, marketing and trading of Liquefied Petroleum Gas (LPG) throughout Pakistan and trading of Low Pressure Regulators (LPR).

- 1.2** The Company was a subsidiary of H.A.K.S. Trading (Private) Limited (HTPL). The major shareholder of HTPL was Mr. Asad Alam Niazi, Chief Executive of the holding company with 73.88% of the ordinary shares while various other shareholders held 26.12% shares. However, consequent to the approval of the scheme of arrangement for amalgamation of HTPL and the Company by the High Court of Sindh (the Court), HTPL was amalgamated with the Company on February 20, 2015, as more fully explained in note 7.

- 1.3** These unconsolidated financial statements are separate financial statements of the Company in which investment in subsidiary is accounted for at cost less accumulated impairment losses, if any. In addition, the Company prepares consolidated financial statements which comprise of the Company's financial statements and its subsidiary's financial statements - Burshane Auto Gas (Private) Limited. The Company's another subsidiary which is Burshane Trading (Private) Limited's share capital has not been issued as at the reporting date.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

Geographical location and addresses of major business units of the Company are as under:

Karachi:

Purpose:

Plot No. 70, Sector 7-D, Korangi Filling Plant-1, Adjacent to Pakistan Refinery Limited, Korangi Creek

LPG Storage & filling plant

Faisalabad:

Purpose:

Square No. 94, Killa no. 1,2,3,4,5,6 & 7, tehsil Faisalabad, Near Abbaspur railway station.

LPG Storage & filling plant

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

3.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention, unless otherwise specifically stated.

3.3 Separate financial statements

These unconsolidated financial statements represent the separate financial statements of the Company. The consolidated financial statements of the Company and its subsidiary are presented separately.

3.4 Functional and presentation currency

These unconsolidated financial statements have been presented in Pakistani Rupee, which is the Company's functional and presentation currency.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

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

4.1 Standards / amendments that are effective in current year and are relevant to the Company

IFRS 16 - Leases

IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 replaced IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease' The Company applied IFRS 16 with a date of initial application of July 01, 2019.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant leasing activities acting as a lessor.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Previously, the Company classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company and, therefore, charged leased payments to statement of profit or loss under operating leases.

On adoption of IFRS 16, the Company recognised a right-of-use asset and lease liability for all contracts that are or contain a lease at the commencement date except for short-term leases of 12 months or less and low value. Right-of-use assets are measured at their carrying amounts as if IFRS 16 had been applied since the commencement date of lease contract.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company used its incremental borrowing rate as the discount rate as at July 01, 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Right-of-use assets are included in property, plant and equipment, the lease liability is shown separately as current and non-current in the statements of financial position, and interest on the lease liability is included in finance cost.

Transition method and practical expedients utilised

The Company applied IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (July 01, 2019), without restatement of comparative figures.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- applied a single discount rate to a portfolio of leases with similar characteristics.
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On application of IFRS 16, the reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening financial position on July 1, 2019, the summary of which is as follows:

	July 01, 2019 (Rupees in '000)
Property, plant and equipment	
Right-of-use assets - Buildings	25,807
Less: prepaid rent	(2,273)
	23,534
Lease liabilities	
Non-current	20,479
Current	3,055
	23,534

4.2 Amendments that are effective in current year and not relevant to the Company

The Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IAS 19	Employee benefits - Amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IFRS 8	Operating Segments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

		Effective date (annual periods beginning on or after)
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019
IFRS 14	Regulatory Deferral Accounts - Original issue	July 01, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019
IFRS 9	Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019

Annual Improvements to IFRSs (2015 – 2017) Cycle:

IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019

4.3 Amendments not yet effective

The following amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards:

	Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
IFRS 3	Business Combinations - amendments to clarify the definition of a business	January 01, 2020
IFRS 3	Business Combinations - amendments updating a reference to the Conceptual Framework	January 01, 2022
IFRS 4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2023
IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2023
IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification	January 01, 2023
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published	January 01, 2023
IAS 1	Presentation of Financial Statements - amendments regarding the definition of materiality	January 01, 2020
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities	January 01, 2022
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality	January 01, 2020
IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 01, 2020
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

**Effective date
(annual periods
beginning on or
after)**

Annual improvements to IFRSs (2018 – 2020) Cycle:

IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2019
IFRS 9	Financial Instruments	January 01, 2022
IFRS 41	Agriculture	January 01, 2020

4.4 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

The Company's expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

5. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Property, plant and equipment

5.1.1 Owned

These are stated at cost less accumulated depreciation and accumulated impairment losses if any, except for freehold land and leasehold land, which are stated at revalued amount.

Depreciation is charged to unconsolidated statement of profit or loss using straight-line method whereby the cost of an asset is allocated over its estimated useful life at the rates given in note 8.1. Depreciation on additions is charged from the month in which the asset is available for use, while no depreciation is charged in the month in which the asset is disposed off. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Maintenance and normal repairs are charged to unconsolidated statement of profit or loss as and when incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense in the unconsolidated statement of profit or loss in the period of disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

A revaluation surplus is recorded in unconsolidated statement of other comprehensive income (OCI) and credited to the asset revaluation surplus in equity. However, the increase is recorded in the unconsolidated statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognised in the unconsolidated statement of profit or loss however, a decrease is recorded in unconsolidated statement of other comprehensive income to the extent of any credit balance entry in revaluation surplus in respect of same asset.

5.1.2 Right of use assets

The right-of-use asset is initially measured at the amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using straight line method from the date of commencement date to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

5.1.3 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. It consists of expenditure incurred in respect of tangible assets in the course of their construction and installation, including financial charges on borrowings, if any, for financing the project until such projects are completed or become operational. Transfers are made to relevant asset category as and when assets are available for use.

5.2 Intangible assets

An intangible asset is recognised if it is probable that the future economic benefits attributable to the asset will flow to the Company and that the cost of such asset can also be measured reliably.

a) Software

Costs that are directly associated with identifiable computer software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Costs include the purchase cost of software, implementation cost and related overhead cost. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses thereon.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognised as a capital improvement and added to the original cost of the software.

b) Goodwill

This represents excess of cost of acquisition over fair value of the identifiable assets and liabilities of the Company at the time of acquisition by HTPL.

Goodwill on acquisition is not amortised but tested annually for impairment and carried at cost less accumulated impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

c) Trademarks

This represents separately acquired trade marks with indefinite useful life. These are stated at cost less accumulated impairment losses, if any. Carrying amounts of trademarks are subject to impairment review at each reporting date.

Intangible assets, where applicable, are amortised from the month when such assets are available for use on straight line method whereby the cost of an intangible asset is allocated over its estimated useful life, at the rates given in note 9.

The useful lives of intangible assets are reviewed at each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset.

5.3 Investment in a subsidiary company

Investment in subsidiary is initially recognised at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of the investment is adjusted accordingly.

The gain or loss on disposal of an interest in subsidiary, represented by the difference between the sale proceeds and the carrying amount of investment, is recognised as an income or expense in unconsolidated statement of profit or loss in the period of disposal.

5.4 Stores and spares

Stores and spares to be consumed in the ordinary course of business are valued at lower of weighted average cost and net realizable value (NRV) except for those in transit, if any, which are stated at cost. Cost comprises of invoice value plus other direct costs incurred thereon. Provision is made for slow moving and obsolete items wherever necessary and is recognised in the unconsolidated statement of profit or loss.

5.5 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value (NRV). Cost is determined using the weighted average method for both Liquefied Petroleum Gas (LPG) and Low Pressure Regulators (LPR). Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

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

5.6 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables are written-off when considered irrecoverable.

5.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash with banks on current, collection, deposit and saving accounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

5.8 Retirement and other service benefits

5.8.1 Defined benefit plan

The Company operates:

- an approved defined benefit gratuity scheme for all permanent employees and non management employees. The scheme provides for a graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employee's last drawn salary; and
- an approved defined benefit pension scheme for management staff. The scheme provides pension based on the employees' last drawn salary subject to the completion of minimum qualifying period of service. Pensions are payable for life and thereafter to surviving spouses and / or dependent children.

Both the above schemes are funded and contributions to them are made monthly on the basis of actuarial valuation and in line with the provisions of the Income Tax Ordinance, 2001. The gratuity and pension funds are governed under the Trust Act, 1882, Trust Deed and Rules of Fund, repealed Companies Ordinance, 1984, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. Responsibility for governance of plan, including investment decisions and contribution schedule lie with the Board of Trustees of the Funds. Further, monthly contributions are made by employees in the defined benefit pension fund at the rate of 1.4% and 1.72% according to their job grades. Actuarial valuations of these schemes are carried out at appropriate regular intervals.

5.8.2 Defined contribution plan

The Company operates a recognised contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Company and the employees at the rate of 4.25% per annum of the basic salary and 10% per annum of the basic salary for management and non-management employees, respectively.

5.9 Lease liabilities

The lease liability is initially measured at the present value of the future lease payments over the lease term, discounted using the specific incremental borrowing rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

5.10 Loans and borrowings

Loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Loan and borrowings are subsequently stated at amortised cost using the effective interest rate method.

Loans and borrowings are classified as current liabilities, unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. 5.11 Trade and other payables

These are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

5.11 Trade and other payables

These are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liability.

5.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

5.13 Taxation

5.13.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or Minimum Tax on Turnover or Alternate Corporate Tax, whichever is higher in accordance with the provisions of Income Tax Ordinance, 2001.

5.13.2 Deferred

Deferred tax is recognized using the balance sheet approach, on all temporary differences arising at the reporting date between the tax base of asset and liabilities and their carrying amounts for financial reporting purposes.

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

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

5.14 Foreign currencies

Transactions in foreign currencies are translated into functional currency (Pakistani Rupees) using exchange rates approximating those ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange prevailing at the reporting date. Exchange gains and losses resulting from the settlement of foreign currency transactions and translation of monetary assets and liabilities at the rates prevailing at the reporting date are included in the unconsolidated statement of profit or loss. Non-monetary items that are measured in terms of a historical cost in foreign currency are not re-translated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

5.15 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset, in which case such costs are capitalised as part of the cost of that asset.

5.16 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

5.17 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic 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. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

5.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

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

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised 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.

A debt instrument 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

On initial recognition of a debt instrument 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.

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

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price, determined under IFRS 15) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at FVTPL - The Company has not designated any financial asset as fair value through profit or loss;
- Financial assets at amortised cost - The Company subsequently measures financial assets at amortised cost using Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in the unconsolidated statement of profit or loss when the asset is derecognised, modified or impaired;
- Debt instruments at FVOCI - The Company has not designated any financial asset at fair value through OCI with / without recycling of cumulative gains and losses; and upon derecognition.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's unconsolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Impairment / expected credit losses on financial assets

The Company recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. 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 asset's original effective interest rate.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company uses the standard's simplified approach and calculates ECL based on life-time ECL on its financial assets. 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 financial assets and the economic environment. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The expected credit losses are recognised in the unconsolidated statement of profit or loss.

ii) Financial liabilities

"Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company financial liabilities include long-term loan, accrued mark-up on long-term loan, Lease Liability, cylinder and regulator deposits, trade and other payables and loan from subsidiary company.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the unconsolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the unconsolidated statement of profit or loss. This category generally applies to interest-bearing loans and borrowings and trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Derecognition

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

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.19 Revenue from contracts with customers

The Company is in the business of storing, marketing and trading of Liquefied Petroleum Gas (LPG) throughout Pakistan and trading of Low Pressure Regulators (LPR). Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Performance obligations

Information about the Company performance obligations are summarised below:

Sale of LPG and LPR

The performance obligation is satisfied upon delivery of LPG and LPR at LPG pump stations. Payment is generally due at the time of delivery. The revenue from sale of these products is recognised at the point in time when control of the asset is transferred to the customer i.e. on delivery of products.

Others

- Return on saving account is recorded using effective interest rate method.
- Other revenues including recovery of storage and handling charges and rental income from storage tank are accounted for on accrual basis.
- Income from dividend, if any, is recognised when right to receive dividend is established.

The Company recognizes an account receivable when the performance obligations have been met, recognizing the corresponding revenue. Moreover, the considerations received before satisfying the performance obligations are recognized as advances from customer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

6.1 Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

6.2 Intangible assets

The Company reviews appropriateness of the rate of amortisation and useful life used in the calculation for amortisation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

6.3 Taxation

In making the estimates for current income taxes payable by the Company, the management considers the applicable laws and the decisions / judgments of appellate authorities on certain issues in the past. Accordingly, the recognition of deferred tax is also made, taking into account these judgments and the best estimates of future results of operations of the Company.

6.4 Provision for retirement and other service benefits

The present value of these obligations depends on a number of factors that are determined on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present values of these obligations and the underlying assumptions are disclosed in note 43.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

7. AMALGAMATION WITH HOLDING COMPANY

Effective February 20, 2015, the Company went through the scheme of amalgamation with its holding company consequent to the approval of scheme by the High Court of Sindh.

According to the Scheme, 0.31 ordinary shares of the Company, with a face value of Rs. 10 each, were offered to the shareholders of HTPL for every one share held of HTPL, with a face value of Rs. 10 each. As per the Scheme, the Company is required to allot new shares to the shareholders of HTPL. Upon allotment of new shares, old shares of the Company, held by HTPL, shall stand cancelled and simultaneously HTPL shall stand dissolved without being wound up. Further, the cancellation of old shares and issuance of new shares, as per the swap ratio, will result in reduction of 151,154 shares of the Company. The Company is in the process of completing the legal formalities for issuance of new shares.

As a result of the Scheme, the assets and liabilities of HTPL were amalgamated with the assets and liabilities of the Company based on the fair values as of February 19, 2015. The summary of assets and liabilities of HTPL amalgamated as above, is as under:

	Fair value as of February 19, 2015 (Rupees in '000)
Assets	
Goodwill	253,091
Property, plant and equipment	559,529
Cash and bank balances	51
	812,671
Liabilities	
Long-term loan - secured	400,000
Deferred taxation	14,863
Trade and other payables	2,247
Short-term loans	30,646
Accrued mark-up on long-term loan	17,508
	465,264
Net assets	347,407
Represented by:	
Unappropriated loss	(73,677)
Revaluation surplus on property, plant and equipment	269,138
Reserve on amalgamation	151,946
	347,407

		2020 Rupees ----- (Rupees in '000) -----	2019 Rupees -----
8. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	8.1	827,317	732,090
Capital work-in-progress	8.2	-	-
		827,317	732,090

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

8.1 Operating fixed assets

The following is the statement of operating fixed assets:

Description	Owned Assets											Leased Assets		Right of Use Asset		Total	
	Leasehold land (note 8.1.7)	Building on leasehold land	Plant and machinery	Cylinders and regulators (note 8.1.3)	Fire fighting equipment	Furniture, fittings, electrical and other	Vehicles	Office equipment	Computer and related accessories	Tanks, pipelines and fittings	sub total	Vehicles	Building	Vehicles	sub total		
(Rupees in '000)																	
Net carrying value basis year ended June 30, 2020																	
Opening net book value	509,138	15,000	25,131	12,759	136,150	2,597	7,207	78	402	501	18,501	727,464	4,626	-	-	732,090	
Recognition on initial application of IFRS-16	-	-	-	-	-	-	-	-	-	-	-	-	(4,626)	-	-	25,807	
Opening net book value - adjusted	509,138	15,000	25,131	12,759	136,150	2,597	7,207	78	402	501	18,501	727,464	-	26,005	4,428	30,433	
Addition (at cost)	-	-	-	-	44,843	-	1,166	2,231	372	648	-	49,260	-	26,005	4,428	757,897	
Revaluation surplus	60,150	1,500	-	-	-	-	-	-	-	-	-	61,650	-	-	-	49,260	
Transfer in / (out)	-	-	-	-	-	-	-	86	-	-	-	86	-	-	-	61,650	
Disposal (NBV)	-	-	-	-	-	-	(49)	-	-	-	-	(54)	-	-	(86)	(86)	
Depreciation charged (refer note 8.1.2)	-	-	(3,122)	(1,597)	(21,439)	(1,063)	(2,342)	(769)	(129)	(388)	(3,090)	(33,941)	-	(6,288)	(1,206)	(7,495)	
Closing net book value	569,288	16,500	22,009	11,162	159,549	1,534	5,982	1,626	645	761	15,411	804,467	-	19,716	3,136	827,317	
Gross carrying value basis year ended June 30, 2020																	
Opening net book value	569,288	16,500	83,294	66,104	660,970	21,177	81,967	59,886	5,106	18,113	93,428	1,675,833	-	26,005	4,342	30,347	
Cost / revalued amount	-	-	(61,285)	(54,942)	(501,421)	(19,643)	(75,985)	(58,260)	(4,461)	(17,352)	(78,017)	(871,368)	-	(6,288)	(1,206)	(7,495)	
Accumulated depreciation	-	-	22,009	11,162	159,549	1,534	5,982	1,626	645	761	15,411	804,467	-	19,716	3,136	22,852	
Closing net book value	569,288	16,500	22,009	11,162	159,549	1,534	5,982	1,626	645	761	15,411	804,467	-	19,716	3,136	827,317	
Depreciation rate (% per annum)	-	-	5%	5%	10%	15%	10% to 15%	20% to 25%	15%	33.33%	10%	-	-	20%	-	25%	
Net carrying value basis year ended June 30, 2019																	
Opening net book value	509,138	15,000	27,435	12,407	130,578	3,488	8,414	2,099	470	687	30,696	740,412	3,863	-	-	744,275	
Addition (at cost)	-	-	-	1,754	24,381	108	525	553	19	390	-	27,730	4,813	-	-	32,543	
Disposal (NBV)	-	-	-	-	2,593	-	(25)	(1,639)	-	(52)	(2,593)	(1,716)	-	-	-	(1,716)	
Depreciation charged	-	-	(2,304)	(1,402)	(21,402)	(999)	(1,707)	(935)	(87)	(524)	(9,602)	(38,962)	(4,050)	-	-	(43,012)	
Closing net book value	509,138	15,000	25,131	12,759	136,150	2,597	7,207	78	402	501	18,501	727,464	4,626	-	-	732,090	
Gross carrying value basis year ended June 30, 2019																	
Opening net book value	509,138	15,000	83,294	66,104	616,132	21,177	80,850	57,569	4,734	17,465	93,428	1,564,891	28,551	-	-	1,593,442	
Cost / revalued amount	-	-	(59,163)	(53,345)	(479,982)	(18,580)	(73,643)	(57,491)	(4,332)	(16,864)	(74,927)	(837,427)	(23,925)	-	-	(861,352)	
Accumulated depreciation	509,138	15,000	25,131	12,759	136,150	2,597	7,207	78	402	501	18,501	727,464	4,626	-	-	732,090	
Net book value	509,138	15,000	25,131	12,759	136,150	2,597	7,207	78	402	501	18,501	727,464	4,626	-	-	732,090	
Depreciation rate (% per annum)	-	-	5%	5%	10%	15%	10% to 15%	20% to 25%	15%	33.33%	10%	-	25%	-	-	-	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

- 8.1.1** As at June 30, 2020, property, plant and equipment having cost of Rs. 711.21 million (2019: Rs. 574.66 million) are fully depreciated.

	Note	2020 ----- (Rupees in '000) -----	2019
8.1.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	34	10,026	15,349
Administrative expenses	35	8,802	6,205
Distribution and marketing expenses	36	22,608	21,458
		41,436	43,012

- 8.1.3** These are in custody of distributors / customers owing to the nature of business of the Company. The particulars of these assets have not been disclosed due to several number of customers.

- 8.1.4** The Company possess leasehold lands of measuring 5.875 acres in Karachi. However, the legal title is on the name of H.A.K.S Trading (Private) Limited (HTPL), the former Holding Company.

- 8.1.5** The Company's freehold land and leasehold land was revalued on June 26, 2020 by M/s. Luckyhiya Associates (Private) Limited, an independent valuer, on the basis of their professional assessment of present market value for similar sized plots in the near vicinity of land. The revaluation has resulted in surplus for freehold and leasehold land amounting to Rs. 1.5 million and Rs. 60.149 million respectively.

- 8.1.6** Had the revaluation not been carried out, the related figures of freehold land and leasehold land would have been Rs. 5.62 million (2019: Rs. 5.62 million) and Rs. 243.75 million (2019: Rs. 243.75 million), respectively.

- 8.1.7** The forced sales value as per the revaluation report as of June 26, 2020 is as follows:

Class of asset	2020 (Rupees in '000)
Freehold land	16,500
Leasehold land	569,288

Particulars of immovable assets of the Company are as follows:

Particulars	Usage of property	Address	Covered Area (Square feet)
Freehold land	For future business expansion	Chak No. 245, Near Railway Station, Abbaspur, Faisalabad	104,544
Leasehold land	For future business expansion	Commercial - cum- Residential Land Deh Okewari, Shahrah - e - Faisal Survey # 47	107,811
Leasehold land	For future business expansion	Commercial - cum- Residential Land Deh Okewari, Shahrah - e - Faisal Survey # 74	40,293
Building on leasehold land	Plant site	Plot No. 70, Sector 7-D, Korangi Filling Plant-1, Adjacent to Pakistan Refinery Limited, Korangi Creek, Karachi	9,710
Leasehold land	Plant site	LPG Storage & Filling Plant, Near Railway Station, Abbaspur, Faisalabad	6,380

- 8.1.8** In the current and previous year, there were no disposal of fixed assets with an aggregate book value exceeding amount of Rs. 5 million, hence no disposal to report.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	----- (Rupees in '000) -----	
8.2 CAPITAL WORK-IN-PROGRESS		
Opening balance	-	-
Additions (at cost)	49,260	32,543
Transfer to property, plant and equipment	(49,260)	(32,543)
Closing balance	-	-

9 INTANGIBLE ASSETS

	Cost		Accumulated Amortisation			Net Book Value		
	As at July 01, 2019	Additions	As at June 30, 2020	As at July 01, 2019	Charge for the year (note 9.6)	As at June 30, 2020	As at June 30, 2020	Rate of amortisation
	----- (Rupees in '000) -----							
Goodwill (note 9.2)	253,091	-	253,091	-	-	-	253,091	Nil
Computer software	4,858	149	5,007	4,583	88	4,671	336	20%
Rights under								
Supply contracts (notes 9.3 & 9.4)	394,856	-	394,856	268,592	59,630	328,222	66,634	7.14%-33%
Trademarks (note 9.2 & 9.5)	8,600	-	8,600	-	-	-	8,600	Nil
2020	661,405	149	661,554	273,175	59,718	332,893	328,661	
	Cost		Accumulated Amortisation			Net Book Value		
	As at July 01, 2018	Additions	As at June 30, 2019	As at July 01, 2018	Charge for the year (note 9.6)	As at June 30, 2019	As at June 30, 2019	Rate of amortisation
	----- (Rupees in '000) -----							
Goodwill (note 9.2)	253,091	-	253,091	-	-	-	253,091	Nil
Computer software	4,569	289.42	4,858	4,569	14	4,583	275	20%
Rights under								
Supply contracts (notes 9.3 & 9.4)	394,856	-	394,856	203,545	65,047	268,592	126,264	7.14%-33%
Trademarks (note 9.2 & 9.5)	8,600	-	8,600	-	-	-	8,600	Nil
2019	661,116	-	661,405	208,114	65,047	273,175	388,230	

9.1 As at June 30, 2020, intangible having cost of Rs. 101.28 million (2019: Rs. 101.28 million) are fully amortised.

9.2 This represents excess of cost of acquisition over fair value of the identifiable assets and liabilities of the Company at the time of acquisition by HTPL (note 7).

9.2.1 Impairment testing of goodwill and trademarks:

The carrying value of goodwill has been allocated to Burshane LPG (Pakistan) Limited, the cash generating unit (CGU), which is also the operating and reportable segment for impairment testing.

	2020	2019
	----- (Rupees in '000) -----	
Carrying amount of goodwill	253,091	253,091
Carrying amount of trademarks	8,600	8,600

The Company performed its annual impairment test in June 2020 and June 2019. The Company considers the relationship between its recoverable amount and its book value, among other factors, when reviewing for indicators of impairment. As at June 30, 2020, the recoverable amount of the Company was above the book value of its equity, indicating no potential impairment of goodwill and impairment of the assets of the operating segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

The recoverable amount of CGU amounting to Rs. 1,277.77 million as at June 30, 2020 has been determined based on a Value in Use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The TAB was appropriately calculated over a 10 year amortization period, using the statutory tax rates. The projected cash flows have been updated to reflect increase in demand for LPG, and consequent imports. The pre-tax discount rate applied to cash flow projections is 18.16% and cash flows beyond the five-year period are extrapolated using a 2% growth rate. It was concluded that the carrying value did not exceed the value in use. As a result of this analysis, no impairment has been identified by the Company against goodwill with a carrying amount of Rs. 253.09 million as at June 30, 2020.

The Company tested its trademark "Burshane" as at June 30, 2020 and June 30, 2019 for impairment. Value in Use of Rs. 347.16 million as at June 30, 2020 of the trademarks has been calculated using Relief from Royalty Method. This method considers the royalties saved by owning the intellectual property rather than licensing it. It is commonly used in the valuation of similar assets and, from a valuation perspective, appears reasonable in this case.

Key assumptions used in value in use calculations:

The calculation of value in use for both CGU and trademarks, is most sensitive to the following assumptions:

- Sales volume growth
- Discount rates
- Market share during the forecast period
- Royalty rate used for the forecast period
- Growth rate used to extrapolate cash flows beyond the forecast period

Sales volume growth

Value in use is sensitive to sales volume growth. Sales volume growth has been assumed to increase in line with management's expectations of market share.

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service.

Market share during the forecast period

When using industry data for growth rates (as noted below), these assumptions are important because management assesses how the unit's position, relative to its competitors, might change over the forecast period. Management expects the Company's market share in the LPG industry to be stable over the forecast period.

Royalty rate used for the forecast period

The cash flows have been estimated using a royalty rate of 1.5% and have been discounted at the WACC. The royalty rate is based on that used by similar businesses. The TAB was appropriately calculated over a 10 year amortization period, using the statutory tax rates. Cash flows beyond the five-year period are extrapolated using a 2% growth rate. It was concluded that the carrying value did not exceed the value in use. As a result of this analysis, no impairment has been identified by the Company against the trademarks with a carrying amount of Rs. 8.60 million as at June 30, 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

The implications of the key assumptions for the recoverable amount are discussed below:

Sales volume growth

Value in use is sensitive to price and cost per ton of local and imported LPG and cost pass-through. The value in use was tested at various sales volume growth levels. A decline of 5% or more in sales volume growth would result in impairment of the CGU.

Discount rate assumptions

A rise in pre-tax discount rate to 30% would result in the impairment of the CGU.

Market share during the forecast period assumptions

Management expects the company to maintain its market share based on the expected demand of the product and the ready supply base it has to service the demand.

Royalty rate assumptions

The cash flows have been estimated using a royalty rate of 1.5%, and have been discounted at the WACC. The royalty rate is based on that used by similar businesses. The TAB (Tax Amortization Benefit) was appropriately calculated over a 10 year amortization period, using the statutory tax rates. Cash flows beyond the five-year period are extrapolated using a 2% growth rate in line with that used by the management. It was concluded that the carrying value did not exceed the value in use. As a result of this analysis, no impairment has been identified by the Company against goodwill with a carrying amount of Rs. 253.09 million as at 30 June 2020.

Growth rate assumptions

Cashflow beyond the forecast period have been extrapolated using 2% growth based on that used by the management and long term real GDP growth forecast.

- 9.3** The Company entered into an agreement with PARCO for purchase of LPG. The agreement provides right to supply of LPG for a period of five years for which the Company paid the signature bonus of Rs. 248 million.
- 9.4** During the prior year, the Company participated in a tender offer by Oil & Gas Development Company Limited (OGDCL) in respect of purchase of LPG from Kunnar Pasaki Deep - Tando Allahyar Gas Field District Hyderabad. On successful submission of the highest signature bonus bid of Rs. 50.15 million, the Company has been allotted one lot of LPG of five metric tons per day for five years from the Kunnar Pasaki Deep - Tando Allahyar.
- 9.5** This represents consideration paid to OPI Gas (Private) Limited in 2011 for acquisition of rights and title to "Burshane" trademarks. These trade marks are considered to have an indefinite useful life, and therefore have not been amortised. Further, no impairment has been identified in this regard (note 9.2).
- 9.6** The amortisation for the year has been allocated as follows:

	Note	2020 ----- (Rupees in '000) -----	2019
Cost of sales	34	59,630	65,047
Administrative expenses	35	88	14
		59,718	65,061

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
	Note	----- (Rupees in '000) -----	
10 LONG-TERM INVESTMENT			
Investment in a subsidiary company - at cost			
Burshane Auto Gas (Private) Limited	10.1	50,000	50,000

- 10.1** This represents investment in Burshane Auto Gas (Private) Limited (BAL), a company incorporated in Pakistan. The Company owns 4,999,997 (2019: 4,999,997) ordinary shares of Rs. 10 each representing 99.99% of the share capital as of the reporting date. As of the reporting date, the subsidiary company has not yet started its business operations, however, the net assets of the subsidiary company at year end amounted to Rs. 50.58 million (2019: Rs. 50.52 million). Investment in the subsidiary has been made in accordance with the provisions of the Section 199 of the Act and the rules promulgated for this purpose.

		2020	2019
	Note	----- (Rupees in '000) -----	
11. LONG-TERM LOANS			
Secured - considered good			
Executives	11.2 & 11.3	855	1,371
Other employees		110	341
	11.4	965	1,712
Current portion shown under current assets			
Executives		(367)	(588)
Other employees		(110)	(230)
		(477)	(818)
		488	894

11.1 Reconciliation of carrying amount of loans:

Description	Executives	Other employees	Total 2020	Total 2019
	----- (Rupees in '000) -----			
Opening balance	1,371	341	1,712	2,896
Disbursements	390	321	711	1,105
Repayment / adjustment	(906)	(552)	(1,458)	(2,016)
Closing balance	855	110	965	1,985

- 11.2** These loans are granted to employees under the Company's policies. Car and motor cycle loans are repayable over a maximum period of five years and two and a half years, respectively. Housing loans are repayable in maximum 50 equal monthly installments and salary loans are repayable over a maximum period of three years. Car loans and housing loans are interest free. Housing loans granted to employees are secured against the letter of guarantee and promissory notes and other loans are secured against their provident fund balances.

- 11.3** The maximum aggregate amount of loan due from executives at the end of any month during the year was Rs. 0.86 million (2019: Rs. 0.92 million).

- 11.4** The carrying value of these financial assets is neither past due nor impaired. Further, interest free loans are not discounted to present value, since the impact is considered to be immaterial in the overall context of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ----- (Rupees in '000) -----	2019
12. LONG-TERM DEPOSITS			
Deposit against LPG supply	12.1	119,587	119,587
Others		3,174	3,174
		122,761	122,761

12.1 These deposits placed with supplier of LPG as per the terms of the supply agreement.

	Note	2020 ----- (Rupees in '000) -----	2019
13. STORES AND SPARES			
Stores		3,005	3,175
Spares parts		530	560
		3,535	3,735
Provision for obsolete items		(1,320)	(1,320)
		2,215	2,415

14. STOCK-IN-TRADE

Liquefied Petroleum Gas (LPG)	14.1 & 14.2	42,516	73,463
Low Pressure Regulators (LPR)		1,385	1,959
		43,901	75,422

14.1 The reduction of stock-in-trade are included in cost of sales.

14.2 It includes stock amounting to Rs. 24.97 million (2019: Rs. 14.72 million) held with the following parties under hospitality arrangements:

	2020 ----- (Rupees in '000) -----	2019
Pakistan Oil Fields Limited	76	-
Ravi Sahiwal	1,386	137
Sadiq Gas Company	9,298	3,325
Sindh Gas (Private) Limited	1,188	2,365
Blessing Gas (Private) Limited	1,641	702
Tez Gas (Private) Limited	446	253
Terra Energy (Private) Limited	496	-
Bashir Gas	8,937	7,810
Faiq Gas	1,501	129
	24,969	14,721

14.3 As at June 30, 2020, stock of LPG held on behalf of third parties amounted to Rs. 0.19 million (2019: Rs. 0.25 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
	Notes	----- (Rupees in '000) -----	
15. TRADE DEBTS			
Unsecured - considered good			
Trade debtors		28,464	26,492
Allowance for expected credit losses	15.1	(3,688)	(3,070)
		24,776	23,422

15.1 Allowance for expected credit losses

Balance at start of the year		3,070	3,034
Allowance for expected credit losses	38	618	36
Balance at end of the year		3,688	3,070

15.2 Ageing analysis of these trade debts as at the reporting date is as follows:

Upto 1 month		14,229	16,770
1 to 6 months		6,605	9,185
More than 6 months		6,752	111
		27,586	26,066

16. LOANS AND ADVANCES

Loans - Secured - considered good			
Current portion of long-term loans	11	477	818
Advances to (Unsecured - considered good)			
Chief executives officer	16.1	3,864	3,260
Directors		-	273
Associated company	16.2	-	-
Contractors and suppliers		48,743	55,264
		52,607	58,797
		53,084	59,615

16.1 The maximum aggregate amount due from Chief executive officer against advance from travelling at the end of any month was Rs. 3.86 million (2019: Rs. 3.26 million).

	2020	2019
	----- (Rupees in '000) -----	

16.2 Advances to associated company

Opening balance	-	-
Disbursements	63,400	132,921
Repayments	(63,400)	(132,921)
Closing balance	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

16.2.1 During the year, the Company made short term advances to Root International Brands (Private) Limited, an associated company, with no agreed terms (Refer note 54.1). The maximum aggregate amount due at the end of any month was Rs. 63.40 million. The advance was received back during the year.

	Notes	2020 ----- (Rupees in '000) -----	2019
17. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Deposits	17.1	785	785
Prepayments	17.2	1,513	4,760
Other receivables	17.3	19,457	83,391
		21,755	88,936

17.1 This represents short term deposits in the normal course of business and does not carry any interest or mark-up.

17.2 This includes prepaid insurance premium of Rs. 0.64 million (2019: Rs. 0.21 million) to Pak Qatar Takaful Company Limited.

17.3 Other receivables

OPI Gas (Private) Limited	17.4	3,642	3,642
"Burshane LPG (Pakistan) Limited - Provident fund"		15	315
Burshane LPG (Pakistan) Limited- Gratuity fund	43	1,350	4,120
Burshane LPG (Pakistan) Limited- Pension fund		-	16,366
Burshane Petroleum (Private) Limited	17.5	9,500	9,000
Sales tax receivable		-	41,772
Others	17.6 & 17.7	11,165	14,391
		25,672	89,606
Allowance for expected credit losses		(6,215)	(6,215)
		19,457	83,391

17.4 This represents receivable against reimbursement of expenses incurred for debranding activities, which has not been acknowledged by the counter party, thus fully provided.

17.5 This represents amount receivable from Burshane Petroleum (Private) Limited (formerly Darian International (Private) Limited), a related party, as consideration against use of the Company's name under an arrangement entered in prior year.

17.6 This includes receivable against cylinder deposits of Rs. 7.77 million (2019: Rs. 8.10 million).

17.7 This includes receivable from Burshane Auto Gas (Private) Limited, Burshane Petroleum (Private) Limited, AAK Commodities (Private) Limited and A&S Corporation (Private) Limited amounting to Rs. 0.01 million (2019: Nil), Rs. 9.5 million (2019: Rs 9 million), Rs. 0.25 million (2019: Rs. 0.11 million) and Rs. 0.08 million (2019: Nil) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

17.7.1 The maximum aggregate amount outstanding from subsidiary company, associated companies and other related parties at any time of the year by reference to month end balances is as follows:

	2020	2019
	----- (Rupees in '000) -----	
Other related parties		
Burshane LPG (Pakistan) Limited Provident Fund	1,234	315
Burshane LPG (Pakistan) Limited Gratuity Fund	1,036	4,120
Burshane LPG (Pakistan) Limited Management Staff Pension Fund	-	16,366
Subsidiary Company		
Burshane Autogas (Private) Limited	11	-
Associated Companies		
Burshane Petroleum (Private) Limited	9,500	9,000
AAK Commodities (Private) Limited	250	105
A&S Corporation (Private) Limited	75	-
	12,106	29,906

17.7.2 The ageing analysis of receivable balances due from related parties / associated companies is as follows:

More than 6 months	731	-
More than 12 months	9,105	9,000
	9,836	9,000

18. TAXATION - NET

Advance tax	190,308	155,319
Provision for taxation	(181,013)	(140,989)
	9,295	14,330

19. CASH AND BANK BALANCES

Cash in hand	174	176
Cash at banks		
saving accounts	19.1	117,738
current accounts		55,818
	265,023	173,556
	265,197	173,732

19.1 The profit rates on these saving accounts range from 3.05% to 11.3% per annum (2019: 3.75% to 10% per annum). These balances are held in accounts maintained under conventional banking.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

20. AUTHORIZED SHARE CAPITAL

2020	2019		2020	2019
Number of shares			----- (Rupees in '000) -----	
90,000,000	90,000,000	Ordinary shares of Rs. 10/- each	900,000	900,000

21. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Number of ordinary shares of Rs. 10/- each			2020	2019
2020	2019		----- (Rupees in '000) -----	
		Ordinary shares of Rs. 10/- each		
19,881,766	19,881,766	Fully paid in cash (note 21.1)	198,817	198,817
76,820	76,820	Fully paid for consideration other than cash	768	768
2,530,304	2,530,304	Fully paid bonus shares	25,303	25,303
22,488,890	22,488,890		224,888	224,888

21.1 As a result of the Scheme referred to in note 7, the authorised share capital of the Company enhanced to Rs. 900 million divided into 90 million ordinary shares of Rs.10 each. Further, pursuant to the effects of amalgamation, the paid-up share capital of the Company reduced by 151,154 shares.

21.2 As more fully explained in note 7, the Company is in the process of completing legal formalities for cancellation of 151,154 shares and for issuance of new shares to the shareholders of HTPL (former Holding Company) in accordance with the Scheme. Post completion of legal formalities, Mr. Asad Alam Khan Niazi, Chief Executive, will hold 12,326,629 [2020: 54.82% (2019: 54.82%)] ordinary shares of the Company of Rs. 10 each and other directors will held 4,358,000 [2020: 19.38% (2019: 19.38%)] ordinary shares of the company of Rs. 10 each.

21.3 As at June 30, 2020 the former Holding Company held 74.19% (June 30, 2019: 74.19%), institutions held 14.28% (June 30, 2019: 14.37%) and individuals and others held the balance of 11.53% (June 30, 2019: 11.44%) Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

	2020	2019
	----- (Rupees in '000) -----	
22. RESERVES		
Capital reserve		
Reserve on amalgamation	153,458	153,458
Revaluation surplus on property	336,415	274,765
Actuarial (loss) / gain on remeasurement of retirement and other service benefits	(43,388)	16,081
	446,485	444,304
Revenue reserves		
General reserve	90,000	90,000
(Accumulated loss) / unappropriated profit	(72,217)	60,252
	17,783	150,252
	464,268	594,556

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
	Note	(Rupees in '000)	
23. SURPLUS ON REVALUATION OF PROPERTY			
Gross surplus			
Balance as at July 01,		274,765	274,765
Surplus recognised during the year	23.1	61,650	-
Balance as at June 30		336,415	274,765
23.1 Surplus recognized during the year on:			
Leasehold land		60,150	-
Freehold land		1,500	-
		61,650	-
23.2	The revaluation surplus on property is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.		
24. LONG TERM LOAN			
Secured			
National Bank of Pakistan (NBP)	24.1	254,439	254,439
Current maturity of long-term loan		(254,439)	(254,439)
		-	-

- 24.1** As a result of the Scheme referred to in note 7, long-term finance obtained, under conventional banking terms, by HTPL had been transferred to the Company at the time of amalgamation. The loan was obtained as a demand finance facility under the agreement dated April 08, 2013 from NBP and is repayable in 9 semi-annual installments of Rs. 44.444 million latest by April 01, 2018 with a grace period of six months from the date of the drawdown. The loan carries mark-up at rate of 6 months KIBOR plus 2.5% to 6% per annum. This loan is secured by way of mortgage on leasehold land and charge on the Company's present and future current and fixed assets as well as personal guarantees of Directors of the Company. In previous years, the Company negotiated several different offer letters from NBP. Subsequent to the year end, on November 13, 2020, the Company received a revised proposal for the restructuring of loan from NBP via offer letter No. NBP/ARG/ARW(S)/BLPL/2020. As per the aforementioned letter, the long-term loan and accrued mark-up on long-term loan are termed as Demand Finance-I and Demand Finance-II. In respect of Demand Finance - I, the Company was required to make a principal down payment of Rs. 89.06 million and the balance of Rs. 165.39 million to be re-paid in 20 quarterly installments starting from January 01, 2022 with a grace period of 1 year from the date of the drawdown.

In respect of Demand Finance - II, the Company required to make a principal down payment of Rs. 29.60 million and the balance of Rs. 54.97 million to be re-paid in 16 quarterly installments starting from January 01, 2022 with a grace period of 1 year from the date of the drawdown. Both facilities carries mark-up at the rate of 3 months KIBOR + 1.5%, which will also be payable during the grace period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

		2020 ----- (Rupees in '000) -----	2019
25. LEASE LIABILITIES	Notes		
Balance as on July 01	25.1	3,745	3,744
Recognition on initial application of IFRS-16	4.1	23,534	-
Interest expense		4,144	-
		31,423	3,744
Payments during the year		(8,798)	-
		22,625	3,744
Current portion shown under current liabilities		(5,114)	(1,567)
		17,511	2,177

25.1 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate 17.06% per annum.

26. DEFERRED TAXATION - NET

Taxable temporary differences

Accelerated tax depreciation and amortisation

27,727 22,973

Deductible temporary differences

Lease liabilities

(6,561) (1,086)

Minimum turnover tax

(58,533) (67,175)

Provisions

(3,255) (3,075)

(68,349) (71,336)

Deferred tax asset not recognised

(40,622) (48,363)

26.1 Deferred tax debits arising due to timing difference calculated at applicable tax rates as at reporting date amounting to Rs. 68.35 million (2019 : 71.34 million) out of which deferred tax debit amounting to Rs. 27.73 million (2019 : 22.97 million) has been recognized and remaining balance of Rs. 40.62 million debit (2019 : 48.36 million debit) remains unrecognized. Deferred tax asset has not been recognized because of uncertainty regarding future profitability.

27. CYLINDER AND REGULATOR DEPOSITS

This represents non-interest bearing deposits which are refundable on termination of distributorship agreements and / or return of cylinders and ancillary equipment as per the Company policy.

28. LOAN FROM A SUBSIDIARY COMPANY

This represents interest free and unsecured loan obtained from Burshane Auto Gas (Private) Limited, a wholly owned subsidiary under an agreement dated March 04, 2016 and November 07, 2016. This loan is payable on demand and was obtained to meet the working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
	Notes	----- (Rupees in '000) -----	
29. TRADE AND OTHER PAYABLES			
Creditors		72,225	62,914
Accrued liabilities		7,295	4,195
Burshane (LPG) Pakistan Limited - Pension Fund	43	31,915	-
Advances from distributors / customers - unsecured		13,549	15,398
Sales tax payable		3,308	-
Workers' Profit Participation Fund	29.1	-	1,551
Workers' Welfare Fund		3,067	3,067
Withholding tax payable		644	2,479
Others		6,740	1,738
		138,743	91,342
29.1 Workers' Profit Participation Fund			
Opening balance		1,551	5,888
Interest charged during the year	39	360	260
Allocation for the year		-	1,685
Amount paid during the year		(1,911)	(6,282)
Closing balance		-	1,551
30. MARK-UP ACCRUED			
Mark-up accrued on : Long-term loans	24	97,029	60,295
31. UNCLAIMED DIVIDENDS			
Opening balance		66,181	53,676
Dividend declared during the year		22,640	16,980
Dividend paid during the year		(5,623)	(4,475)
Closing balance		83,198	66,181

- 31.1** These includes an amount of Rs. 79.97 million (2019: Rs. 63.14 million) payable to the beneficial owners of HTPL. As explained in note 7, HTPL was merged with the Company on February 20, 2015, however, shares held by HTPL in the Company are in the process of being cancelled and new shares shall be issued by the Company in the name of beneficial owners of HTPL. The beneficial owners of HTPL have requested the Company to hold their dividend till such time that shares held by HTPL are cancelled and new shares are issued by the Company in their name.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

32. CONTINGENCIES AND COMMITMENTS

32.1 Contingencies

32.1.1 Claims not acknowledged as debt by the Company as at June 30, 2020 amounted to Rs. 2.54 million (2019: Rs. 2.06 million).

32.1.2 The Company was contesting an appeal before Honorable Appellate Tribunal Inland Revenue in relation to sales tax demand of Rs. 13.73 million as modified by the order of Commissioner (Appeals). The aforesaid demand was raised in pursuance to sales tax audit for tax periods from July 2009 to June 2010. The Honorable Appellate Tribunal has remanded back to the Commissioner (Appeal) who has further remanded back to the assessing officer for re-assessment. The Department has not yet re-adjudicated the matter.

32.1.3 Last year, the Company received a show cause notice dated March 25, 2019 confronting under section 8B of Sales Tax Act, 1990, raising sales tax demand amounting to Rs. 37.28 million along with the levy of penalty for tax periods from August 2011 to May 2015. The Company responded to such notice vide the tax advisor's letter No. KST-AA-1091 dated April 8, 2019.

During the year, the tax authorities issued Order dated July 24, 2019 confronting under 8B of the Sales Tax Act, 1990, raising sales tax demand of Rs. 37.28 million along with penalty and default surcharge for the period from August 2011 to May 2015. Against the Order, the Company has filed appeal before Commissioner Inland Revenue (Appeals-I), Large Taxpayers Unit, Karachi on August 22, 2019 who vide order dated November 18, 2019 vacated the whole principal amount of sales tax Rs. 37.28. However, the liability on account of default surcharge and penalty was maintained. The Order of the Commissioner Inland Revenue (Appeals-I), Large Taxpayers Unit, has been challenged before the Hon'ble Appellate Tribunal Inland Revenue, Karachi by Commissioner Inland Revenue, Zone IV, Large Taxpayers, Unit which is pending for hearing.

32.1.4 For the tax year 2016, a notice dated June 25, 2018 was issued to company to provide certain information / details for audit proceedings. The notice was duly complied.

Show cause notice dated June 13, 2019 was issued to amend assessment u/s 122(9) read with section 214C of the Income Tax Ordinance, 2001 which was duly responded on all the points. Subsequently, order dated August 29, 2019 passed by the DCIR raising NIL tax demand due to applicability of minimum tax.

Company filed appeal to the Commissioner (Appeals) against the aforesaid order dated August 29, 2019. The said appeal was heard and order passed wherein the Commissioner (Appeals) has confirmed the certain additions made by the DCIR, whereas, he has annulled / deleted certain additions i.e. (rent, advertising expenses and financial charges - profit on debt) as such. Further, the Commissioner (Appeals) has also directed the Officer to allow credit of actual taxes paid of Rs. 23.45 million subject to due verification. Appeal effect under section 124 to be filed.

Monitoring of WHT was conducted by the DCIR by issuing a notice under section 176 dated March 28, 2018 which was duly responded. Thereafter, a show-cause notice dated February 13, 2019 was issued under section 161(1A) confronting on non-withholding of taxes on certain payments. Response was duly filed and accordingly order dated March 15, 2019 was passed under section 161 / 205 by the ACIR wherein the total tax demand of Rs. 2.05 million was raised which comprised the defaulted amount of Rs. 1.552 million; default surcharge of Rs. 0.49 million.

Against the Order, the Company filed an appeal before the Commissioner (Appeals-I) which was heard and appellate order passed dated May 15, 2019 wherein Commissioner (Appeals-I) remanded back the Order of DCIR with the directions to verify supporting documentary evidences in respect of expenses claimed to be furnished by appellant company within seven days time. Following the underlying directions of Commissioner (Appeals-I) the Company has filed the details of expenses / payments in question vide our letter no. KT-AA-3707 dated May 22, 2019 to the DCIR for onward proceedings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
		----- (Rupees in '000) -----	
32.1.5 Markup payable on long-term loan		29,564	-
32.2 Commitments			
Post-dated cheques		2,541	4,635
33. SALES - NET			
Gross sales			
Liquified petroleum gas (LPG)		3,080,941	3,772,649
Low pressure regulators (LPR)		929	1,373
		3,081,870	3,774,022
Sales tax		(499,416)	(524,152)
		2,582,454	3,249,870
33.1	Revenue recognised from amounts included in advance from customers at the beginning of the year amounted to Rs. 13.13 million (2019: Rs. 12.71 million).		
34. COST OF SALES			
Salaries, wages and other employees benefits	34.1	31,069	30,284
		574	835
Cost of Low Pressure Regulators sold		2,732	1,122
Stores and spares consumed		2,220	2,175
Repairs and maintenance			
Travelling, conveyance and vehicle maintenance		1,316	1,901
Depreciation	8.1.2	10,026	15,349
Amortisation	9.6	59,630	65,047
Rent, rates and utilities		10,124	4,073
Communication charges		1,129	524
Printing and stationery		319	348
Legal and professional charges		467	-
Security		3,265	3,321
Sundry expenses		164	350
Manufacturing cost		123,035	125,329
Opening stock		73,463	92,547
Purchases	34.2	2,294,656	2,890,102
Closing stock	14	(42,516)	(73,463)
		2,325,603	2,909,186
		2,448,638	3,034,515

34.1 Salaries and other benefits include Rs. 0.79 million (2019: Rs. 0.77 million) in respect of retirement and other service benefits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

34.2 This include amount of Rs.335.52 million related to purchases of LPG from Byco Petroleum Pakistan Limited (BPPL) and amount of Rs.18.54 million paid to ADEPT (Private) Limited (APL) for purchasing rights of LPG quota. On May 13, 2019, the Company has entered in to agreement with Byco Petroleum Pakistan Limited (BPPL) for purchase of LPG through an arrangement. On June 6, 2019, the Company entered into a joint venture agreement (the Agreement) with APL being engaged in oil and gas related business with a quota of 35 MT per day by BPPL. As per the Agreement, APL consented and assigned LPG quota to the Company for marketing and distribution of LPG including management of operations, maintaining of books of accounts and records under the Agreement. The Board discussed these arrangements and the Agreements and on September 19, 2019, the Board approved the agreement.

As per the Agreement, APL is entitled to a fixed profit amounting to Rs. 4,000 for each MT of LPG procured through BPPL while any other profit or loss from marketing and distribution of that LPG is accrued to the Company.

	Note	2020 ----- (Rupees in '000) -----	2019
34.3 Stores and spares consumed:			
Opening stock		2,416	2,606
Purchases		2,531	931
		4,947	3,537
Closing stock	13	(2,215)	(2,415)
		2,732	1,122
35. ADMINISTRATIVE EXPENSES			
Salaries, wages and other employees benefits	35.1	61,124	64,151
Depreciation	8.1.2	8,802	6,205
Amortisation	9.6	88	14
Repairs and maintenance		2,479	1,584
Travelling, conveyance and vehicle maintenance		7,116	3,022
Rent, rates and utilities		6,514	7,883
Communication charges		2,384	2,965
Printing and stationery		1,727	1,745
Legal and professional charges		5,930	8,161
Insurance		3,124	3,377
Advertisement and publicity		7,248	1,880
Security		1,792	1,729
Donations	35.2	2,000	3,390
Sundry expenses		1,227	469
		111,555	106,575

35.1 Salaries and other benefits include Rs. 0.23 million (2019: Rs. 5.76 million) in respect of retirement and other service benefits.

35.2 This represent donation paid to the Sindh Government Corona Relief Fund amounting to Rs. 2 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
	Notes	(Rupees in '000)	
36. DISTRIBUTION AND MARKETING EXPENSES			
Salaries, wages and other employees benefits	36.1	15,648	16,356
Depreciation	8.1.2	22,608	21,458
Repairs and maintenance		263	181
Travelling, conveyance and vehicle maintenance		550	1,557
Rent, rates and taxes		538	1,711
Communication charges		738	798
Printing and stationery		141	125
Hospitality charges		24,572	24,876
Freight and octroi		4,718	1,034
Advertisement and publicity		41	38
Security		674	532
Sundry expenses		109	114
		70,600	68,780

36.1 Salaries and other benefits include Rs. 0.36 million (2019: Rs. 0.38 million) in respect of retirement and other service benefits.

37. OTHER INCOME

Income from financial assets			
Profit on saving accounts	37.1	10,183	6,714
Income from non-financial assets			
Rental income from storage tanks-cylinders		1,064	1,002
Gain on disposal of operating fixed assets		1,352	3,688
Liability for cylinder deposits and regulator deposits written back	37.2	15,675	22,231
Recoveries against cylinder replacement		1,742	1,205
Hospitality income		147	3,710
Other income	37.3	4,833	4,095
		34,996	42,645

37.1 Represents profit on bank accounts under conventional banking relationship.

37.2 During the year, the Company carried out a detailed exercise to identify cylinder and regulator deposits pertaining to cylinders issued for 10 years and above, which relates to inactive distributors / customers who are not in business with the Company.

37.3 This include interest income amounting to Rs. 4.83 million (2019: Nil) on short term advance to Root International Brands (Private) Limited, an associated company, at the rate 7% per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
	Notes	(Rupees in '000)	
38. OTHER EXPENSES			
Directors' fees		3,250	1,325
Workers' Profits Participation Fund		-	1,685
Workers' Welfare Fund		-	1,868
Auditors' remuneration	38.1	2,913	2,073
Allowance for expected credit losses		618	36
Others	38.2	5,884	5,792
		12,665	12,779
38.1 Auditors' remuneration:			
Statutory audit		1,200	935
Half yearly review		504	450
Other certification		320	290
Out of pocket expenses and others		691	265
Sales tax		198	133
		2,913	2,073
38.2	This includes expense of Rs. 0.58 million incurred on behalf of the subsidiary company.		
39. FINANCE COST			
Mark-up / interest on:			
Long-term loans		36,734	-
Workers' Profits Participation Fund		360	260
Lease liabilities		4,144	594
		41,238	854
Bank charges and commission		3,313	4,038
		44,551	4,892
40. TAXATION			
Current	18	39,262	41,065
Prior year		8	-
Deferred		-	(1,948)
		39,270	39,117

40.1 The numerical reconciliation between average tax rate and the applicable tax rate has not been presented during the year in these financial statements as the total tax liability of the Company during the year is covered under section 113 Minimum Tax and section 169 Final Tax Regime of Income Tax Ordinance, 2001.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	----- (Rupees in '000) -----	
41. (LOSS) / EARNING PER SHARE - BASIC AND DILUTED		
(Loss) / profit for the year	(109,829)	25,857
Weighted average number of ordinary shares outstanding	22,489	22,489
(Loss) / earnings per share - basic and diluted	(4.88)	1.15

42. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remunerations, including all benefits to Chief Executive, Directors and Executives of the Company were as follows:

	2020				2019			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	Rupees				Rupees			
Managerial remuneration	27,324	15,222	18,120	60,666	27,324	15,222	17,868	60,414
Meeting fees	250	650	200	1,100	125	175	-	300
Bonus	2,277	1,268	1,510	5,055	2,277	1,268	1,400	4,945
Retirement benefits	1,161	-	678	1,839	1,161	-	876	2,037
Travelling and conveyance	-	65	38	103	227	116	74	417
Medical allowances	-	1,233	992	2,225	-	475	489	964
Mobile allowance	-	30	-	30	-	30	-	30
Total	31,012	18,468	21,538	71,018	31,114	17,286	20,707	69,107
Number of persons	1	2	9	12	1	2	8	11

42.1 In addition, the Chief Executive, the Directors and certain Executives were also provided with free use of the Company's maintained cars.

42.2 Fee amounting to Rs. 0.95 million (2018: Rs. 0.55 million) was paid to four (2019: five) non-executive directors for attending Board meetings during the year.

43. RETIREMENT AND OTHER SERVICE BENEFITS

43.1 Pension fund and gratuity fund - valuation results:

The latest actuarial valuations of the defined benefit plans were carried out as at June 30, 2020, using the "Projected Unit Credit Method". The details of defined benefit plans are as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

		Pension Fund		Gratuity Fund	
		2020	2019	2020	2019
Note		(Rupees in '000)			
43.1.1 Statement of financial position reconciliation:					
Fair value of plan assets	43.1.4	(87,424)	(93,399)	(19,620)	(17,431)
Present value of defined benefit obligations	43.1.3	119,338	77,031	18,270	13,311
Net liability / (asset) at end of the year	43.1.2	31,914	(16,368)	(1,350)	(4,120)
43.1.2 Movement in net liability / (asset) recognised:					
Opening balance		(16,367)	33,085	(4,120)	(9,436)
Charge for the year		(2,018)	3,803	318	329
Amount paid to Fund		(8,013)	(8,736)	-	-
Employee contribution to be paid to fund		2,800	262	-	-
Remeasurements recognised in other comprehensive income	43.1.7	55,513	(44,782)	3,950	4,987
Benefit paid on behalf of the fund		-	-	(1,498)	-
Closing balance		31,915	(16,368)	(1,350)	(4,120)
43.1.3 Movement in defined benefit obligations:					
Opening balance		77,031	108,913	13,311	15,800
Current service cost		724	1,219	1,012	1,178
Interest cost		10,368	9,409	1,790	1,362
Employee contributions		269	261	-	-
Benefits paid		(8,281)	(8,735)	(1,498)	(1,340)
Remeasurements of obligations	43.1.7	39,227	(34,036)	3,655	(3,689)
Closing balance		119,338	77,031	18,270	13,311
43.1.4 Movement in fair value of plan assets:					
Opening balance		93,399	75,828	17,431	25,236
Expected return on plan assets		13,110	6,825	2,484	2,211
Benefits paid on behalf of the Fund		8,013	8,735	1,498	-
Employees contributions		269	261	-	-
Benefits paid		(8,281)	(8,735)	(1,498)	(1,340)
Paid to Burshane LPG (Pakistan) Limited		(2,800)	(261)	-	-
Remeasurements of plan assets		(16,286)	10,746	(295)	(8,676)
Closing balance		87,424	93,399	19,620	17,431

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	Pension Fund		Gratuity Fund	
		2020	2019	2020	2019
43.1.5 Charge for the year:		(Rupees in '000)			
Current service cost		724	1,219	1,012	1,178
Net Interest cost		(2,742)	2,584	(694)	(849)
		(2,018)	3,803	318	329
43.1.6 Actual return on plan assets		(3,176)	17,571	2,189	(6,465)
43.1.7 Remeasurement recognised in Other Comprehensive Income:					
Remeasurement of obligation					
Experience loss / (gain)		39,227	(34,036)	3,655	(3,689)
Remeasurement of plan assets					
Return on plan assets, excluding amounts included in interest expense / (income)		-	-	295	8,676
Loss / (gain) from change in financial assumptions		16,286	(10,746)	-	-
		16,286	(10,746)	295	8,676
		55,513	(44,782)	3,950	4,987

43.1.8 Principal actuarial assumptions used in the actuarial valuation:

Financial assumptions				
Discount rate	8.50%	14.25%	8.50%	14.25%
Expected per annum rate of return on plan assets	8.50%	14.25%	8.50%	14.25%
Expected per annum rate of increase in salaries - long term	6.50%	12.25%	6.50%	12.25%
Demographic assumptions				
Expected mortality rate	Adjusted SLIC 2001-2005 Moderate	Adjusted SLIC 2001-2005 Low	Adjusted SLIC 2001-2005 High	Adjusted SLIC 2001-2005 Low
Expected withdrawal rate				

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

AS AT JUNE 30, 2020
Pension Fund Gratuity Fund
----- (Rupees in '000) -----

43.1.9 Analysis of present value of defined benefit obligation:

Vested benefits	118,734	17,970
Non-vested benefits	604	300
	119,338	18,270

43.1.10 Plan assets comprise of the following:

	Pension Fund				Gratuity Fund			
	2020		2019		2020		2019	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Investments								
Mutual funds	49,678	57	25,503	27	13,785	70	14,336	82
Certificate of investment	-	-	10,458	11	-	-	5,229	30
Musharka Certificate	44,255	51	31,500	34	5,466	28	4,300	25
	93,933	107	67,461	72	19,251	98	23,865	137
Advances and other receivable	682	1	25,102	27	44	-	2,163	12
Liabilities	(8,152)	(9)	(188)	-	(73.02)	(0)	(8,738)	(50)
Cash and cash equivalents	960	1	1,024	1	398	2	141	1
	87,423		93,399		19,620		17,431	

43.1.11 Historical information of staff retirement benefits:

	2020	2019	2018	2017	2016	2015
	----- (Rupees in '000) -----					
Gratuity Fund						
Present value of defined benefit obligation	18,270	13,311	15,800	15,754	13,396	15,294
Fair value of plan assets	(19,620)	(17,431)	(25,236)	(12,554)	(12,089)	(10,028)
(Deficit) / surplus	(1,350)	(4,120)	(9,436)	3,200	1,307	5,266

	2020	2019	2018	2017	2016	2015
	----- (Rupees in '000) -----					
Pension Fund						
Present value of defined benefit obligation	119,337	77,031	108,913	102,914	99,680	97,531
Fair value of plan assets	(87,424)	(93,399)	(75,828)	(96,825)	(94,229)	(91,355)
Surplus / (deficit)	31,913	(16,368)	33,085	6,089	5,451	6,176

43.1.12 The amount of the defined benefit obligation after changes in the weighted principal assumptions is as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	As at June 30, 2020	
	Pension Fund	Gratuity Fund
	----- (Rupees in '000) -----	
Discount rate + 1%	119,338	17,528
Discount rate - 1%	110,199	19,071
Long term salaries increase +1%	129,952	19,073
Long term salaries increase -1%	121,552	17,515
Withdrawal rates +10%	118,757	18,334
Withdrawal rates -10%	128,278	18,204
1 Year Mortality age set back	119,338	18,285
1 Year Mortality age set forward	119,338	18,255

43.1.13 The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability recognised within the statement of financial position.

43.2 Provident Fund

The following information is based upon the latest audited financial statements of the provident fund as at June 30, 2020 and June 30, 2019:

	2020	2019
	----- (Rupees in '000) -----	
Size of the fund - total assets	19,462	32,499
Fair value of investments	16,767	30,533
Cost of investments	17,108	30,294
Percentage of investments	86.15%	93.95%

43.2.1 The break-up of fair value of investments is as follows:

	2020		2019	
	Rupees in '000	%	Rupees in '000	%
Bank deposits	2,606	13.45	1,800	5.57
Government securities	12,056	62.23	12,874	39.82
Mutual funds	-	-	4,157	12.86
Certificate of Investment	4,710	24.31	13,500	41.76
	19,372		32,331	

44 TRANSACTIONS WITH RELATED PARTIES

44.1 The related parties include the former holding company, subsidiary company, staff retirement benefit / contribution plans, associated companies, other related parties, Directors and other Key Management Personnel. All major transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Transactions with related parties

		2020	2019
		---(Rupees in '000)---	
Nature of relationship	Nature of transactions		
Former Holding Company			
H.A.K.S Trading (Private) Limited	Dividend	16,836	12,627
Subsidiary Company			
Burshane Auto Gas (Private) Limited	Expenses incurred on behalf of subsidiary company	219	173
	Expense paid on behalf of subsidiary company	222	-
Burshane Trading (Private) Limited	Expenses incurred on behalf of subsidiary company	364	-
Staff retirement benefit / contribution plans			
Burshane LPG (Pakistan) Limited Gratuity Fund	Benefits paid	1,498	-
Burshane LPG (Pakistan) Limited Management Staff Pension Fund	Benefits paid	5,213	8,735
Burshane LPG (Pakistan) Limited Provident Fund	Contribution paid	2,772	2,771
Associated Companies			
Burshane Petroleum (Private) Limited			
[Formerly Darian International (Private) Limited]	Short term Loan - received *	75,000	-
	Short term Loan - paid *	75,000	-
ALSAA & AAK Commodities (Private) Limited	Expense paid on behalf of associated company	145	92
A&S Corporation (Private) Limited	Expense paid on behalf of associated company	75	-
Roots International Brands (Private) Limited	Short term advances made	63,400	132,920
	Short term advances received	63,400	132,920
	Interest income on short term advances	4,833	-
	Interest received on short term advances	3,999	-
Key management personnel			
	Loan disbursed	390	830
	Amount received against loan	1,179	1,526
	Managerial remuneration	60,666	61,381
	Bonus	5,055	4,945
	Retirement benefits	1,839	2,078
	Utilities	30	30
	Advance against salary	1,407	273
	Travelling and conveyance	103	417
	Medical	2,225	1,134

* During the year, the Company obtained an unsecured interest free loan amounting to Rs. 75 million from Burshane Petroleum (Private) Limited, an associate company, with no agreed purpose and other terms. The loan was also repaid by cheque on June 30, 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
		---(Rupees in '000)---	
Nature of relationship	Nature of transactions		
Balances with related parties			
Former Holding Company			
H.A.K.S. Trading (Private) Limited	Dividend payable	79,971	63,135
Subsidiary			
Burshane Auto Gas (Private) Limited	Investment held in subsidiary	50,000	50,000
	Loan payable to subsidiary	50,000	50,000
	Receivable against expenses	11	-
Staff retirement benefit / contribution plans			
Burshane LPG (Pakistan) Limited Management Staff Pension Fund	Payable to staff pension fund	26,690	-
Burshane LPG (Pakistan) Limited Gratuity Fund	Receivable from staff gratuity fund	1,036	4,120
Burshane LPG (Pakistan) Limited Management Staff Pension Fund	Payable to staff pension fund	-	16,367
Burshane LPG (Pakistan) Limited Provident Fund	Receivable from staff provident fund	15	315
Associated Companies			
Burshane Petroleum (Private) Limited	Receivable against use of name "Burshane"	9,000	9,000
(Formerly Darian International (Private) Limited)	Receivable against expenses	500	500
ALSAA & AAK Commodities (Private) Limited	Receivable against expenses	250	105
A&S Corporation (Private) Limited	Receivable against expenses	75	-
Key management personnel			
Key management personnel	Long-term loans	855	1,371

44.3 Following are the related parties with whom the company had entered in to transactions or has arrangement / agreement in place.

Name	Basis of Relation	% of shareholding in the company
H.A.K.S Trading (Private) Limited	Former Holding Company	Nil
Burshane Auto Gas (Private) Limited	Subsidiary company	99.99
Burshane Trading (Private) Limited	Subsidiary company	Nil
Roots International Brands (Private) Limited	Common directorship	Nil
ALSAA & AAK Commodities (Private) Limited	Common directorship	Nil
A&S Corporation (Private) Limited	Common directorship	Nil
Burshane Petroleum (Private) Limited		
(Formerly Darian International (Private) Limited)	Common directorship	Nil
Burshane LPG (Pakistan) Limited Gratuity Fund	Staff Retirement Benefit Plan	Nil
Burshane LPG (Pakistan) Limited Management Staff Pension Fund	Staff Retirement Contribution Plan	Nil
Burshane LPG (Pakistan) Limited Provident Fund	Staff Retirement Contribution Plan	Nil

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
	Note	----- (Rupees in '000) -----	
45 CASH GENERATED FROM OPERATIONS			
(Loss) / profit before taxation		(70,559)	64,974
Adjustment for non-cash items and other items:			
Gain on disposal of property, plant and equipment	37	(1,352)	(3,688)
Financial charges	39	44,551	4,892
Depreciation	8.1.2	41,436	43,012
Amortisation	9.6	59,718	65,061
Provision for retirement and other service benefits		1,396	6,903
Allowance for expected credit losses	15.1	618	36
Liability for cylinder deposits written back	37	(15,675)	(22,231)
Others		(4,833)	(4,095)
		125,859	89,890
Profit before working capital changes		55,300	154,864
Working capital changes	45.1	102,335	(7,825)
		157,635	147,039
45.1 Working capital changes			
Decrease / (increase) in current assets:			
Stores and spares		200	191
Stock-in-trade		31,521	19,919
Trade debtors		(1,972)	(5,803)
loans and advances		6,531	61,099
Deposits, prepayments and other receivables		50,569	(27,051)
		86,849	48,355
Increase / (decrease) in current liabilities:			
Trade and other payables		15,486	(56,180)
		102,335	(7,825)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ----- (Rupees in '000) -----	2019
46. FINANCIAL INSTRUMENTS BY CATEGORY			
Financial assets as per statement of financial position			
Amortized cost			
Long-term loans including current portion		965	894
Long-term deposits		122,761	122,761
Trade debts		24,776	23,422
Loans and advances		477	1,091
Deposits and other receivables		18,892	84,176
Cash and bank balances		265,023	173,556
		432,894	405,900
Financial liabilities as per statement of financial position			
Amortized cost			
Long - term loan including current maturity of long - term loan		254,439	254,439
Lease liabilities		22,625	3,744
Cylinders and regulator deposits		414,260	386,402
Trade and other payables		118,174	91,342
loan from a subsidiary company		50,000	50,000
Accrued mark-up on long term loan		97,029	60,295
		956,527	846,222

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

47.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to share holders. Risk management is carried out by the Company's finance and treasury department under policies approved by the Board of Directors.

(a) Market risk

i) 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. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. It mainly arises when receivables and payables exist due to transactions in foreign currency.

As majority of the Company's financial assets and liabilities are denominated in Pakistani Rupees, therefore, the Company, at present, is not materially exposed to foreign currency risk.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is primarily exposed to interest rate risk arising from long-term loan from bank and bank deposits. Borrowing at variable rate exposes the Company to cash flow interest rate risk. The Company's manages its interest rate risk by placing its excess funds in saving accounts in banks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

The management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would decrease the Company's profit before tax by Rs. 1.88 million (2019: 2.58 million) and a 1% decrease would result in increase in the Company's profit before tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not materially exposed to other price risk as at June 30, 2020.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties and continually assessing the creditworthiness of counter parties.

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, loans, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The maximum exposure to credit risk is presented in the below table.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets expose to credit risk is as follows:

	2020	2019
	----- (Rupees in '000) -----	
Long - term loan	965	1,985
Long-term deposits	122,761	122,761
Trade debts	24,776	23,422
Deposits and other receivables	18,892	84,176
Bank balance	265,023	173,732
	432,417	406,076

For trade debts, the credit risk exposure is net of allowance for expected credit losses as disclosed in note 15.1.

Long-term loans represent loans given to employees which are secured against the letter of guarantee and promissory notes or their respective provident fund balances as disclosed in note 11.2 and therefore, management expects no credit losses.

Due to the nature of bank balances and deposits and high credit ratings of banks and counter parties involved, the expected credit losses in relation to these assets are low and are therefore, not recognised.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Name	Rating agency	Short term		Long term	
		2020	2019	2020	2019
Bank Alfalah Limited	PACRA	A1+	A1+	AA+	AA+
Habib Bank Limited	VIS	A1+	A1+	AAA	AAA
MCB Bank Limited	PACRA	A1+	A1+	AAA	AAA
National Bank of Pakistan	PACRA	A1+	A1+	AAA	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	A1+	AAA	AAA
Faysal Bank Limited	PACRA	A1+	A1+	AA	AA
United Bank Limited	VIS	A1+	A1+	AAA	AAA
Sindh Bank Limited	VIS	A1	A1+	A+	A
JS Bank Limited	PACRA	A1+	A1+	AA-	AA-
Meezan Bank Limited	VIS	A1+	A1+	AA	AA+
Summit Bank Limited	VIS	Not rated	A1	Not rated	A+

c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities.

The Company's liquidity risk management implies maintaining sufficient cash and also involves projecting cash flows and considering the level of liquid assets necessary to meet these. As of the reporting date, the Company's current liabilities exceed its current assets by Rs. 203.29 million (2019: Rs. 85.95 million), which is mainly due to classification of the long-term loan to current liabilities (note 24). However, the Company based on its future plans is confident that it will have sufficient cash flows to meet its financial obligations in the foreseeable future.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity dates.

2020			2019		
Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
----- Rupees in '000 -----					
254,439	-	254,439	254,439	-	254,439
5,114	17,511	22,625	1,567	2,177	3,744
-	414,260	414,260	-	386,402	386,402
118,174	-	118,174	91,342	-	91,342
97,029	-	97,029	60,295	-	60,295
50,000	-	50,000	50,000	-	50,000
524,756	431,771	956,527	457,643	388,579	846,222

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

47.2 Fair value of hierarchy

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. As of the reporting date, Company's all assets and liabilities are carried at amortised cost except for those mentioned below:

The Company's freehold land and leasehold land are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent impairment losses, if any. The fair value measurement of the Company's free hold land and lease hold land as at June 26, 2020 was carried out by M/s. Luckyhiya Associate (Private) Limited (note 8.1.5).

The valuation techniques and inputs used to develop fair value measurement of aforementioned assets are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

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

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

Details of fair value hierarchy and information relating to fair value of the Company's freehold land and leasehold land are as follows:

Fair value measurement using				
Quoted price in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Total	
----- Rupees in '000 -----				
Assets measured at fair value				
Property, plant and equipment				
Freehold land	-	16,500	-	16,500
Leasehold land	-	569,288	-	569,288
2020	-	585,788	-	585,788
Assets measured at fair value				
Property, plant and equipment				
Freehold land	-	15,000	-	15,000
Leasehold land	-	509,138	-	509,138
2019	-	524,138	-	524,138

48. CAPITAL RISK MANAGEMENT

The Company finances its operations through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximize shareholders value. The Company monitors capital using a debt equity ratio as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	----- (Rupees in '000) -----	
Lease Liability	22,625	3,744
Cylinder and regulator deposits	414,260	386,402
Loan from a subsidiary company	50,000	50,000
Current maturity of long-term loan	254,439	254,439
Trade and other payables	138,743	91,342
Unclaimed dividends	83,198	66,181
Accrued mark up on long-term loan	97,029	60,295
Total debt	1,060,294	912,403
Cash and bank balances	(265,197)	(173,732)
Net debt	795,097	738,671
Share capital	224,888	224,888
Capital reserves	153,458	153,458
Revenue reserves	17,783	150,252
Actuarial (loss) / gain on remeasurement of retirement and other service benefits	(43,388)	16,081
Revaluation surplus on property	336,415	274,765
Total equity	689,156	819,444
Capital	1,484,253	1,558,115
Gearing ratio	53.57%	47.41%

49. IMPACT OF COVID-19 ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Company for the year ended June 30, 2020 which resulted the decline in revenue of the Company by Rs. 667.42 million as compared to prior year. Furthermore, the revenue of the last quarter has decreased by 60% amounting to Rs. 434.39 million in comparison with the third quarter of financial year. However, expenses of the last quarter have decreased by 47% amounting to Rs. 359.39 million in comparison with the third quarter of financial year, which resulted in a loss of Rs. 109.833 million. The assets and liabilities also showed a variance from third quarter of financial year i.e., a decline in assets by 1% (from Rs. 1,720.99 to Rs. 1,698.87) million and the increased in liabilities by 6% (from Rs. 959.37 to Rs. 1,012.31) million.

Further, during the COVID, the Company participated in incurring extra expenses like sanitization, medical facility to staff and some medical equipment for overall safety and health care while the Company has done some CSR activity by giving donations.

Government has introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time like cut in interest rate which reduced the finance cost of the Company and given tax relief in the form of partial tax refunds. The management of the Company is closely monitoring the situation and taken aggressive selling and marketing strategy to cover the adverse impact of COVID-19 or also cutting the avoidable expenses, to reduce the impact on the performance of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

50. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified for better presentation, however, there are no material reclassifications to report.

51. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on April 14, 2021 by the Board of Directors of the Company.

		2020 (Quantity in metric ton)	2019
	Notes		
52. CAPACITY			
Installed annual filling capacity		37,500	37,500
Actual utilization	52.1	31,465	38,358

52.1 This include storage and filling capacity of hospitality locations utilization. The variations are due to change in market demand.

		2020 No. of employees	2019
53. NUMBER OF EMPLOYEES			
As at the reporting date		84	83
Average number of employees during the year		84	83

54. SUBSEQUENT EVENTS

54.1 An inspection order dated August 04, 2020 under Section 221 of Companies Act, 2017 was issued by SECP against complaint received by the Commission wherein it was alleged that the CEO and Director Finance of the Company are involved in financial irregularities of the Companies Act, 2017, which include advance made to Roots International Brands Private Limited (RIBS), an associated company, and that the bank account was being used for illegal activities by CEO and Company's Director Finance who appears to have concealed the existence of such financial transactions.

On the conclusion of inspection, a report has been issued on October 23, 2020 mentioning cognizance of offences under sections 204, 199(1), 199(2), 183(2), CEO and Director Finance of the Company, during the period July 1, 2018 to June 30, 2020 and suggested that they are liable with regard to all the above non-compliances as the Board of Directors did not discuss or approve transactions with RIBS until June 26, 2020 and the predecessor auditors are liable for proceedings to be initiated under section 249 read with section 253 of the Act as they failed to highlight lack of disclosure of transactions with RIBS in notes to the financial statements for year ended June 30, 2019 especially in related parties note as required under IAS 24. The Auditor also failed to highlight the unsecured interest free loans extended without any agreement to a non-related party i.e., RIBS before June 3, 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

The Company has provided the comments on findings to SECP, that the non-compliance was not intentional but was omission by mistake. The Company had advanced certain amount to RIBS, However, the Company has received all the monies back with mark up and therefore there is no financial loss to the company. The Board has subsequently ratified all these transactions with RIBS, and therefore to an extent the non-compliance has been addressed. It was merely an oversight of the SECP compliance regulations. It has further been resolved in the Board that extra care shall be taken in future to ensure that no non-compliance takes place. No action has been taken up by SECP to date and management asserts, based on advise of Legal counsel that there would not any material impact on the financial statements of any action taken up by SECP.

54.2 On August 31, 2020, Directorate of Intelligence and Investigation, Inland Revenue, Karachi filed a Complaint with the Court of Special Judge (Customs, Taxation and Anti-Smuggling), Karachi, (Trial Court) against the Company and its Directors alleging tax evasion to the extent of Rs. 1.78 billion. On September 21, 2020, the Trial Court passed two orders in Case No 945/2020, one of which was issuance of arrest warrants for four Directors of the Company and in the second order authorized the Complainant to put freeze on Company's nine bank accounts for 90 days.

The Company filed a Constitutional Petition of No 4602 dated September 23, 2020, against the Trial Court's order of freezing the Company's nine bank accounts, which is still under hearing. In yet another CP, the Company obtained protective bail from the High Court followed by bail from the Trial Court which was confirmed subsequently on October 22, 2020. After the last hearing in December 2020, the case has been adjourned with date in office. The Company has also filed a Constitutional Petition No 5162 on 19th October 2020, challenging the Jurisdiction of the Complaint no. 945/2020 in the Court of Special Judge (Customs, Taxation and Anti-Smuggling). The CP was taken up on 23rd October 2020 in which the High Court has asked the respondents to file their comments on this case but since its inception in October 2020, the Complainant and all other respondents have not yet filed any comment. In the very first hearing the High Court has restrained the respondents which includes the Trial Court, not to take any further coercive action against the Petitioners. Our plea of challenging the jurisdiction is remarkably supported by the case laws hence, the respondents are not filing their comments in the High Court and are trying to continue prosecution in the Trial Court. However, in the last hearing, the High Court has warned the respondents that if they fail to file their comments, he would restrain the Trial Court to stop its proceedings on the case till disposition of our CP in the High Court.

In the hearing of February 20, 2021, the Trial Court, discussed in detail on jurisdiction of the case and the Complainant was unable to satisfy the Trial Court as to why this case should not be first transferred to Income Tax Department to assess the tax liability, as currently there is no default on part of the Company or there is no demand ascertained by the Income Tax Department on the Company and therefore no offence has been committed by the Company or its Directors and management. The Trial Court has given next date of hearing as April 27, 2021 in which the Complainant is asked to satisfy the High Court as to why this case should not first be dealt by the Income Tax Department under the Income Tax Ordinance, 2001. Directorate & I (Inland Revenue) had already written to the Income Tax department, in November 2020, to take up the matter of Tax Evasion and the Tax department has recently issued notices for the same for various years. This fact/action was not disclosed by Directorate I & I (Inland Revenue) either to the Trial Court, even at the time when the Court asked them as to why this case should not be dealt by the Income Tax department first, or the High Court and in that manner it is concealment on their part of a material fact. The Company is going to take up this matter in the High Court as well as in the Trial Court in the next hearing and convince the courts that I & I (Inland Revenue) is trying to mislead the Courts and doesn't have any case and therefore they have written to the Tax Department to deal the case as per the Income Tax law.

Management asserts, based on advise of Legal counsel that the case shall be ultimately decided in favor of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

The Director of Intelligence and Investigation, Inland Revenue had appeared on TV in Kamran Khan's News show on 23rd September 2020, and there he discussed the case in a manner whereby Company's reputation was damaged. He tried to conduct a media trial of the Company and its Directors. Additionally, The Director of Intelligence and Investigation, Inland Revenue also disclosed our tax and assets details, hence breached privacy and confidentiality laws. The Company has filed a law suit for damages against the Director General, the Director of South Region and the Deputy Director, (the Complainant) of the Directorate of Intelligence & Investigation, Inland Revenue for a sum of Rs. 1 billion. The case is under hearing.

55. GENERAL

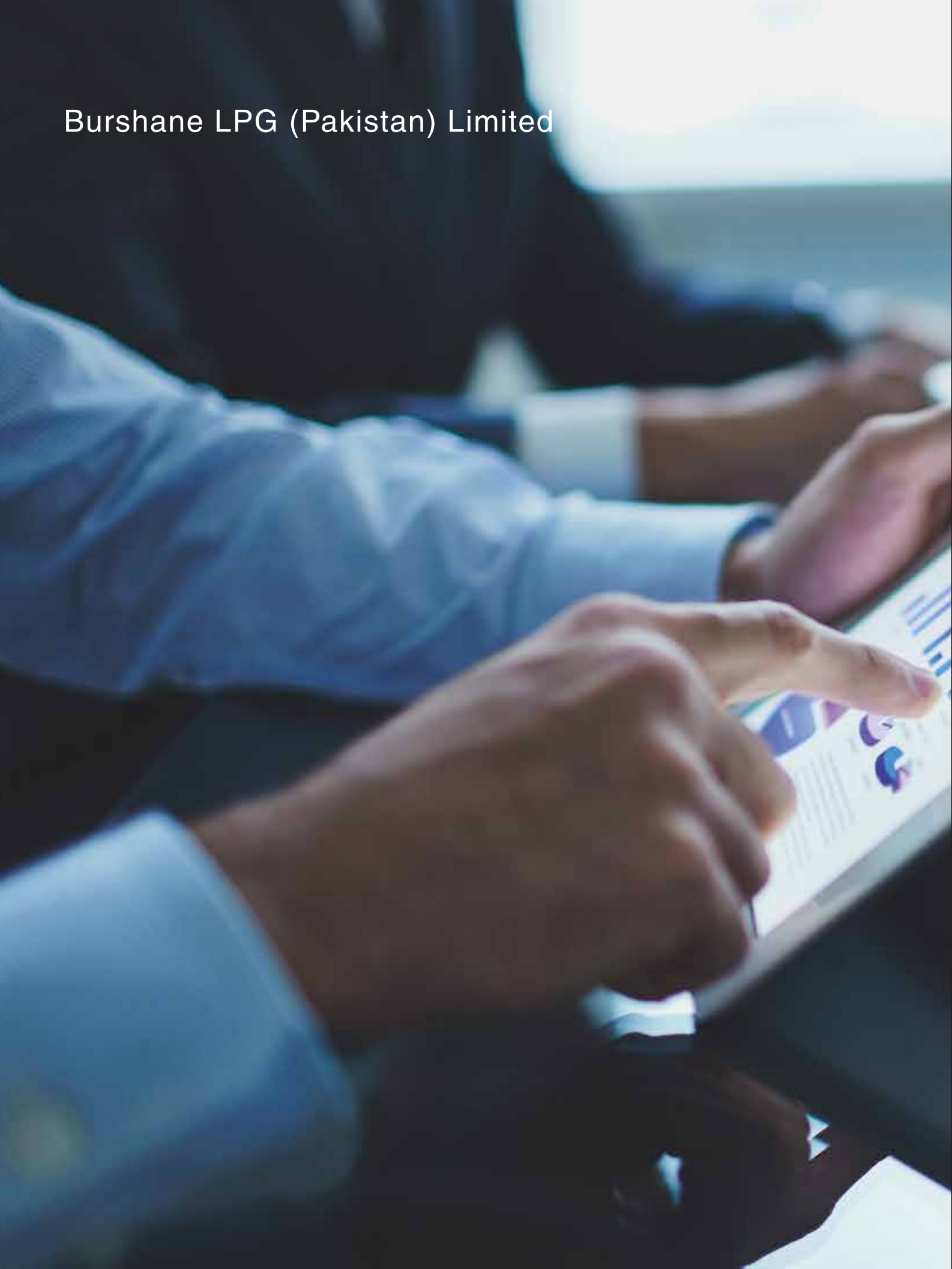
These unconsolidated financial statements have been rounded to the nearest thousand rupee, unless otherwise stated.

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

Burshane LPG (Pakistan) Limited





Consolidated Financial Statements



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURSHANE LPG (PAKISTAN) LIMITED Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Burshane LPG (Pakistan) Limited (the Group), which comprise the consolidated statement of financial position as at June 30, 2020, and consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.
Basis for Opinion

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

Emphasis of Matter

Without modifying our opinion, we draw attention to the following:

1. Note 51.1 to the consolidated financial statements which provide details regarding subsequent events related to transactions with the Roots International Brands Private Limited (RIBS) and investigation order passed by Securities and Exchange Commission of Pakistan.
2. Note 51.2 to the consolidated financial statements which provide details regarding a subsequent event relating to complaint filed by Directorate of Intelligence and Investigation, Inland Revenue, Karachi with the Court of Special Judge (Customs, Taxation and Anti-Smuggling), Karachi, (Trial Court) against the Company and its Directors alleging tax evasion. Note 51.2 provides details regarding the matter which is sub-judice.
3. Note 22.1 to the consolidated financial statements which provide details regarding restructuring of the financing facilities with National Bank of Pakistan.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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S. No.	Key audit matters	How the matter was addressed in our audit
1.	Revenue	
	<p>As disclosed in note 30 to the consolidated financial statements, the Group reported revenue Rs. 2,582.454 million from sale of Liquefied petroleum and Low pressure regulators (LPR) revenue which reflect a decrease of 25.8% from the previous year. We focused on revenue as a key audit area due to high volume of transaction and an decrease in the revenue from the previous year.</p>	<p>We performed a range of audit procedures in relation to revenue including the following:</p> <ul style="list-style-type: none"> • We considered the appropriateness of the Group's revenue recognition accounting policies; • We obtained understanding of the revenue related processes; • We performed substantive analytical procedures based on historical sales, seasonal fluctuation and review of prices charged to customers including changes made during the year; • We perform test of details on revenue recognized during the year, on a sample basis, including review of order receipt, invoicing and dispatched; • We performed cut-off procedures on transactions occurring either immediately before or after the year end to assess the recording of revenue in correct accounting period; and • We also assessed the adequacy of the disclosures made in respect of revenue in accordance with the financial reporting standards.
2.	Contingencies	
	<p>As disclosed in note 29 of the consolidated financial statements, the Holding Company has contingencies and litigations in respect of legal, sales tax and income tax matters, which are pending adjudication with respective authorities at various legal forums available.</p>	<p>We undertook number of procedures to verify the appropriateness of contingencies in the consolidated financial statements. This included, among others:</p>

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S. No.	Key audit matters	How the matter was addressed in our audit
	<p>As disclosed in note 29 of the consolidated financial statements, the Holding Company has contingencies and litigations in respect of legal, sales tax and income tax matters, which are pending adjudication with respective authorities at various legal forums available.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of relevant laws, rules and regulations, probability of outcome and financial impact, if any, for recognition, measurement and disclosure of any related provision or any other element of consolidated financial statements.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of such matters and use of significant management judgments and estimates to assess the same including any related financial impacts, we considered contingencies and litigations in respect of legal, sales tax and income tax matters, a key audit matter.</p>	<ul style="list-style-type: none"> We followed the progress of each case and the Group's estimate of the cost to be incurred; We reviewed the key elements of the methodology employed by management in challenging reasonableness of the cost estimates; We considered the impact on future case costs from changes arising in the regulatory environment; We obtained confirmations from legal advisors for current status on pending previous cases and any new case filed during the year; Checked orders by relevant authority on previous lawsuits / cases appearing in the consolidated financial statements; and Obtained legal advice on the above cases with the legal advisors to ensure that the outflow is possible and not probable.
3.	First time application of IFRS 16 'Leases'	
	<p>As disclosed in note 3.1 to the consolidated financial statements, IFRS 16 'Leases' has become effective for the current financial year which introduces a new lease accounting model, where lessees are required to record a right-of-use (ROU) asset and lease liability arising from a lease on its statement of financial position.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Through our discussions with the management, we understood the process in identifying lease contracts. We read the lease contracts to assess whether leases have been appropriately identified.

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S. No.	Key audit matters	How the matter was addressed in our audit
	<p>The Group has applied IFRS 16 from January 1, 2019 using the modified retrospective approach, therefore, the cumulative effect of adopting IFRS 16 is recognized as an adjustment to the opening balance of retained earnings as at January 1, 2019 with no restatement to comparative information. As a result, the Group has recognized an increase of Rs. 25.807 million in property, plant and equipment as right of use asset, an increase of Rs. 20.479 million in liabilities.</p> <p>We considered this as a key audit matter since the application of the new accounting standards has a material impact on the consolidated financial statements from recognition, measurement and disclosure perspective.</p>	<ul style="list-style-type: none"> • We obtained the Group's quantification of ROU assets and lease liabilities. We agreed the inputs used in the quantification to the lease agreements, challenged the calculations of the discounted rate applied, and performed computation checks. • We compared the lease assessment and quantification model developed by management to that required by IFRS 16 and reviewed the reasonableness of the assessment and quantification and methodology applied. • We assessed Group's accounting for ROU asset components and lease liabilities. • We evaluated the adequacy and considered the appropriateness of disclosures made regarding the application of IFRS 16 and its impact on the consolidated financial statement of the Group.

Other matter

The consolidated financial statements of the Group for the year ended June 30, 2019 were audited by another firm of chartered accountants who had expressed an unqualified opinion thereon vide their report dated September 30, 2019.

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

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

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

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

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Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI
DATED: April 14, 2021

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 ----- (Rupees in '000) -----	2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	827,317	732,090
Intangible assets	8	328,661	388,230
Long-term loans	9	488	894
Long-term deposits	10	122,761	122,761
		1,279,227	1,243,975
CURRENT ASSETS			
Stores and spares	11	2,215	2,415
Stock-in-trade	12	43,901	75,422
Trade debts	13	24,776	23,422
Loans and advances	14	53,084	59,615
Deposits, prepayments and other receivable	15	21,757	88,945
Taxation - net	16	8,627	13,652
Cash and bank balances	17	266,636	175,069
		420,996	438,540
TOTAL ASSETS		1,700,223	1,682,515
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 90,000,000 (2019: 90,000,000) ordinary shares of Rs. 10/-each	18	900,000	900,000
Issued, subscribed and paid-up capital	19	224,888	224,888
Capital reserve	20		
Revaluation surplus of property		336,415	274,765
Other reserves		110,076	169,539
Revenue reserve	20	18,371	150,770
		689,750	819,962
NON-CURRENT LIABILITIES			
Long-term loan	22	-	-
Lease liabilities	23	17,511	2,177
Deferred taxation -net	24	-	-
Cylinder and regulator deposits	25	414,260	386,402
		431,771	388,579
CURRENT LIABILITIES			
Trade and other payables	26	138,922	91,492
Accrued mark-up on long - term loan	27	97,029	60,295
Un-claimed dividend	28	83,198	66,181
Current portion of lease liabilities	23	5,114	1,567
Current portion of long-term loan	22	254,439	254,439
		578,702	473,974
TOTAL EQUITY AND LIABILITIES		1,700,223	1,682,515
CONTINGENCIES AND COMMITMENTS	29		

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ----- (Rupees in '000) -----	2019
Sales - net	30	2,582,454	3,249,870
Cost of sales	31	(2,448,638)	(3,034,515)
Gross profit		133,816	215,355
Administrative expenses	32	(111,555)	(106,575)
Distribution and marketing expenses	33	(70,600)	(68,780)
Other income	34	35,281	42,737
Other expenses	35	(12,843)	(12,756)
		(159,717)	(145,374)
Operating (loss) / profit		(25,901)	69,981
Financial costs	36	(44,559)	(4,892)
(Loss) / profit before taxation		(70,460)	65,089
Taxation	37	(39,299)	(39,150)
Net (loss) / profit for the year		(109,759)	25,939
(Loss) / earning per share - basic and diluted	38	(4.88)	1.15

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ----- (Rupees in '000) -----	2019
Net (loss) / profit for the year		(109,759)	25,939
Other comprehensive income / (loss)			
Items that will not be reclassified subsequently to statement of profit and loss:			
Surplus on revaluation of property, plant and equipment	21	61,650	-
Actuarial (loss) / gain on remeasurement of retirement and other service benefits	40	(59,463)	40,300
		2,187	40,300
Total comprehensive (loss) / income for the year		(107,573)	66,239

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	Capital reserve				Revenue Reserves		
	Issued, subscribed and paid-up capital	Reserve on amalgamation	Revaluation surplus of property	Actuarial (loss) / gain on remeasurement of retirement and other service benefits	General Reserve	Unappropriated profit / (Accumulated loss)	Total
Balance as at July 01, 2018	224,888	153,458	274,765	(24,219)	90,000	51,811	141,811
Total comprehensive loss for the year							
Profit for the year	-	-	-	-	-	25,939	25,939
Other comprehensive income for the year - net of tax	-	-	-	40,300	-	-	40,300
	-	-	-	40,300	-	25,939	66,239
Final dividend Re.0.75 per share	-	-	-	-	-	(16,980)	(16,980)
Balance as at June 30, 2019	224,888	153,458	274,765	16,081	90,000	60,770	150,770
Total comprehensive loss for the year							
Loss for the year	-	-	-	-	-	(108,759)	(108,759)
Other comprehensive loss for the year - net of tax	-	-	61,650	(59,463)	-	-	2,187
	-	-	61,650	(59,463)	-	(108,759)	(107,573)
Final dividend @ Re.1 per share	-	-	-	-	-	(22,640)	(22,640)
Balance as at June 30, 2020	224,888	153,458	336,415	(43,382)	90,000	(71,629)	689,750

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ----- (Rupees in '000) -----	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	42	157,775	140,343
Retirement and other service benefits paid		(9,548)	(10,288)
Taxes paid		(34,502)	(45,439)
Financial cost paid		(3,673)	(4,632)
Long-term loans - net		406	572
Long-term deposits - net		-	(21,922)
Cylinder and regulator deposits - net		43,533	34,488
Net cash generated from operating activities		153,991	93,123
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(49,260)	(32,543)
Purchase of intangible assets		(149)	(289)
Interest received		-	6,806
Proceeds from disposal of operating fixed assets		1,406	3,765
Net cash used in investing activities		(48,003)	(22,261)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(5,623)	(4,475)
Repayment of lease liabilities		(8,798)	(3,497)
Net cash used in financing activities		(14,421)	(7,972)
Net increase in cash and cash equivalents		91,567	62,890
Cash and cash equivalents at beginning of the year		175,069	112,179
Cash and cash equivalents at end of the year		266,636	175,069

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND OPERATIONS OF THE GROUP

The Group consists of Burshane LPG (Pakistan) Limited (note 1.1) and its subsidiary companies i.e. Burhsane Auto Gas (Private) Limited (note 1.2.1) and Burshane Trading (Private) Limited (note 1.2.2).

1.1 The Holding Company

Burshane LPG (Pakistan) Limited (the Holding Company) is a limited liability Company incorporated in Pakistan and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at Suite 101, 1st Floor, Horizon Vista, Commercial Plot No. 10, Block - 4, Scheme No. 5, Clifton, Karachi.

The principal activity of the Holding Company is storing, trading and marketing of Liquefied Petroleum Gas (LPG) throughout Pakistan and trading of Low Pressure Regulators (LPR).

The Holding Company was a subsidiary of H.A.K.S. Trading (Private) Limited (HTPL). The major shareholder of HTPL was Mr. Asad Alam Niazi, Chief executive of the Holding Company, with 73.88% shareholding of the ordinary shares while various other shareholders held 26.12% shares. However, consequent to the approval of the scheme of arrangement for amalgamation of HTPL and the Company by the High Court of Sindh (the Court), HTPL was amalgamated with the Holding Company on February 20, 2015, as more fully explained in note 6.

1.2 Subsidiary Companies

1.2.1 Burshane Auto Gas (Private) Limited (the Subsidiary Company) was incorporated on September 26, 2014 under the repealed Companies Ordinance, 1984, now Companies Act, 2017. The Subsidiary Company will mainly be engaged in opening and managing petrol pumps and Liquefied Petroleum Gas (LPG) outlets. The registered office of the Subsidiary Company is situated at Suit No.101, 1st Floor, Horizon Vista, Commercial - 10, Block 04, Clifton, Karachi. The Subsidiary Company has not commenced its operations and is in the start-up phase. the Holding Company holds 99.99% voting rights and is committed to provide financial support to the Subsidiary Company as and when required.

1.2.2 Burshane Trading (Private) Limited (BTPL) was incorporated on October 13, 2014 under the repealed Companies Ordinance, 1984, now Companies Act, 2017, for setting up trading operations particularly in coal and other energy related products. The registered office of BTPL is situated at Suite 101, 1st Floor, Horizon Vista, Plot No. Commercial Block-4, Scheme No. 5, Clifton, Karachi. No share capital has been issued and no transactions were undertaken by BTPL during the year.

1.3 Geographical location and addresses of major business units of the Group are as under:

Karachi:

Plot No. 70, Sector 7-D, Korangi Filling Plant-1, Adjacent to Pakistan Refinery Limited, Korangi Creek

Purpose:

LPG Storage & filling plant

Faisalabad:

Square No. 94, Killa no. 1,2,3,4,5,6 & 7, tehsil Faisalabad, Near Abbaspur railway station.

Purpose:

LPG Storage & filling plant

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, unless otherwise specifically stated.

2.3 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Holding Company and the subsidiary Company as at the reporting date, here-in-after referred to as 'the Group'.

2.3.1 Subsidiaries

Subsidiaries are those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- exposure, or rights, to variable returns from its involvement with the investee.
- the ability to use its power over the investee to affect its returns.

The Holding Company meets all the above conditions and hence has power over the subsidiary.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated profit and loss account from the date the Group gains control until the date the Group ceases to control the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition is recorded as goodwill. If the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill acquired in a business combination is, on the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination. Goodwill is tested annually or whenever there is an indication of impairment exists. Impairment loss in respect of goodwill is recognised in consolidated statement of profit or loss and is not reversed in future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiaries' shareholders' equity in the consolidated financial statements.

All intra-group transactions, balances, income, expenses and unrealised gains and losses on transactions between Group companies are eliminated in full.

Burshane Auto Gas (Private) Limited (the Subsidiary Company) has same reporting period as that of the Holding Company. The accounting policies of the subsidiary are consistent with the accounting policies of the Group.

2.4 Functional and presentation currency

These consolidated financial statements have been presented in Pakistani rupee, which is the Group's functional and presentation currency.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

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

3.1 Standards / amendments that are effective in current year and are relevant to the Group

IFRS 16 - Leases

IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 replaced IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease' The Group applied IFRS 16 with a date of initial application of July 01, 2019.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have significant leasing activities acting as a lessor.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Previously, the Group classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group and, therefore, charged leased payments to statement of profit or loss under operating leases.

On adoption of IFRS 16, the Group recognised a right-of-use asset and lease liability for all contracts that are or contain a lease at the commencement date except for short-term leases of 12 months or less and low value. Right-of-use assets are measured at their carrying amounts as if IFRS 16 had been applied since the commencement date of lease contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group used its incremental borrowing rate as the discount rate as at July 01, 2019.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Right-of-use assets are included in property, plant and equipment, the lease liability is shown separately as current and non-current in the statements of financial position, and interest on the lease liability is included in finance cost

Transition method and practical expedients utilised

The Group applied IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (July 01, 2019), without restatement of comparative figures.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- applied a single discount rate to a portfolio of leases with similar characteristics.
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On application of IFRS 16, the reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening financial position on July 1, 2019, the summary of which is as follows:

July 01, 2019
-- (Rupees in '000) --

Property, plant and equipment	
Right-of-use assets - Buildings	25,807
Less: prepaid rent	(2,273)
	23,534
Lease liabilities	
Non-current	20,479
Current	3,055
	23,534

3.2 Amendments that are effective in current year and not relevant to the Group

The Group has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

**Effective date
(annual periods
beginning on
or after)**

IAS 19	Employee benefits - Amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IFRS 8	Operating Segments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019
IFRS 14	Regulatory Deferral Accounts - Original issue	July 01, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019
IFRS 9	Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019

Annual Improvements to IFRSs (2015 – 2017) Cycle:

IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019

3.3 Amendments not yet effective

The following amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

**Effective date
(annual periods
beginning on or after)**

	Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
IFRS 3	Business Combinations - amendments updating a reference to the Conceptual Framework	January 01, 2022
IFRS 4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020
IFRS 9	Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2023
IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2023
IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification	January 01, 2023
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published	January 01, 2023
IAS 1	Presentation of Financial Statements - amendments regarding the definition of materiality	January 01, 2020
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities	January 01, 2022
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality	January 01, 2020
IAS 16	Property, Plant and Equipment - Amendments prohibiting a Group from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Group is preparing the asset for its intended use	January 01, 2020
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

**Effective date
(annual periods
beginning on
or after)**

Annual improvements to IFRSs (2018 – 2020) Cycle:

IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2019
IFRS 9	Financial Instruments	January 01, 2022
IFRS 41	Agriculture	January 01, 2020

3.4 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

The Group expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Group's financial statements in the period of initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

4.1 Property, plant and equipment

4.1.1 Owned

These are stated at cost less accumulated depreciation and accumulated impairment losses if any, except for freehold land and leasehold land, which are stated at revalued amount.

Depreciation is charged to consolidated statement of profit or loss using straight-line method whereby the cost of an asset is allocated over its estimated useful life at the rates given in note 7.1. Depreciation on additions is charged from the month in which the asset is available for use, while no depreciation is charged in the month in which the asset is disposed off. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Maintenance and normal repairs are charged to consolidated statement of profit or loss as and when incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense in the consolidated statement of profit or loss in the period of disposal.

A revaluation surplus is recorded in consolidated statement of other comprehensive income (OCI) and credited to the asset revaluation surplus in equity. However, the increase is recorded in the consolidated statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognised in the consolidated statement of profit or loss however, a decrease is recorded in consolidated statement of other comprehensive income to the extent of any credit balance entry in revaluation surplus in respect of same asset.

4.1.2 Right of use assets

The right-of-use asset is initially measured at the amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using straight line method from the date of commencement date to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

4.1.3 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. It consists of expenditure incurred in respect of tangible assets in the course of their construction and installation, including financial charges on borrowings, if any, for financing the project until such projects are completed or become operational. Transfers are made to relevant asset category as and when assets are available for use.

4.2 Intangible assets

An intangible asset is recognised if it is probable that the future economic benefits attributable to the asset will flow to the Group and that the cost of such asset can also be measured reliably.

a) Software

Costs that are directly associated with identifiable computer software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Costs include the purchase cost of software, implementation cost and related overhead cost. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses thereon.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognised as a capital improvement and added to the original cost of the software.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

b) Goodwill

This represents excess of cost of acquisition over fair value of the identifiable assets and liabilities of the Group at the time of acquisition by HTPL.

Goodwill on acquisition is not amortised but tested annually for impairment and carried at cost less accumulated impairment losses, if any.

c) Trademarks

This represents separately acquired trade marks with indefinite useful life. These are stated at cost less accumulated impairment losses, if any. Carrying amounts of trademarks are subject to impairment review at each reporting date.

Intangible assets, where applicable, are amortised from the month when such assets are available for use on straight line method whereby the cost of an intangible asset is allocated over its estimated useful life, at the rates given in note 8.

The useful lives of intangible assets are reviewed at each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset.

4.3 Stores and spares

Stores and spares to be consumed in the ordinary course of business are valued at lower of weighted average cost and net realizable value (NRV) except for those in transit, if any, which are stated at cost. Cost comprises of invoice value plus other direct costs incurred thereon. Provision is made for slow moving and obsolete items wherever necessary and is recognised in the consolidated statement of profit or loss.

4.4 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value (NRV). Cost is determined using the weighted average method for both Liquefied Petroleum Gas (LPG) and Low Pressure Regulators (LPR). Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

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

4.5 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method less provision for expected credit losses, if any. Allowance for expected credit losses is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Trade debts and other receivables are written-off when considered irrecoverable.

4.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash with banks on current, collection, deposit and saving accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

4.7 Employee retirement benefits

4.7.1 Defined benefit plan

The Group Company operates:

an approved defined benefit gratuity scheme for all permanent employees and non management employees. The scheme provides for a graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employee's last drawn salary; and an approved defined benefit pension scheme for management staff. The scheme provides pension based on the employees' last drawn salary subject to the completion of minimum qualifying period of service. Pensions are payable for life and thereafter to surviving spouses and / or dependent children.

Both the above schemes are funded and contributions to them are made monthly on the basis of actuarial valuation and in line with the provisions of the Income Tax Ordinance, 2001. The gratuity and pension funds are governed under the Trust Act, 1882, Trust Deed and Rules of Fund, repealed Companies Ordinance, 1984, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. Responsibility for governance of plan, including investment decisions and contribution schedule lie with the Board of Trustees of the Funds. Further, monthly contributions are made by employees in the defined benefit pension fund at the rate of 1.4% and 1.72% according to their job grades. Actuarial valuations of these schemes are carried out at appropriate regular intervals.

4.7.2 Defined contribution plan

The Group operates a recognised contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Group and the employees at the rate of 4.25% per annum of the basic salary and 10% per annum of the basic salary for management and non-management employees, respectively.

4.8 Lease liability

The lease liability is initially measured at the present value of the future lease payments over the lease term, discounted using the specific incremental borrowing rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in consolidated statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

4.9 Loans and borrowings

Loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Loan and borrowings are subsequently stated at amortised cost using the effective interest rate method.

Loans and borrowings are classified as current liabilities, unless the Group has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

4.10 Trade and other payables

These are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liability.

4.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

4.12 Taxation

4.12.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or Minimum Tax on Turnover or Alternate Corporate Tax, whichever is higher in accordance with the provisions of Income Tax Ordinance, 2001.

4.12.2 Deferred

Deferred tax is recognized using the balance sheet approach, on all temporary differences arising at the reporting date between the tax base of asset and liabilities and their carrying amounts for financial reporting purposes.

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

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

4.13 Foreign currencies

Transactions in foreign currencies are translated into functional currency (Pakistani Rupees) using exchange rates approximating those ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange prevailing at the reporting date. Exchange gains and losses resulting from the settlement of foreign currency transactions and translation of monetary assets and liabilities at the rates prevailing at the reporting date are included in the consolidated statement of profit or loss. Non-monetary items that are measured in terms of a historical cost in foreign currency are not re-translated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

4.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset, in which case such costs are capitalised as part of the cost of that asset.

4.15 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

4.16 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised 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.

A debt instrument 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

On initial recognition of a debt instrument that is not held for trading, the Group 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.

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

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price, determined under IFRS 15) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at FVTPL - The Group has not designated any financial asset as fair value through profit or loss;
- Financial assets at amortised cost - The Group subsequently measures financial assets at amortised cost using Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired;
- Debt instruments at FVOCI - The Group has not designated any financial asset at fair value through OCI with / without recycling of cumulative gains and losses; and upon derecognition.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Impairment / expected credit losses on financial assets

The Group recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group uses the standard's simplified approach and calculates ECL based on life-time ECL on its financial assets. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The expected credit losses are recognised in the consolidated statement of profit or loss.

ii) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group financial liabilities include long-term loan, accrued mark-up on long-term loan, liabilities under finance lease, cylinder and regulator deposits, trade and other payables and loan from subsidiary Holding Company.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss. This category generally applies to interest-bearing loans and borrowings and trade and other payables.

Derecognition

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

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.18 Revenue from contracts with customers

The Holding Company is in the business of storing, marketing and trading of Liquefied Petroleum Gas (LPG) throughout Pakistan and trading of Low Pressure Regulators (LPR). Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Holding Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Holding Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Performance obligations

Information about the Holding Company performance obligations are summarised below:

Sale of LPG and LPR

The performance obligation is satisfied upon delivery of LPG and LPR at LPG pump stations. Payment is generally due at the time of delivery. The revenue from sale of these products is recognised at the point in time when control of the asset is transferred to the customer i.e. on delivery of products.

Others

- Return on saving account is recorded using effective interest rate method.
- Other revenues including recovery of storage and handling charges and rental income from storage tank are accounted for on accrual basis.
- Income from dividend, if any, is recognised when right to receive dividend is established.

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The Group recognises an account receivable when the performance obligations have been met, recognising the corresponding revenue. Moreover, the consideration received before satisfying the performance obligations are recognised as advances from customer.

5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In the process of applying the Group's accounting policies, management has made the following estimates and judgments which are significant to the consolidated financial statements:

5.1 Property, plant and equipment

The Group reviews appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

5.2 Intangible assets

The Group reviews appropriateness of the rate of amortisation and useful life used in the calculation for amortisation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

5.3 Taxation

In making the estimates for current income taxes payable by the Group, the management considers the applicable laws and the decisions / judgments of appellate authorities on certain issues in the past. Accordingly, the recognition of deferred tax is also made, taking into account these judgments and the best estimates of future results of operations of the Group.

5.4 Provision for retirement and other service benefits

The present value of these obligations depends on a number of factors that are determined on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present values of these obligations and the underlying assumptions are disclosed in note 40.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6. AMALGAMATION WITH HOLDING COMPANY

Effective February 20, 2015, the Holding Company went through the scheme of amalgamation (the Scheme) with HTPL consequent to the approval of the Scheme by the High Court of Sindh.

According to the Scheme, 0.31 ordinary shares of the Holding Company, with a face value of Rs. 10 each, were offered to the shareholders of HTPL for every one share held of HTPL, with a face value of Rs. 10 each. As per the Scheme, the Holding Company is required to allot new shares to the shareholders of HTPL. Upon allotment of new shares, old shares of the Holding Company, held by HTPL, shall stand cancelled and simultaneously HTPL shall stand dissolved without being wound up. Further, the cancellation of old shares and issuance of new shares, as per the swap ratio, will result in reduction of 151,154 shares of the Holding Company. The Holding Company is in the process of completing the legal formalities for issuance of new shares.

As a result of the Scheme, the assets and liabilities of HTPL were amalgamated with the assets and liabilities of the Holding Company based on the fair values as of February 19, 2015. The summary of assets and liabilities of HTPL amalgamated as above, is as under:

	Fair value as of February 19, 2015 (Rupees in '000)
Assets	
Goodwill	253,091
Property, plant and equipment	559,529
Cash and bank balances	51
	812,671
Liabilities	
Long-term loan - secured	400,000
Deferred taxation	14,863
Trade and other payables	2,247
Short-term loans	30,646
Accrued mark-up on long-term loan	17,508
	465,264
Net assets	347,407
Represented by:	
Unappropriated loss	(73,677)
Revaluation surplus on property, plant and equipment	269,138
Reserve on amalgamation	151,946
	347,407

		2020 Rupees ----- (Rupees in '000) -----	2019 Rupees
7. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	7.1	827,317	732,090
Capital work-in-progress	7.2	-	-
		827,317	732,090

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7.1 Operating fixed assets

The following is the statement of operating fixed assets:

Description	Owned Assets												Leased Assets		Right of use/asset		Total
	Leasehold land (note 7.1.7)	Freehold land (note 7.1.7)	Building on leasehold land	Plant and machinery	Cylinders and regulators (note 7.1.3)	Fire fighting equipment	Furniture, fittings, electrical and other	Vehicles	Office equipment	Computer and related accessories	Tanks, pipeline and fittings	sub total	Vehicles	Building	sub total		
	(Rupees in ' 000)																
Net carrying value basis																	
year ended June 30, 2020																	
Opening net book value	509,138	15,000	25,131	12,759	136,150	2,597	7,207	78	402	501	18,501	727,454	4,626	-	-	732,090	
Recognition on initial application of IFRS-16	-	-	-	-	-	-	-	-	-	-	-	-	(4,626)	26,005	4,428	30,433	
Opening net book value - adjusted	509,138	15,000	25,131	12,759	136,150	2,597	7,207	78	402	501	18,501	727,454	-	26,005	4,428	30,433	
Addition (at cost)	-	-	-	-	44,843	-	1,166	2,231	372	648	-	49,260	-	-	-	49,260	
Revaluation surplus	60,150	1,500	-	-	-	-	-	-	-	-	-	61,650	-	-	-	61,650	
Transfer in / (out)	-	-	-	-	-	-	-	86	-	-	-	86	-	-	(86)	(86)	
Disposal (NBV)	-	-	-	-	(5)	-	(49)	-	-	-	-	(54)	-	-	-	(54)	
Depreciation charged (refer note 7.1.2)	-	-	(3,122)	(1,597)	(21,439)	(1,063)	(2,342)	(769)	(129)	(388)	(3,080)	(33,941)	-	(6,288)	(1,206)	(7,495)	
Closing net book value	569,288	16,500	22,009	11,162	159,549	1,534	5,982	1,626	645	761	15,411	804,467	-	19,716	3,136	22,852	
Gross carrying value basis																	
year ended June 30, 2020																	
Opening net book value	569,288	16,500	83,294	66,104	660,970	21,177	81,967	59,886	5,106	18,113	93,428	1,675,633	-	26,005	4,342	30,347	
Cost / revalued amount	-	-	(61,285)	(54,942)	(501,421)	(19,643)	(75,985)	(58,260)	(4,461)	(17,352)	(78,017)	(871,368)	-	(6,288)	(1,206)	(7,495)	
Accumulated depreciation	569,288	16,500	22,009	11,162	159,549	1,534	5,982	1,626	645	761	15,411	804,465	-	19,716	3,136	22,852	
Closing net book value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation rate (% per annum)	-	-	5%	5%	10%	15%	10% to 15%	20% to 25%	15%	33.33%	10%	-	-	20%	-	25%	
Net carrying value basis																	
year ended June 30, 2019																	
Opening net book value	509,138	15,000	27,435	12,407	130,578	3,488	8,414	2,099	470	687	30,696	740,412	3,883	-	-	744,275	
Addition (at cost)	-	-	-	1,754	24,381	108	925	553	19	390	-	27,730	4,813	-	-	32,543	
Disposal (NBV)	-	-	-	-	2,593	-	(25)	(1,639)	-	(52)	(2,583)	(1,716)	-	-	-	(1,716)	
Depreciation charged	-	-	(2,364)	(1,402)	(21,402)	(969)	(1,707)	(935)	(87)	(524)	(3,962)	(38,362)	(4,050)	-	-	(43,012)	
Closing net book value	509,138	15,000	25,131	12,759	136,150	2,597	7,207	78	402	501	18,501	727,464	4,626	-	-	732,090	
Gross carrying value basis																	
year ended June 30, 2019																	
Opening net book value	509,138	15,000	83,294	66,104	616,132	21,177	80,850	57,569	4,734	17,465	93,428	1,564,891	28,551	-	-	1,593,442	
Cost / revalued amount	-	-	(58,163)	(53,345)	(479,982)	(18,580)	(73,643)	(57,491)	(4,332)	(16,964)	(74,927)	(837,427)	(23,925)	-	-	(861,352)	
Accumulated depreciation	509,138	15,000	25,131	12,759	136,150	2,597	7,207	78	402	501	18,501	727,464	4,626	-	-	732,090	
Net book value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation rate (% per annum)	-	-	5%	5%	10%	15%	10% to 15%	20% to 25%	15%	33.33%	10%	-	25%	-	-	-	

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- 7.1.1** As at June 30, 2020, property, plant and equipment having cost of Rs. 711.21 million (2019: Rs. 574.66 million) are fully depreciated.

			2020	2019
7.1.2	The depreciation charge for the year has been allocated as follows:	Note	----- (Rupees in '000) -----	
	Cost of sales	31	10,026	15,349
	Administrative expenses	32	8,802	6,205
	Distribution and marketing expenses	33	22,608	21,458
			41,436	43,012

- 7.1.3** These are in custody of distributors / customers owing to the nature of business of the Holding Company. The particulars of these assets have not been disclosed due to several number of customers.

- 7.1.4** The Holding Company possess leasehold lands of measuring 5.875 acres in Karachi. However, the legal title is on the name of H.A.K.S Trading (Private) Limited (HTPL), the former Holding Company.

- 7.1.5** The Holding Company's freehold land and leasehold land was revalued on June 26, 2020 by M/s. Luckyhiya Associates (Private) Limited, an independent valuer, on the basis of their professional assessment of present market value for similar sized plots in the near vicinity of land. The revaluation has resulted in surplus for freehold and leasehold land amounting to Rs. 1.5 million and Rs. 60.149 million respectively.

- 7.1.6** Had the revaluation not been carried out, the related figures of freehold land and leasehold land would have been Rs. 5.62 million (2019: Rs. 5.62 million) and Rs. 243.75 million (2019: Rs. 243.75 million), respectively.

- 7.1.7** The forced sales value as per the revaluation report as of June 26, 2020 is as follows:

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Class of asset	2020 (Rupees in '000)
Freehold land	16,500
Leasehold land	569,288

Particulars of immovable assets of the Holding Company are as follows:

Particulars	Usage of property	Address	Covered Area (Square feet)
Freehold land	For future business expansion	Chak No. 245, Near Railway Station, Abbaspur, Faisalabad	104,544
Leasehold land	For future business expansion	Commercial - cum- Residential Land Deh Okewari, Shahrah - e - Faisal Survey # 47	107,811
Leasehold land	For future business expansion	Commercial - cum- Residential Land Deh Okewari, Shahrah - e - Faisal Survey # 74	40,293
Building on leasehold land	Plant site	Plot No. 70, Sector 7-D, Korangi Filling Plant-1, Adjacent to Pakistan Refinery Limited, Korangi Creek, Karachi	9,710
Leasehold land	Plant site	LPG Storage & Filling Plant, Near Railway Station, Abbaspur, Faisalabad	6,380

7.1.8 In the current and previous year, there were no disposal of fixed assets with an aggregate book value exceeding amount of Rs. 5 million, hence no disposal to report.

	2020 ----- (Rupees in '000) -----	2019
7.2 CAPITAL WORK-IN-PROGRESS		
Opening balance	-	-
Additions (at cost)	49,260	32,543
Transfer to property, plant and equipment	(49,260)	(32,543)
Closing balance	-	-

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8 INTANGIBLE ASSETS

	Cost		Accumulated Amortisation			Net Book Value		
	As at July 01, 2019	Additions	As at June 30, 2020	As at July 01, 2019	Charge for the year (note 8.6)	As at June 30, 2020	As at June 30, 2020	Rate of amortisation
	(Rupees in '000)							
Goodwill (note 8.2)	253,091	-	253,091	-	-	-	253,091	Nil
Computer software	4,858	149	5,007	4,583	88	4,671	336	20%
Rights under								
Supply contracts (notes 8.3 & 8.4)	394,856	-	394,856	268,592	59,630	328,222	66,634	7.14%-33%
Trademarks (note 8.2 & 8.5)	8,600	-	8,600	-	-	-	8,600	Nil
2020	661,405	149	661,554	273,175	59,718	332,893	328,661	

	Cost		Accumulated Amortisation			Net Book Value		
	As at July 01, 2018	Additions	As at June 30, 2019	As at July 01, 2018	Charge for the year (note 8.6)	As at June 30, 2019	As at June 30, 2019	Rate of amortisation
	(Rupees in '000)							
Goodwill (note 8.2)	253,091	-	253,091	-	-	-	253,091	Nil
Computer software	4,569	289.42	4,858	4,569	14	4,583	275	20%
Rights under								
Supply contracts (notes 8.3 & 8.4)	394,856	-	394,856	203,545	65,047	268,592	126,264	7.14%-33%
Trademarks (note 8.2 & 8.5)	8,600	-	8,600	-	-	-	8,600	Nil
2019	661,116	-	661,405	208,114	65,047	273,175	388,230	

8.1 As at June 30, 2020, intangible having cost of Rs. 101.28 million (2019: Rs. 101.28 million) are fully amortised.

8.2 This represents excess of cost of acquisition over fair value of the identifiable assets and liabilities of the Company at the time of acquisition by HTPL (note 6).

8.2.1 Impairment testing of goodwill and trademarks:

The carrying value of goodwill has been allocated to Burshane LPG (Pakistan) Limited, the cash generating unit (CGU), which is also the operating and reportable segment for impairment testing.

	2020	2019
	Rupees	Rupees
	(Rupees in '000)	
Carrying amount of goodwill	253,091	253,091
Carrying amount of trademarks	8,600	8,600

The Holding Company performed its annual impairment test in June 2020 and June 2019. The Holding Company considers the relationship between its recoverable amount and its book value, among other factors, when reviewing for indicators of impairment. As at June 30, 2020, the recoverable amount of the Holding Company was above the book value of its equity, indicating no potential impairment of goodwill and impairment of the assets of the operating segment.

The recoverable amount of CGU amounting to Rs. 1,277.77 million as at June 30, 2020 has been determined based on a Value in Use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The TAB was appropriately calculated over a 10 year amortization period, using the statutory tax rates. The projected cash flows have been updated to reflect increase in demand for LPG, and consequent imports. The pre-tax discount rate applied to cash flow projections is 18.16% and cash flows beyond the five-year period are extrapolated using a 2% growth rate. It was concluded that the carrying value did not exceed the value in use. As a result of this analysis, no impairment has been identified by the Holding Company against goodwill with a carrying amount of Rs. 253.09 million as at June 30, 2020.

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The Holding Company tested its trademark "Burshane" as at June 30, 2020 and June 30, 2019 for impairment. Value in Use of Rs. 347.16 million as at June 30, 2020 of the trademarks has been calculated using Relief from Royalty Method. This method considers the royalties saved by owning the intellectual property rather than licensing it. It is commonly used in the valuation of similar assets and, from a valuation perspective, appears reasonable in this case.

Key assumptions used in value in use calculations:

The calculation of value in use for both CGU and trademarks, is most sensitive to the following assumptions:

Sales volume growth
Discount rates
Market share during the forecast period
Royalty rate used for the forecast period
Growth rate used to extrapolate cash flows beyond the forecast period

Sales volume growth

Value in use is sensitive to sales volume growth. Sales volume growth has been assumed to increase in line with management's expectations of market share.

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Holding Company and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Holding Company's investors. The cost of debt is based on the interest-bearing borrowings the Holding Company is obliged to service.

Market share during the forecast period

When using industry data for growth rates (as noted below), these assumptions are important because management assesses how the unit's position, relative to its competitors, might change over the forecast period. Management expects the Holding Company's market share in the LPG industry to be stable over the forecast period.

Royalty rate used for the forecast period

The cash flows have been estimated using a royalty rate of 1.5% and have been discounted at the WACC. The royalty rate is based on that used by similar businesses. The TAB was appropriately calculated over a 10 year amortization period, using the statutory tax rates. Cash flows beyond the five-year period are extrapolated using a 2% growth rate. It was concluded that the carrying value did not exceed the value in use. As a result of this analysis, no impairment has been identified by the Holding Company against the trademarks with a carrying amount of Rs. 8.60 million as at June 30, 2020.

The implications of the key assumptions for the recoverable amount are discussed below:

Sales volume growth

Value in use is sensitive to price and cost per ton of local and imported LPG and cost pass-through. The value in use was tested at various sales volume growth levels. A decline of 5% or more in sales volume growth would result in impairment of the CGU.

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Discount rate assumptions

A rise in pre-tax discount rate to 30% would result in the impairment of the CGU.

Market share during the forecast period assumptions

Management expects the Holding Company to maintain its market share based on the expected demand of the product and the ready supply base it has to service the demand.

Royalty rate assumptions

The cash flows have been estimated using a royalty rate of 1.5%, and have been discounted at the WACC. The royalty rate is based on that used by similar businesses. The TAB (Tax Amortization Benefit) was appropriately calculated over a 10 year amortization period, using the statutory tax rates. Cash flows beyond the five-year period are extrapolated using a 2% growth rate in line with that used by the management. It was concluded that the carrying value did not exceed the value in use. As a result of this analysis, no impairment has been identified by the Holding Company against goodwill with a carrying amount of Rs. 253.09 million as at 30 June 2020.

Growth rate assumptions

Cashflow beyond the forecast period have been extrapolated using 2% growth based on that used by the management and long term real GDP growth forecast.

- 8.3** The Holding Company entered into an agreement with PARCO for purchase of LPG. The agreement provides right to supply of LPG for a period of five years for which the Holding Company paid the signature bonus of Rs. 248 million.
- 8.4** During the prior year, the Holding Company participated in a tender offer by Oil & Gas Development Holding Company Limited (OGDCL) in respect of purchase of LPG from Kunnar Pasaki Deep - Tando Allahyar Gas Field District Hyderabad. On successful submission of the highest signature bonus bid of Rs. 50.15 million, the Holding Company has been allotted one lot of LPG of five metric tons per day for five years from the Kunnar Pasaki Deep - Tando Allahyar.
- 8.5** This represents consideration paid to OPI Gas (Private) Limited in 2011 for acquisition of rights and title to "Burshane" trademarks. These trade marks are considered to have an indefinite useful life, and therefore have not been amortised. Further, no impairment has been identified in this regard (note 8.2).

		2020	2019
		----- (Rupees in '000) -----	
8.6	The amortisation for the year has been allocated as follows:	Note	
	Cost of sales	31	59,630
	Administrative expenses	32	88
			59,718
			65,061

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		2020 Rupees ----- (Rupees in '000) -----	2019 Rupees
9. LONG-TERM LOANS	Note		
Secured - considered good			
Executives	9.2 & 9.3	855	1,371
Other employees		110	341
	9.4	965	1,712
Current portion shown under current assets			
Executives		(367)	(588)
Other employees		(110)	(230)
		(477)	(818)
		488	894

9.1 Reconciliation of carrying amount of loans:

Description	Executive	other employees	Total 2020	Total 2019
	----- (Rupees in '000) -----			
Opening balance	1,371	341	1,712	2,896
Disbursements	390	321	711	1,105
Repayment / adjustment	(906)	(552)	(1,458)	(2,016)
Closing balance	855	110	965	1,985

9.2 These loans are granted to employees under the Holding Company's policies. Car and motor cycle loans are repayable over a maximum period of five years and two and a half years, respectively. Housing loans are repayable in maximum 50 equal monthly installments and salary loans are repayable over a maximum period of three years. Car loans and housing loans are interest free. Housing loans granted to employees are secured against the letter of guarantee and promissory notes and other loans are secured against their provident fund balances.

9.3 The maximum aggregate amount of loan due from executives at the end of any month during the year was Rs. 0.86 million (2019: Rs. 0.92 million).

9.4 The carrying value of these financial assets is neither past due nor impaired. Further, interest free loans are not discounted to present value, since the impact is considered to be immaterial in the overall context of these financial statements.

		2020 Rupees ----- (Rupees in '000) -----	2019
10. LONG-TERM DEPOSITS	Note		
Deposit against LPG supply	10.1	119,587	119,587
Others		3,174	3,174
		122,761	122,761

10.1 These deposits placed with supplier of LPG as per the terms of the supply agreement.

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		2020 Rupees ----- (Rupees in '000) -----	2019 Rupees
11. STORES AND SPARES	Note		
Stores		3,005	3,175
Spares parts		530	560
		3,535	3,735
Provision for obsolete items		(1,320)	(1,320)
		2,215	2,415
12. STOCK-IN-TRADE			
Liquefied Petroleum Gas (LPG)	12.1 & 12.2	42,516	73,463
Low Pressure Regulators (LPR)		1,385	1,959
		43,901	75,422

12.1 The reduction of stock-in-trade are included in cost of sales.

12.2 It includes stock amounting to Rs. 24.97 million (2019: Rs. 14.72 million) held with the following parties under hospitality arrangements:

Pakistan Oil Fields Limited		76	-
Ravi Sahiwal		1,386	137
Sadiq Gas Company		9,298	3,325
Sindh Gas (Private) Limited		1,188	2,365
Blessing Gas (Private) Limited		1,641	702
Tez Gas (Private) Limited		446	253
Terra Energy (Private) Limited		496	-
Bashir Gas		8,937	7,810
Faiq Gas		1,501	129
		24,969	14,721

12.3 As at June 30, 2020, stock of LPG held on behalf of third parties amounted to Rs. 0.19 million (2019: Rs. 0.25 million).

13. TRADE DEBTS

Unsecured - considered good			
Trade debtors		28,464	26,492
Allowance for expected credit losses	13.1	(3,688)	(3,070)
		24,776	23,422

		2020 ----- (Rupees in '000) -----	2019
13.1 Allowance for expected credit losses	Note		
Balance at start of the year		3,070	3,034
Allowance for expected credit losses	35	618	36
Balance at end of the year		3,688	3,070

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

13.2 Ageing analysis of these trade debts as at the reporting date is as follows:

Upto 1 month	14,229	16,770
1 to 6 months	6,605	9,185
More than 6 months	6,752	111
	27,586	26,066

14. LOANS AND ADVANCES

Loans - Secured - considered good			
Current portion of long-term loans	9	477	818
Advances to (Unsecured - considered good)			
Chief executives officer	14.1	3,864	3,260
Directors		-	273
Associated company	14.2	-	-
Contractors and suppliers		48,743	55,264
		52,607	58,797
		53,084	59,615

14.1 The maximum aggregate amount due from Chief executive officer at the end of any month was Rs. 3.86 million (2019: Rs. 3.26 million)

14.2 Advances to associated company

Opening balance	-	-
Disbursements	63,400	132,921
Repayments	(63,400)	(132,921)
Closing balance	-	-

14.2.1 During the year, the Holding Company made short term advances to Root International Brands (Private) Limited, an associated company, with no agreed terms (Refer note 51.1). The maximum aggregate amount due at the end of any month was Rs. 63.40 million. The advance was received back during the year.

		2020	2019
15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	----- (Rupees in '000) -----	
Deposits	15.1	785	785
Prepayments	15.2	1,513	4,760
Other receivables	15.3	19,459	83,400
		21,757	88,945

15.1 This represents short term deposits in the normal course of business and does not carry any interest or mark-up.

15.2 This includes prepaid insurance premium of Rs. 0.64 million (2019: Rs. 0.21 million) to Pak Qatar Takaful Company Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

15.3 Other receivables

OPI Gas (Private) Limited	15.4	3,642	3,642
Burshane LPG (Pakistan) Limited - Provident fund		15	315
Burshane LPG (Pakistan) Limited- Gratuity fund	40	1,350	4,120
Burshane LPG (Pakistan) Limited- Pension fund		-	16,367
Burshane Petroleum (Private) Limited	15.5	9,500	9,000
Sales tax receivable		-	41,772
Accrued Interest		7	8
Others	15.6 & 15.7	11,160	14,391
		25,674	89,615
Allowance for expected credit losses		(6,215)	(6,215)
		19,459	83,400

15.4 This represents receivable against reimbursement of expenses incurred for debranding activities, which has not been acknowledged by the counter party, thus fully provided.

15.5 This represents amount receivable from Burshane Petroleum (Private) Limited (formerly Darian International (Private) Limited, a related party, as consideration against use of the Holding Company's name under an arrangement entered in prior year.

15.6 This includes receivable against cylinder deposits of Rs. 7.77 million (2019: Rs. 8.10 million).

15.7 This includes receivable from Burshane Auto Gas (Private) Limited, Burshane Petroleum (Private) Limited, AAK Commodities (Private) Limited and A&S Corporation (Private) Limited amounting to Rs. 0.01 million (2019: Nil), Rs. 9.5 million (2019: Rs 9 million), Rs. 0.25 million (2019: Rs. 0.11 million) and Rs. 0.08 million (2019: Nil) respectively.

15.7.1 The maximum aggregate amount outstanding from subsidiary company, associated companies and other related parties at any time of the year by reference to month end balances is as follows:

	2020	2019
	----- (Rupees in '000) -----	
Other related parties		
Burshane LPG (Pakistan) Limited Provident Fund	1,234	315
Burshane LPG (Pakistan) Limited Gratuity Fund	1,350	4,120
Burshane LPG (Pakistan) Limited Management Staff Pension Fund	-	16,367
Associated companies		
Burshane Petroleum (Private) Limited	9,500	9,000
AAK Commodities (Private) Limited	250	-
A&S Corporation (Private) Limited	75	-
	12,409	29,802

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

15.7.2 The ageing analysis of receivable balances due from related parties / associated companies is as follows:

	Note	2020 ----- (Rupees in '000) -----	2019
More than 6 months		731	-
More than 12 months		9,105	9,000
		9,836	9,000

16. TAXATION - NET

Advance tax		190,335	154,642
Provision for taxation		(181,709)	(140,989)
		8,627	13,652

17. CASH AND BANK BALANCES

Cash in hand		174	176
Cash at banks			
saving accounts	17.1	62,423	117,738
current accounts		204,039	57,155
		266,462	174,893
		266,636	175,069

17.1 The profit rates on these saving accounts range from 3.05% to 11.3% per annum (2019: 3.75% to 10% per annum). These balances are held in accounts maintained under conventional banking.

18. AUTHORIZED SHARE CAPITAL

2020	2019	2020	2019
Number of shares		----- (Rupees in '000) -----	
90,000,000	90,000,000	Ordinary shares of Rs. 10/- each	900,000

19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Number of ordinary shares of Rs. 10/- each		-	2020	2019
			----- (Rupees in '000) -----	
		Ordinary shares of Rs. 10/- each		
19,881,766	19,881,766	Fully paid in cash (note 19.1)	198,817	198,817
76,820	76,820	Fully paid for consideration other than cash	768	768
2,530,304	2,530,304	Fully paid bonus shares	25,303	25,303
22,488,890	22,488,890		224,888	224,888

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

- 19.1** As a result of the Scheme referred to in note 6, the authorised share capital of the Holding Company enhanced to Rs. 900 million divided into 90 million ordinary shares of Rs.10 each. Further, pursuant to the effects of amalgamation, the paid-up share capital of the Holding Company reduced by 151,154 shares (note 6)
- 19.2** As more fully explained in note 6, the Holding Company is in the process of completing legal formalities for cancellation of 151,154 shares and for issuance of new shares to the shareholders of HTPL (former Holding Company) in accordance with the Scheme. Post completion of legal formalities, Mr. Asad Alam Khan Niazi, Chief Executive, will hold 12,326,629 [2020: 54.82% (2019: 54.82%)] ordinary shares of the Holding Company of Rs. 10 each and other directors will held 4,358,000 [2020: 19.38% (2019: 19.38%)] ordinary shares of the Holding company of Rs. 10 each.
- 19.3** As at June 30, 2020 the former Holding Company held 74.19% (June 30, 2019: 74.19%), institutions held 14.28% (June 30, 2019: 14.37%) and individuals and others held the balance of 11.53% (June 30, 2019: 11.44%) Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

		2020	2019
20.	RESERVES	Note	(Rupees in '000)
	Capital reserve		
	Reserve on amalgamation	153,458	153,458
	Revaluation surplus on property	336,415	274,765
	Actuarial (loss) / gain on remeasurement of retirement and other service benefits	(43,382)	16,081
		446,491	444,304
	Revenue reserves		
	General reserve	90,000	90,000
	(Accumulated loss) / unappropriated profit	(71,629)	60,770
		18,371	150,770
		464,862	595,074
21.	SURPLUS ON REVALUATION OF PROPERTY		
	Gross surplus		
	Balance as at July 01,	274,765	274,765
	Surplus recognised during the year	61,650	-
	Balance as at June 30	336,415	274,765
21.1	Surplus recognized during the year on:		
	Leasehold land	60,150	-
	Freehold land	1,500	-
		61,650	-
21.2	The revaluation surplus on property is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.		
22.	LONG TERM LOAN		
	Secured		
	National Bank of Pakistan (NBP)	254,439	254,439
	Current maturity of long-term loan	(254,439)	(254,439)
		-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

22.1 As a result of the Scheme referred to in note 6, long-term finance obtained, under conventional banking terms, by HTPL had been transferred to the Holding Company at the time of amalgamation. The loan was obtained as a demand finance facility under the agreement dated April 08, 2013 from NBP and is repayable in 9 semi-annual installments of Rs. 44.444 million latest by April 01, 2018 with a grace period of six months from the date of the drawdown. The loan carries mark-up at rate of 6 months KIBOR plus 2.5% to 6% per annum. This loan is secured by way of mortgage on leasehold land and charge on the Holding Company's present and future current and fixed assets as well as personal guarantees of Directors of the Holding Company. In previous years, the Holding Company negotiated several different offer letters from NBP. Subsequent to the year end, on November 13, 2020, the Holding Company received a revised proposal for the restructuring of loan from NBP via offer letter No. NBP/ARG/ARW(S)/BLPL/2020. As per the aforementioned letter, the long-term loan and accrued mark-up on long-term loan are termed as Demand Finance-I and Demand Finance-II. In respect of Demand Finance - I, the Holding Company was required to make a principal down payment of Rs. 89.06 million and the balance of Rs. 165.39 million to be re-paid in 20 quarterly installments starting from January 01, 2022 with a grace period of 1 year from the date of the drawdown.

In respect of Demand Finance - II, the Holding Company required to make a principal down payment of Rs. 29.60 million and the balance of Rs. 54.97 million to be re-paid in 16 quarterly installments starting from January 01, 2022 with a grace period of 1 year from the date of the drawdown. Both facilities carries mark-up at the rate of 3 months KIBOR + 1.5%, which will also be payable during the grace period.

		2020	2019
23.	LEASE LIABILITIES	Note	----- (Rupees in '000) -----
	Balance as on July 01	23.1	3,745
	Recognition on initial application of IFRS-16	3.1	23,534
	Interest expense		4,144
			31,423
	Payments during the year		(8,798)
			22,625
	Current portion shown under current liabilities		(5,114)
			17,511
			2,177

23.1 When measuring lease liabilities, the Holding Company discounted lease payments using its incremental borrowing rate 17.06% per annum.

24. DEFERRED TAXATION - NET

Taxable temporary differences

Accelerated tax depreciation and amortisation

27,727 22,973

Deductible temporary differences

Lease liabilities

(6,561) (1,086)

Minimum turnover tax

(58,533) (68,540)

Provisions

(3,255) (3,075)

(68,349) (72,701)

Deferred tax asset not recognised

(40,622) (49,728)

24.1 Deferred tax debits arising due to timing difference calculated at applicable tax rates as at reporting date amounting to Rs. 68.35 million (2019 : 71.34 million) out of which deferred tax debit amounting to Rs. 27.73 million (2019 : 22.97 million) has been recognized and remaining balance of Rs. 40.62 million debit (2019 : 48.36 million debit) remains unrecognized. Deferred tax asset has not been recognized because of uncertainty regarding future profitability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

25. CYLINDER AND REGULATOR DEPOSITS

This represents non-interest bearing deposits which are refundable on termination of distributorship agreements and / or return of cylinders and ancillary equipment as per the Holding Company policy.

		2020	2019
	Note	----- (Rupees in '000) -----	
26. TRADE AND OTHER PAYABLES			
Creditors		72,225	62,914
Accrued liabilities		7,473	4,345
Burshane (LPG) Pakistan Limited - Pension Fund	40	31,915	-
Advances from distributors / customers - unsecured		13,549	15,398
Sales tax payable		3,308	-
Workers' Profits Participation Fund	26.1	-	1,551
Workers' Welfare Fund		3,067	3,067
Withholding tax payable		644	2,479
Others		6,741	1,738
		138,922	91,492

26.1 Workers' Profit Participation Fund

Opening balance		1,551	5,888
Interest charged during the year	36	360	260
Allocation for the year		-	1,685
Amount paid during the year		(1,911)	(6,282)
Closing balance		-	1,551

27. MARK-UP ACCRUED

Mark-up accrued on :			
Long-term loans	22	97,029	60,295

28. UN-CLAIMED DIVIDENDS

Opening balance		66,181	53,676
Dividend declared during the year		22,640	16,980
Dividend paid during the year		(5,623)	(4,475)
Closing balance		83,198	66,181

28.1 These includes an amount of Rs. 79.97 million (2019: Rs. 63.14 million) payable to the beneficial owners of HTPL. As explained in note 6, HTPL was merged with the Holding Company on February 20, 2015, however, shares held by HTPL in the Holding Company are in the process of being cancelled and new shares shall be issued by the Holding Company in the name of beneficial owners of HTPL. The beneficial owners of HTPL have requested the Holding Company to hold their dividend till such time that shares held by HTPL are cancelled and new shares are issued by the Holding Company in their name.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

29. CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 Claims not acknowledged as debt by the Holding Company as at June 30, 2020 amounted to Rs. 2.54 million (2019: Rs. 2.06 million).

29.1.2 The Holding Company was contesting an appeal before Honorable Appellate Tribunal Inland Revenue in relation to sales tax demand of Rs. 13.73 million as modified by the order of Commissioner (Appeals). The aforesaid demand was raised in pursuance to sales tax audit for tax periods from July 2009 to June 2010. The Honorable Appellate Tribunal has remanded back to the Commissioner (Appeal) who has further remanded back to the assessing officer for re-assessment. The Department has not yet re-adjudicated the matter.

29.1.3 Last year, the Holding Company received a show cause notice dated March 25, 2019 confronting under section 8B of Sales Tax Act, 1990, raising sales tax demand amounting to Rs. 37.28 million along with the levy of penalty for tax periods from August 2011 to May 2015. The Holding Company responded to such notice vide the tax advisor's letter No. KST-AA-1091 dated April 8, 2019

During the year, the tax authorities issued Order dated July 24, 2019 confronting under 8B of the Sales Tax Act, 1990, raising sales tax demand of Rs. 37.28 million along with penalty and default surcharge for the period from August 2011 to May 2015. Against the Order, the Holding Company has filed appeal before Commissioner Inland Revenue (Appeals-I), Large Taxpayers Unit, Karachi on August 22, 2019 who vide order dated November 18, 2019 vacated the whole principal amount of sales tax Rs. 37.28. However, the liability on account of default surcharge and penalty was maintained. The Order of the Commissioner Inland Revenue (Appeals-I), Large Taxpayers Unit, has been challenged before the Hon'ble Appellate Tribunal Inland Revenue, Karachi by Commissioner Inland Revenue, Zone IV, Large Taxpayers, Unit which is pending for hearing.

29.1.4 For the tax year 2016, a notice dated June 25, 2018 was issued to Holding Company to provide certain information / details for audit proceedings. The notice was duly complied.

Show cause notice dated June 13, 2019 was issued to amend assessment u/s 122(9) read with section 214C of the Income Tax Ordinance, 2001 which was duly responded on all the points. Subsequently, order dated August 29, 2019 passed by the DCIR raising NIL tax demand due to applicability of minimum tax.

Holding Company filed appeal to the Commissioner (Appeals) against the aforesaid order dated August 29, 2019. The said appeal was heard and order passed wherein the Commissioner (Appeals) has confirmed the certain additions made by the DCIR, whereas, he has annulled / deleted certain additions i.e. (rent, advertising expenses and financial charges - profit on debt) as such. Further, the Commissioner (Appeals) has also directed the Officer to allow credit of actual taxes paid of Rs. 23.45 million subject to due verification. Appeal effect under section 124 to be filed.

Monitoring of WHT was conducted by the DCIR by issuing a notice under section 176 dated March 28, 2018 which was duly responded. Thereafter, a show-cause notice dated February 13, 2019 was issued under section 161(1A) confronting on non-withholding of taxes on certain payments. Response was duly filed and accordingly order dated March 15, 2019 was passed under section 161 / 205 by the ACIR wherein the total tax demand of Rs. 2.05 million was raised which comprised the defaulted amount of Rs. 1.552 million; default surcharge of Rs. 0.49 million.

Against the Order, the Holding Company filed an appeal before the Commissioner (Appeals-I) which was heard and appellate order passed dated May 15, 2019 wherein Commissioner (Appeals-I) remanded back the Order of DCIR with the directions to verify supporting documentary evidences in respect of expenses claimed to be furnished by appellant Holding Company within seven days time. Following the underlying directions of Commissioner (Appeals-I) the Holding Company has filed the details of expenses / payments in question vide our letter no. KT-AA-3707 dated May 22, 2019 to the DCIR for onward proceedings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	----- (Rupees in '000) -----	
29.1.5 Markup payable on long-term loan	29,564	-
29.2 Commitments		
Post-dated cheques	2,541	4,635
30. SALES - NET		
Gross sales		
Liquified petroleum gas (LPG)	3,080,941	3,772,649
Low pressure regulators (LPR)	929	1,373
	3,081,870	3,774,022
Sales tax	(499,416)	(524,152)
	2,582,454	3,249,870

30.1 Revenue recognised from amounts included in advance from customers at the beginning of the year amounted to Rs. 13.13 million (2019: Rs. 12.71 million).

		2020	2019
		----- (Rupees in '000) -----	
31. COST OF SALES	Note		
Salaries, wages and other employees benefits	31.1	31,069	30,284
Cost of Low Pressure Regulators sold		574	835
Stores and spares consumed		2,732	1,122
Repairs and maintenance		2,220	2,175
Travelling, conveyance and vehicle maintenance		1,316	1,901
Depreciation	7.1.2	10,026	15,349
Amortisation	8.6	59,630	65,047
Rent, rates and utilities		10,124	4,073
Communication charges		1,129	524
Printing and stationery		319	348
Legal and professional charges		467	-
Security		3,265	3,321
Sundry expenses		164	350
Manufacturing cost		123,035	125,329
Opening stock		73,463	92,547
Purchases		2,294,656	2,890,102
Closing stock	12	(42,516)	(73,463)
		2,325,603	2,909,186
		2,448,638	3,034,515

31.1 Salaries and other benefits include Rs. 0.79 million (2019: Rs. 0.77 million) in respect of retirement and other service benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

31.2 This include amount of Rs.335.52 million related to purchases of LPG from Byco Petroleum Pakistan Limited (BPPL) and amount of Rs.18.54 million paid to ADEPT (Private) Limited (APL) for purchasing rights of LPG quota. On May 13, 2019, the Holding Company has entered in to agreement with Byco Petroleum Pakistan Limited (BPPL) for purchase of LPG through an arrangement. On June 6, 2019, the Holding Company entered into a joint venture agreement (the Agreement) with APL being engaged in oil and gas related business with a quota of 35 MT per day by BPPL. As per the Agreement, APL consented and assigned LPG quota to the Holding Company for marketing and distribution of LPG including management of operations, maintaining of books of accounts and records under the Agreement. The Board discussed these arrangements and the Agreements and on September 19, 2019, the Board approved the agreement.

As per the Agreement, APL is entitled to a fixed profit amounting to Rs. 4,000 for each MT of LPG procured through BPPL while any other profit or loss from marketing and distribution of that LPG is accrued to the Holding Company.

		2020	2019
	Note	----- (Rupees in '000) -----	
31.3 Stores and spares consumed:			
Opening stock		2,415	2,606
Purchases		2,531	931
		4,946	3,537
Closing stock	11	(2,215)	(2,415)
		2,731	1,122
32. ADMINISTRATIVE EXPENSES			
Salaries, wages and other employees benefits	32.1	61,124	64,151
Depreciation	7.1.2	8,802	6,205
Amortisation	8.6	88	14
Repairs and maintenance		2,479	1,584
Travelling, conveyance and vehicle maintenance		7,116	3,022
Rent, rates and utilities		6,514	7,883
Communication charges		2,384	2,965
Printing and stationery		1,727	1,745
Legal and professional charges		5,930	8,161
Insurance		3,124	3,377
Advertisement and publicity		7,248	1,880
Security		1,792	1,729
Donations	32.2	2,000	3,390
Sundry expenses		1,227	469
		111,555	106,575

32.1 Salaries and other benefits include Rs. 0.23 million (2019: Rs. 5.76 million) in respect of retirement and other service benefits.

32.2 This represent donation paid to the Sindh Government Corona Relief Fund amounting to Rs. 2 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019	
33.	DISTRIBUTION AND MARKETING EXPENSES	Note	----- (Rupees in '000) -----	
	Salaries, wages and other employees benefits	33.1	15,648	16,356
	Depreciation	7.1.2	22,608	21,458
	Repairs and maintenance		263	181
	Travelling, conveyance and vehicle maintenance		550	1,557
	Rent, rates and taxes		538	1,711
	Communication charges		738	798
	Printing and stationery		141	125
	Hospitality charges		24,572	24,876
	Freight and octroi		4,718	1,034
	Advertisement and publicity		41	38
	Security		674	532
	Sundry expenses		109	114
			70,600	68,780

33.1 Salaries and other benefits include Rs. 0.36 million (2019: Rs. 0.38 million) in respect of retirement and other service benefits.

34. OTHER INCOME

	Income from financial assets			
	Profit on saving accounts	34.1	10,318	6,806
	Income from non-financial assets			
	Rental income from storage tanks-cylinders		1,064	1,002
	Gain on disposal of operating fixed assets		1,352	3,688
	Liability for cylinder deposits and regulator deposits written back	34.2	15,675	22,231
	Recoveries against cylinder replacement		1,742	1,205
	Hospitality income		147	3,710
	Other income	34.3	4,983	4,095
			35,281	42,737

34.1 Represents profit on bank accounts under conventional banking relationship.

34.2 During the year, the Holding Company carried out a detailed exercise to identify cylinder and regulator deposits pertaining to cylinders issued for 10 years and above, which relates to inactive distributors / customers who are not in business with the Holding Company.

34.3 This include interest income amounting to Rs. 4.83 million (2019: Nil) on short term advance to Root International Brands (Private) Limited, an associated company, at the rate 7% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
	Note	----- (Rupees in '000) -----	
35. OTHER EXPENSES			
Directors' fees		3,250	1,325
Workers' Profits Participation Fund		-	1,685
Workers' Welfare Fund		-	1,868
Auditors' remuneration	35.1	3,091	2,223
Allowance for expected credit losses		618	36
Others		5,884	5,619
		12,843	12,756
35.1 Auditors' remuneration:			
Statutory audit		1,378	1,085
Half yearly review		504	450
Other certification		320	290
Out of pocket expenses and others		691	265
Sales tax		198	133
		3,091	2,223
36. FINANCE COST			
Mark-up / interest on:			
Long-term loans		36,734	-
Workers' Profits Participation Fund		360	260
Lease liabilities		4,144	594
		41,238	854
Bank charges and commission		3,321	4,038
		44,559	4,892
37. TAXATION			
Current	16	39,291	41,098
Prior year		8	-
Deferred		-	(1,948)
		39,299	39,150
37.1	The numerical reconciliation between average tax rate and the applicable tax rate has not been presented during the year in these financial statements as the total tax liability of the Holding Company during the year is covered under section 113 Minimum Tax and section 169 Final Tax Regime of Income Tax Ordinance, 2001.		
38. (LOSS) / EARNING PER SHARE - BASIC AND DILUTED			
(Loss) / profit for the year		(109,834)	25,857
Weighted average number of ordinary shares outstanding		22,489	22,489
(Loss) / earnings per share - basic and diluted		(4.88)	1.15

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remunerations, including all benefits to Chief Executive, Directors and Executives of the Company were as follows:

	2020				2019			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	Rupees				Rupees			
Managerial remuneration	27,324	15,222	18,120	60,666	27,324	15,222	17,868	60,414
Meeting fees	250	650	200	1,100	125	175	-	300
Bonus	2,277	1,268	1,510	5,055	2,277	1,268	1,400	4,945
Retirement benefits	1,161	-	678	1,839	1,161	-	876	2,037
Travelling and conveyance	-	65	38	103	227	116	74	417
Medical allowances	-	1,233	992	2,225	-	475	489	964
Mobile allowance	-	30	-	30	-	30	-	30
Total	31,012	18,468	21,538	71,018	31,114	17,286	20,707	69,107
Number of persons	1	2	9	12	1	2	8	11

39.1 In addition, the Chief Executive, the Directors and certain Executives were also provided with free use of the Holding Company's maintained cars.

39.2 Fee amounting to Rs. 0.95 million (2018: Rs. 0.55 million) was paid to four (2019: five) non-executive directors for attending Board meetings during the year.

40. RETIREMENT AND OTHER SERVICE BENEFITS

40.1 Pension fund and gratuity fund - valuation results:

The latest actuarial valuations of the defined benefit plans were carried out as at June 30, 2020, using the Projected Unit Credit Method". The details of defined benefit plans are as follows:

		Pension Fund		Gratuity Fund	
		2020	2019	2020	2019
40.1.1	Statement of financial position reconciliation:	----- (Rupees in '000) -----			
	Note				
	41.1.4	(87,424)	(93,399)	(19,620)	(17,431)
	41.1.3	119,338	77,031	18,270	13,311
	41.1.2	31,915	(16,368)	(1,350)	(4,120)
40.1.2	Movement in net liability / (asset) recognised:				
		(16,367)	33,085	(4,120)	(9,436)
		(2,018)	3,803	318	329
		(8,013)	(8,736)	-	-
		2,800	262	-	-

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FOR THE YEAR ENDED JUNE 30, 2020

		Pension Fund		Gratuity Fund	
		2020	2019	2020	2019
Note		----- (Rupees in '000) -----			
	Remeasurements recognised in other comprehensive income 43.7	55,513	(44,782)	3,950	4,987
	Benefit paid on behalf of the fund	-	-	(1,498)	-
	Closing balance	31,915	(16,368)	(1,350)	(4,120)
40.1.3	Movement in defined benefit obligations:				
	Opening balance	77,031	108,913	13,311	15,800
	Current service cost	724	1,219	1,012	1,178
	Interest cost	10,368	9,409	1,790	1,362
	Employee contributions	269	261	-	-
	Benefits paid	(8,281)	(8,735)	(1,498)	(1,340)
	Remeasurements of obligations 41.1.7	39,227	(34,036)	3,655	(3,689)
	Closing balance	119,338	77,031	18,270	13,311
40.1.4	Movement in fair value of plan assets:				
	Opening balance	93,399	75,828	17,431	25,236
	Expected return on plan assets	13,110	6,825	2,484	2,211
	Benefits paid on behalf of the Fund	8,013	8,735	1,498	-
	Employees contributions	269	261	-	-
	Benefits paid	(8,281)	(8,735)	(1,498)	(1,340)
	Paid to Burshane LPG (Pakistan) Limited	(2,800)	(261)	-	-
	Remeasurements of plan assets	(16,286)	10,746	(295)	(8,676)
	Closing balance	87,424	93,399	19,620	17,431
40.1.5	Charge for the year:				
	Current service cost	724	1,219	1,012	1,178
	Net Interest cost	(2,742)	2,584	(694)	(849)
		(2,018)	3,803	318	329

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		Pension Fund		Gratuity Fund	
		2020	2019	2020	2019
----- (Rupees in '000) -----					
40.1.6	Actual return on plan assets	(3,176)	17,571	2,189	(6,465)
40.1.7	Remeasurement recognised in Other Comprehensive Income:				
	Remeasurement of obligation				
	Experience loss / (gain)	39,227	(34,036)	3,655	(3,689)
	Remeasurement of plan assets				
	Return on plan assets, excluding amounts included in interest expense / (income)	-	-	295	8,676
	Loss / (gain) from change in financial assumptions	16,286	(10,746)	-	-
		16,286	(10,746)	295	8,676
		55,513	(44,782)	3,950	4,987

40.1.8 Principal actuarial assumptions used in the actuarial valuation:

Financial assumptions				
Discount rate	8.50%	14.25%	8.50%	14.25%
Expected per annum rate of return on plan assets	8.50%	14.25%	8.50%	14.25%
Expected per annum rate of increase in salaries - long term	6.50%	12.25%	6.50%	12.25%
Demographic assumptions				
Expected mortality rate	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005
Expected withdrawal rate	Moderate	Low	High	Low

As at June 30, 2020
Pension Fund Gratuity Fund
 ----- (Rupees in '000) -----

40.1.9 Analysis of present value of defined benefit obligation:

Vested benefits	118,734	17,970
Non-vested benefits	604	300
	119,338	18,270

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

40.1.10 Plan assets comprise of the following:

	Pension Fund				Gratuity Fund			
	2020 Rupees in '000	%	2019 Rupees in '000	%	2020 Rupees in '000	%	2019 Rupees in '000	%
Investments								
Mutual funds	49,678	57	25,503	27	13,785	70	14,336	82
Certificate of investment	-	-	10,458	11	-	-	5,229	30
Musharka Certificate	44,255	51	31,500	34	5,466	28	4,300	25
	93,933	107	67,461	72	19,251	98	23,865	137
Advances and other receivable	682	1	25,102	27	44	-	2,163	12
Liabilities	(8,152)	(9)	(188)	-	(73.02)	(0)	(8,738)	(50)
Cash and cash equivalents	960	1	1,024	1	398	2	141	1
	87,423		93,399		19,620		17,431	

40.1.11 Historical information of staff retirement benefits:

	2020	2019	2018	2017	2016	2015
	(Rupees in '000)					
Gratuity Fund						
Present value of defined benefit obligation	18,270	13,311	15,800	15,754	13,396	15,294
Fair value of plan assets	(19,620)	(17,431)	(25,236)	(12,554)	(12,089)	(10,028)
(Deficit) / surplus	(1,350)	(4,120)	(9,436)	3,200	1,307	5,266
	2020	2019	2018	2017	2016	2015
	(Rupees in '000)					
Pension Fund						
Present value of defined benefit obligation	119,338	77,031	108,913	102,914	99,680	97,531
Fair value of plan assets	(87,424)	(93,399)	(75,828)	(96,825)	(94,229)	(91,355)
Surplus / (deficit)	31,914	(16,368)	33,085	6,089	5,451	6,176

40.1.12 The amount of the defined benefit obligation after changes in the weighted principal assumptions is as follows:

	As at June 30, 2020	
	Pension Fund	Gratuity Fund
	(Rupees in '000)	
Discount rate + 1%	119,338	17,528
Discount rate - 1%	110,199	19,071
Long term salaries increase +1%	129,952	19,073
Long term salaries increase -1%	121,552	17,515
Withdrawal rates +10%	118,757	18,334
Withdrawal rates -10%	128,278	18,204
1 Year Mortality age set back	119,338	18,285
1 Year Mortality age set forward	119,338	18,255

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FOR THE YEAR ENDED JUNE 30, 2020

40.1.13 The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability recognised within the statement of financial position.

40.2 Provident Fund

The following information is based upon the latest audited financial statements of the provident fund as at June 30, 2020 and June 30, 2019:

	2020 ----- (Rupees in '000) -----	2019
Size of the fund - total assets	19,462	32,499
Fair value of investments	16,767	30,533
Cost of investments	17,108	30,294
Percentage of investments	86.15%	93.95%

40.2.1 The break-up of fair value of investments is as follows:

	2020		2019	
	Rupees in '000	%	Rupees in '000	%
Bank deposits	2,606	13.45	1,800	5.57
Government securities	12,056	62.23	12,874	39.82
Mutual funds	-	-	4,157	12.86
Certificate of Investment	4,710	24.31	13,500	41.76
	19,372		32,331	

41 TRANSACTIONS WITH RELATED PARTIES

41.1 The related parties include the former holding company, subsidiary company, staff retirement benefit / contribution plans, associated companies, other related parties, Directors and other Key Management Personnel. All major transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Holding Company.

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

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FOR THE YEAR ENDED JUNE 30, 2020

Transactions with related parties

		2020	2019
		---(Rupees in '000)---	
Nature of relationship	Nature of transactions		
Former Holding Company			
H.A.K.S Trading (Private) Limited	Dividend	16,836	12,627
Staff retirement benefit / contribution plans			
Burshane LPG (Pakistan) Limited Gratuity Fund	Benefits paid	1,498	-
Burshane LPG (Pakistan) Limited Management Staff Pension Fund	Benefits paid	5,213	8,735
Burshane LPG (Pakistan) Limited Provident Fund	Contribution paid	2,772	2,771
Associated Companies			
Burshane Petroleum (Private) Limited			
[Formerly Darian International (Private) Limited]	Short term Loan - received *	75,000	-
	Short term Loan - paid *	75,000	-
ALSAA & AAK Commodities (Private) Limited	Expense paid on behalf of associated company	145	92
A&S Corporation (Private) Limited	Expense paid on behalf of associated company	75	-
Roots International Brands (Private) Limited	Short term advances made	63,400	132,920
	Short term advances received	63,400	132,920
	Interest income on short term advances	4,833	-
	Interest received on short term advances	3,999	-
Key management personnel			
Key management personnel	Loan disbursed	390	830
	Amount received against loan	1,179	1,526
	Managerial remuneration	60,666	61,381
	Bonus	5,055	4,945
	Retirement benefits	1,839	2,078
	Utilities	30	30
	Advance against salary	1,407	273
	Travelling and conveyance	103	417
	Medical	2,225	1,134

*During the year, the Holding Company obtained an unsecured interest free loan amounting to Rs. 75 million from Burshane Petroleum (Private) Limited, an associate company, with no agreed purpose and other terms. The loan was also repaid by cheque on June 30, 2020.

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		2020	2019
Nature of relationship	Nature of transactions	---(Rupees in '000)---	
Balances with related parties			
Former Holding Company			
H.A.K.S. Trading (Private) Limited	Dividend payable	79,971	63,135
Staff retirement benefit / contribution plans			
Burshane LPG (Pakistan) Limited Management			
Staff Pension Fund	Payable to staff pension fund	26,690	-
Burshane LPG (Pakistan) Limited Gratuity Fund	Receivable from staff gratuity fund	1,036	4,120
Burshane LPG (Pakistan) Limited Management			
Staff Pension Fund	Payable to staff pension fund	-	16,367
Burshane LPG (Pakistan) Limited Provident Fund	Receivable from staff provident fund	15	315
Associated Companies			
Burshane Petroleum (Private) Limited	Receivable against use of name "Burshane"	9,000	9,000
(Formerly Darian International (Private) Limited)	Receivable against expenses	500	500
ALSAA & AAK Commodities (Private) Limited	Receivable against expenses	250	105
A&S Corporation (Private) Limited	Receivable against expenses	75	-
Key management personnel			
	Long-term loans	855	1,371

41.3 Following are the related parties with whom the Holding company had entered in to transactions or has arrangement / agreement in place.

Name	Basis of Relation	% of shareholding in the company
H.A.K.S Trading (Private) Limited	Former Holding Company	Nil
Roots International Brands (Private) Limited	Common directorship	Nil
ALSAA & AAK Commodities (Private) Limited	Common directorship	Nil
A&S Corporation (Private) Limited	Common directorship	Nil
Burshane Petroleum (Private) Limited		
(Formerly Darian International (Private) Limited)	Common directorship	Nil
Burshane LPG (Pakistan) Limited Gratuity Fund	Staff Retirement Benefit Plan	Nil
Burshane LPG (Pakistan) Limited Management		
Staff Pension Fund	Staff Retirement Contribution Plan	Nil
Burshane LPG (Pakistan) Limited Provident Fund	Staff Retirement Contribution Plan	Nil

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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		2020	2019
42	CASH GENERATED FROM OPERATIONS	----- (Rupees in '000) -----	
	(Loss) / profit before taxation	(70,361)	64,974
	Adjustment for non-cash items and other items:		
	Gain on disposal of property, plant and equipment	(1,352)	(3,688)
	Financial charges	44,559	4,892
	Depreciation	41,436	43,012
	Amortisation	59,718	65,061
	Provision for retirement and other service benefits	1,396	6,903
	Allowance for expected credit losses	618	36
	Liability for cylinder deposits written back	(15,675)	(22,231)
	Others	(5,088)	(4,095)
		125,612	89,890
	Profit before working capital changes	55,251	154,864
	Working capital changes	102,524	(7,825)
		157,775	147,039
42.1	Working capital changes		
	Decrease / (increase) in current assets:		
	Stores and spares	200	191
	Stock-in-trade	31,521	19,919
	Trade debts	(1,972)	(5,803)
	Loans and advances	6,531	61,099
	Deposits, prepayments and other receivables	50,569	(27,051)
		86,849	48,355
	Increase / (decrease) in current liabilities:		
	Trade and other payables	15,675	(56,180)
		102,524	(7,825)
43.	FINANCIAL INSTRUMENTS BY CATEGORY		
	Financial assets as per statement of financial position		
	Amortized cost		
	Long-term loans including current portion	965	894
	Long-term deposits	122,761	122,761
	Trade debts	24,776	23,422
	Loans and advances	477	1,091
	Deposits and other receivables	18,894	84,176
	Cash and bank balances	266,462	174,893
		434,335	407,237

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	2020	2019
	----- (Rupees in '000) -----	
Financial liabilities as per statement of financial position		
Amortized cost		
Long-term loan including current maturity of long-term loan	254,439	254,439
Lease liabilities	22,625	3,744
Cylinder and regulator deposits	414,260	386,402
Trade and other payables	118,354	91,342
Loan from a subsidiary Group	50,000	50,000
Accrued mark-up on long-term loan	97,029	60,295
	956,707	846,222

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

44.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to share holders. Risk management is carried out by the Group's finance and treasury department under policies approved by the Board of Directors.

(a) Market risk

i) 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. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities. It mainly arises when receivables and payables exist due to transactions in foreign currency.

As majority of the Group's financial assets and liabilities are denominated in Pakistani Rupees, therefore, the Group, at present, is not materially exposed to foreign currency risk.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is primarily exposed to interest rate risk arising from long-term loan from bank and bank deposits. Borrowing at variable rate exposes the Group to cash flow interest rate risk. The Group's manages its interest rate risk by placing its excess funds in saving accounts in banks.

The management of the Group estimates that 1% increase in the market interest rate, with all other factors remaining constant, would decrease the Group's profit before tax by Rs. 1.88 million (2019: 2.58 million) and a 1% decrease would result in increase in the Group's profit before tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not materially exposed to other price risk as at June 30, 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties and continually assessing the creditworthiness of counter parties.

Credit risk of the Group arises from deposits with banks and financial institutions, trade debts, loans, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The maximum exposure to credit risk is presented in the below table.

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets expose to credit risk is as follows:

	2020	2019
	----- (Rupees in '000) -----	
Long-term loans	965	1,985
Long-term deposits	122,761	122,761
Trade debts	24,776	23,422
Deposits and other receivables	18,894	84,185
Bank balances	266,462	174,893
	433,858	407,246

For trade debts, the credit risk exposure is net of allowance for expected credit losses as disclosed in note 13.1.

Long-term loans represent loans given to employees which are secured against the letter of guarantee and promissory notes or their respective provident fund balances as disclosed in note 9.2 and therefore, management expects no credit losses.

Due to the nature of bank balances and deposits and high credit ratings of banks and counter parties involved, the expected credit losses in relation to these assets are low and are therefore, not recognised.

The credit quality of Group's bank balances can be assessed with reference to external credit ratings as follows:

Name	Rating agency	Rating			
		Short term		Long term	
		2020	2019	2020	2019
Bank Alfalah Limited	PACRA	A1+	A1+	AA+	AA+
Habib Bank Limited	VIS	A1+	A1+	AAA	AAA
MCB Bank Limited	PACRA	A1+	A1+	AAA	AAA
National Bank of Pakistan	PACRA	A1+	A1+	AAA	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	A1+	AAA	AAA
Faysal Bank Limited	PACRA	A1+	A1+	AA	AA
United Bank Limited	VIS	A1+	A1+	AAA	AAA
Sindh Bank Limited	VIS	A1	A1+	A+	A
JS Bank Limited	PACRA	A1+	A1+	AA-	AA-
Meezan Bank Limited	VIS	A1+	A1+	AA	AA+
Summit Bank Limited	VIS	Not rated	A1	Not rated	A+

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

c) Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

The Group's liquidity risk management implies maintaining sufficient cash and also involves projecting cash flows and considering the level of liquid assets necessary to meet these. As of the reporting date, the Group's current liabilities exceed its current assets by Rs. 203.29 million (2019: Rs. Rs. 85.95 million), which is mainly due to classification of the long-term loan to current liabilities (note 24). However, the Group based on its future plans is confident that it will have sufficient cash flows to meet its financial obligations in the foreseeable future.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity dates.

	2020			2019		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
----- Rupees in '000 -----						
Financial liabilities						
Long-term loan including current maturity of long term loan	254,439	-	254,439	254,439	-	254,439
Lease Liability	5,114	17,511	22,625	1,567	2,177	3,744
Cylinder and regulator deposits	-	414,260	414,260	-	386,402	386,402
Trade and other payables	118,174	-	118,174	91,492	-	91,492
Un-claimed dividend	83,198	-	83,198	66,181	-	66,181
Accrued mark-up on Long-term loan	97,029	-	97,029	60,295	-	60,295
	557,954	431,771	989,725	473,974	388,579	862,553

44.2 Fair value of hierarchy

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. As of the reporting date, Group's all assets and liabilities are carried at amortised cost except for those mentioned below:

The Group's freehold land and leasehold land are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent impairment losses, if any. The fair value measurement of the Group's free hold land and lease hold land as at June 26, 2020 was carried out by M/s. Luckyhiya Associate (Private) Limited (note 8.1.5).

The valuation techniques and inputs used to develop fair value measurement of aforementioned assets are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market date (unobservable inputs).

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

Details of fair value hierarchy and information relating to fair value of the Group's freehold land and leasehold land are as follows:

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Fair value measurement using

Quoted price in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Total
--	---	---	-------

----- Rupees in '000 -----

Assets measured at fair value

Property, plant and equipment				
Freehold land	-	16,500	-	16,500
Leasehold land	-	569,288	-	569,288
2020	-	585,788	-	585,788

Assets measured at fair value

Property, plant and equipment				
Freehold land	-	15,000	-	15,000
Leasehold land	-	509,138	-	509,138
2019	-	524,138	-	524,138

45. CAPITAL RISK MANAGEMENT

The Group finances its operations through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximize shareholders value. The Group monitors capital using a debt equity ratio as follows:

	2020	2019
	----- (Rupees in '000) -----	
Lease Liability	22,625	3,744
Cylinder and regulator deposits	414,260	386,402
Current maturity of long-term loan	254,439	254,439
Trade and other payables	138,922	91,492
Unclaimed dividends	83,198	66,181
Accrued mark up on long-term loan	97,029	60,295
Total debt	1,010,473	862,553
Cash and bank balances	(266,636)	(175,069)
Net debt	743,837	687,484
Share capital	224,888	224,888
Capital reserves	153,458	153,458
Revenue reserves	18,371	150,770
Actuarial (loss) / gain on remeasurement of retirement and other service benefits	(43,382)	16,081
Revaluation surplus on property	336,415	274,765
Total equity	689,750	819,962
Capital	1,433,587	1,507,446
Gearing ratio	51.89%	45.61%

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46. IMPACT OF COVID-19 ON THE CONSOLIDATED FINANCIAL STATEMENTS

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Group for the year ended June 30, 2020 which resulted the decline in revenue of the Group by Rs. 667.42 million as compared to prior year. Furthermore, the revenue of the last quarter has decreased by 60% amounting to Rs. 434.39 million in comparison with the third quarter of financial year. However, expenses of the last quarter have decreased by 47% amounting to Rs. 359.39 million in comparison with the third quarter of financial year, which resulted in a loss of Rs. 109.833 million. The assets and liabilities also showed a variance from third quarter of financial year i.e., a decline in assets by 1% (from Rs. 1,720.99 to Rs. 1,698.87) million and the increased in liabilities by 6% (from Rs. 959.37 to Rs. 1,012.31) million.

Further, during the COVID, the Group participated in incurring extra expenses like sanitization, medical facility to staff and some medical equipment for overall safety and health care while the Group has done some CSR activity by giving donations.

Government has introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time like cut in interest rate which reduced the finance cost of the Group and given tax relief in the form of partial tax refunds. The management of the Group is closely monitoring the situation and taken aggressive selling and marketing strategy to cover the adverse impact of COVID-19 or also cutting the avoidable expenses, to reduce the impact on the performance of the Group.

47. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified for better presentation, however, there are no material reclassifications to report.

48. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue on April 14, 2021 by the Board of Directors of the Group.

49. CAPACITY	Note	2020 (Quantity in metric ton)	2019
Installed annual filling capacity		37,500	37,500
Actual utilization	49.1	31,465	38,358

49.1 This include storage and filling capacity of hospitality locations utilization. The variations are due to change in market demand.

50. NUMBER OF EMPLOYEES	2020 No. of employees	2019
As at the reporting date	84	83
Average number of employees during the year	84	83

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

51. SUBSEQUENT EVENTS

- 51.1** An inspection order dated August 04, 2020 under Section 221 of Companies Act, 2017 was issued by SECP against complaint received by the Commission wherein it was alleged that the CEO and Director Finance of the Holding Company are involved in financial irregularities of the Companies Act, 2017, which include advance made to Roots International Brands Private Limited (RIBS), an associated company, and that the bank account was being used for illegal activities by CEO and Holding Company's Director Finance who appears to have concealed the existence of such financial transactions.

On the conclusion of inspection, a report has been issued on October 23, 2020 mentioning cognizance of offences under sections 204, 199(1), 199(2), 183(2), CEO and Director Finance of the Holding Company, during the period July 1, 2018 to June 30, 2020 and suggested that they are liable with regard to all the above non-compliances as the Board of Directors did not discuss or approve transactions with RIBS until June 26, 2020 and the predecessor auditors are liable for proceedings to be initiated under section 249 read with section 253 of the Act as they failed to highlight lack of disclosure of transactions with RIBS in notes to the financial statements for year ended June 30, 2019 especially in related parties note as required under IAS 24. The Auditor also failed to highlight the unsecured interest free loans extended without any agreement to a non-related party i.e., RIBS before June 3, 2019.

The Holding Company has provided the comments on findings to SECP, that the non-compliance was not intentional but was omission by mistake. The Holding Company had advanced certain amount to RIBS, However, the Holding Company has received all the monies back with mark up and therefore there is no financial loss to the company. The Board has subsequently ratified all these transactions with RIBS, and therefore to an extent the non-compliance has been addressed. It was merely an oversight of the SECP compliance regulations. It has further been resolved in the Board that extra care shall be taken in future to ensure that no non-compliance takes place. No action has been taken up by SECP to date and management asserts, based on advise of Legal counsel that there would not any material impact on the financial statements of any action taken up by SECP.

- 51.2** On August 31, 2020, Directorate of Intelligence and Investigation, Inland Revenue, Karachi filed a Complaint with the Court of Special Judge (Customs, Taxation and Anti-Smuggling), Karachi, (Trial Court) against the Holding Company and its Directors alleging tax evasion to the extent of Rs. 1.78 billion. On September 21, 2020, the Trial Court passed two orders in Case No 945/2020, one of which was issuance of arrest warrants for four Directors of the Holding Company and in the second order authorized the Complainant to put freeze on Holding Company's nine bank accounts for 90 days.

The Holding Company filed a Constitutional Petition of No 4602 dated September 23, 2020, against the Trial Court's order of freezing the Holding Company's nine bank accounts, which is still under hearing. In yet another CP, the Holding Company obtained protective bail from the High Court followed by bail from the Trial Court which was confirmed subsequently on October 22, 2020. After the last hearing in December 2020, the case has been adjourned with date in office. The Holding Company has also filed a Constitutional Petition No 5162 on 19th October 2020, challenging the Jurisdiction of the Complaint no. 945/2020 in the Court of Special Judge (Customs, Taxation and Anti-Smuggling). The CP was taken up on 23rd October 2020 in which the High Court has asked the respondents to file their comments on this case but since its inception in October 2020, the Complainant and all other respondents have not yet filed any comment. In the very first hearing the High Court has restrained the respondents which includes the Trial Court, not to take any further coercive action against the Petitioners. Our plea of challenging the jurisdiction is remarkably supported by the case laws hence, the respondents are not filing their comments in the High Court and are trying to continue prosecution in the Trial Court. However, in the last hearing, the High Court has warned the respondents that if they fail to file their comments, he would restrain the Trial Court to stop its proceedings on the case till disposition of our CP in the High Court.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

In the hearing of February 20, 2021, the Trial Court, discussed in detail on jurisdiction of the case and the Complainant was unable to satisfy the Trial Court as to why this case should not be first transferred to Income Tax Department to assess the tax liability, as currently there is no default on part of the Holding Company or there is no demand ascertained by the Income Tax Department on the Holding Company and therefore no offence has been committed by the Holding Company or its Directors and management. The Trial Court has given next date of hearing as April 27, 2021 in which the Complainant is asked to satisfy the High Court as to why this case should not first be dealt by the Income Tax Department under the Income Tax Ordinance, 2001. Directorate I & I (Inland Revenue) had already written to the Income Tax department, in November 2020, to take up the matter of Tax Evasion and the Tax department has recently issued notices for the same for various years. This fact/action was not disclosed by Directorate I & I (Inland Revenue) either to the Trial Court, even at the time when the Court asked them as to why this case should not be dealt by the Income Tax department first, or the High Court and in that manner it is concealment on their part of a material fact. The Holding Company is going to take up this matter in the High Court as well as in the Trial Court in the next hearing and convince the courts that I & I (Inland Revenue) is trying to mislead the Courts and doesn't have any case and therefore they have written to the Tax Department to deal the case as per the Income Tax law.

Management asserts, based on advise of Legal counsel that the case shall be ultimately decided in favor of the Holding Company.

The Director of Intelligence and Investigation, Inland Revenue had appeared on TV in Kamran Khan's News show on 23rd September 2020, and there he discussed the case in a manner whereby Group's reputation was damaged. He tried to conduct a media trial of the Company and its Directors. Additionally, The Director of Intelligence and Investigation, Inland Revenue also disclosed our tax and assets details, hence breached privacy and confidentiality laws.

The Company has filed a law suit for damages against the Director General, the Director of South Region and the Deputy Director, (the Complainant) of the Directorate of Intelligence & Investigation, Inland Revenue for a sum of Rs. 1 billion. The case is under hearing.

52. GENERAL

These consolidated financial statements have been rounded to the nearest thousand rupee, unless otherwise stated.

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

ATTENDANCED AT BOARD & COMMITTEES MEETINGS

FOR THE YEAR ENDED JUNE 30, 2020

Name	Board			Audit Committee			Human Resource and Remuneration Committee		
	Member	Meeting	Attendance	Member	Meeting	Attendance	Member	Meeting	Attendance
Mr. Asad Alam Niazi	◆	5	5				◆	0	0
Mr. Shahriar D. Sethna	◆	5	5	◆	5	3			
Mr. Saiffee Zakiuddin	◆	5	5				◆	0	0
Mr. Khalid Dar	◆	5	4						
Mr. Shaikh Abdus Sami	◆	5	5	◆	5	5			
Mr. Maj. G. (R) Rafiullah Khan	◆	5	4	◆	5	4	◆	0	0
Mr. Syed Etrat Hussain Rizvi	◆	5	3						
Mr. Darayus T Sethna	◆	5	2	◆	5	2	◆	0	0
Ms. Hamdia Fatin Niazi	◆	5	5	◆	5	5	◆	0	0
Ms. Shahbano Hameed	◆	5	1						

PATTERN OF SHAREHOLDING

FOR THE YEAR ENDED JUNE 30,2020

NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
554	1	100	11787	0.0521
265	101	500	100371	0.4433
168	501	1000	155823	0.6883
257	1001	5000	668417	2.9524
39	5001	10000	297681	1.3148
16	10001	15000	210200	0.9284
7	15001	20000	121822	0.5381
3	20001	25000	61552	0.2719
3	25001	30000	85200	0.3763
1	30001	35000	33500	0.1480
2	45001	50000	96702	0.4271
2	65001	70000	136000	0.6007
1	70001	75000	71058	0.3139
1	80001	85000	82500	0.3644
1	140001	145000	140248	0.6195
1	380001	385000	380569	1.6810
1	1335001	1340000	1336033	5.9012
1	1815001	1820000	1816238	8.0222
1	16830001	16835000	16683189	74.3565
1324			22488890	100.0000

Categories of Shareholders	Number of Folio	Balance Share	Percentage
ASSOCIATED COMPANIES			
H.A.K.S. TRADING (PVT.) LIMITED	2	16,684,629	74.19%
NIT & ICP			
NATIONAL BANK OF PAKISTAN, TRUSTEE DEPARTMENT	1	9,489	0.04%
BANKS, DFI & NBF			
NATIONAL BANK OF PAKISTAN	2	1,817,099	8.08%
THE BANK OF PUNJAB, TREASURY DIVISION.	1	70,000	0.31%
MODARABAS & MUTUAL FUNDS			
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,336,033	5.94%
GENERAL PUBLIC			
LOCAL	1276	2,330,537	10.36%
FORGEIN	31	56,695	0.25%
OTHERS	10	184,408	0.82%
Company Total	1324	22,488,890	100.00%

Shareholders holding five percent or more voting rights

H.A.K.S. TRADING (PVT.) LIMITED	2	16,684,629	74.1905%
NATIONAL BANK OF PAKISTAN	3	1,826,588	8.1222%
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,336,033	5.9409%

E-DIVIDEND MANDATE LETTER

To:

Date: _____

Subject: Bank account details for payment of Dividend through electronic mode

Dear Sir,

I/We/Messrs., _____,

being a/the shareholder(s) of Burshane LPG (Pakistan) Limited [the "Company"], hereby, authorize the Company, to directly credit cash dividends declared by it, in my bank account as detailed below:

(i) Shareholder's details:	
Name of the Shareholder	
CDC Participant ID & Sub-Account No. /CDC IAS	
CNIC/NICOP/Passport/NTN No. (please attach copy)	
Contact Number (Landline & Cell Nos.)	
Shareholder's Address	
(ii) Shareholder's Bank account details:	
Title of Bank Account	
IBAN (See Note 1 below)	
Bank's Name	
Branch Name & Code No	
Branch Address	

It is stated that the above particulars given by me are correct and I shall keep the Company, informed in case of any changes in the said particulars in future.

Yours truly,

Signature of Shareholder
(Please affix company stamp in case of corporate entity)

Notes:

1. Please provide complete IBAN, after checking with your concerned branch to enable electronic credit directly into your bank account.
2. This letter must be sent to shareholder's participant/CDC Investor Account Services which maintains his/her CDC account for incorporation of bank account details for direct credit of cash dividend declared by the Company from time to time.

FORM OF PROXY

The Company Secretary
Burshane LPG (Pakistan) Limited
Suite No. 101, First Floor Horizon Vista
Plot# Commercial -10,
Block -04, Scheme # 05
Clifton, Karachi. 75600

I / We _____ of _____ being a member of Burshane LPG (Pakistan) Limited and holder of ordinary shares as per Share Register Folio No. _____ and / or CDC Participant I.D. No. _____ and Sub Account No. _____ hereby appoint Mr./Mrs./Miss _____ of _____ or falling him _____ of _____ as my proxy to attend and act for me, and on my behalf, at the **Annual General Meeting** of the Company to be held via video link on the **07th day of May 2021, at Friday 10:00 a.m.** and any adjournment thereof.

Dated this _____ day of _____ 2021.

Revenue Stamp
Rs. 10/=

(Specimen Signature of Proxy)

Folio No. _____
Participant I.D. No. _____
Sub Account No. _____
C.N.I.C./ Passport Number: _____

(Signature of Share Holder)

Folio No. _____
Participant I.D. No. _____
Sub Account No. _____
C.N.I.C./ Passport Number: _____

(Specimen Signature of Alternate Proxy)

Folio No. _____
Participant I.D. No. _____
Sub Account No. _____
C.N.I.C./ Passport Number: _____

(Signature of Witness 1)

Name: _____
C.N.I.C./ Passport Number: _____

Address: _____

(Signature of Witness 2)

Name: _____
C.N.I.C./ Passport Number: _____

Address: _____

پراکسی فارم

کمپنی سیکریٹری،

برشین ایل پی جی (پاکستان) لمیٹڈ

کمرہ نمبر 101، پہلی منزل، ہوریزن وٹا،

پلاٹ نمبر کمرشل 10، بلاک 4 اسکیم 5

کلفٹن، کراچی 75600

میں / ہم _____ برشین ایل پی جی (پاکستان) لمیٹڈ کے ممبر کی حیثیت سے _____
شیئر رجسٹر اوفیو نمبر _____ اور / یا سی ڈی سی پارٹی سپنٹ آئی ڈی نمبر _____ اور سب اکاؤنٹ
نمبر _____ عمومی شیئرز کی تحویل رکھتا ہوں۔ میں / ہم یہاں _____
کو جمعہ، 07 مئی 2021 صبح 10:00 بجے بذریعے ویڈیولنک ہونے والے سالانہ اجلاس میں اپنی / ہماری غیر موجودگی میں شرکت اور ووٹ دینے کے لیے اپنا / ہمارا پراکسی
مقرر کرتا / کرتی ہوں۔

بتاریخ، _____ 2021

_____ (پراکسی کے دستخط کا نمونہ)
_____ فوئیو نمبر
_____ پارٹی سپنٹ آئی ڈی نمبر
_____ سب اکاؤنٹ نمبر
_____ سی این آئی سی / پاسپورٹ نمبر

10 روپے والا
ریونیو اسٹامپ

_____ شیئر ہولڈر کے دستخط
_____ فوئیو نمبر
_____ پارٹی سپنٹ آئی ڈی نمبر
_____ سب اکاؤنٹ نمبر
_____ سی این آئی سی / پاسپورٹ نمبر

_____ گواہ نمبر 2 کے دستخط
_____ نام:
_____ سی این آئی سی / پاسپورٹ نمبر
_____ سی این آئی سی / پاسپورٹ نمبر








_____ گواہ نمبر 1 کے دستخط
_____ نام:
_____ سی این آئی سی / پاسپورٹ نمبر
_____ سی این آئی سی / پاسپورٹ نمبر










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