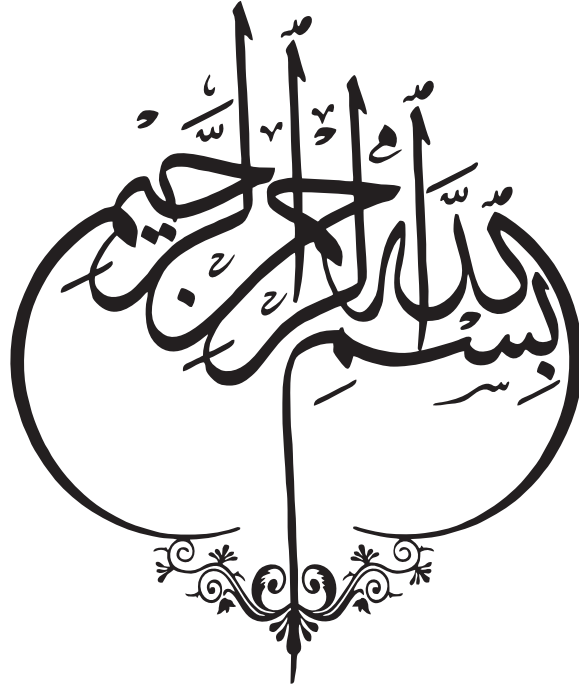


Annual Report 2021



MUBARAK

TEXTILE MILLS LIMITED



30th

ANNUAL REPORT

FOR THE YEAR ENDED

June 30, 2021

VISION STATEMENT

To Be Dynamic, Profitable and Growth Oriented Company

MISSION STATEMENT

To be a foremost company receptive to the needs of our Customers acknowledged for consistently providing fine Quality Product and services by understanding the behavior and preparing fully to meet the challenges of global Market standards and making best efforts in production planning quality of products and marketing strategies and so give consistent financial return to the shareholders on their investment.

ANNUAL REPORT 2021

CONTENTS

COMPANY PROFILE	3
NOTICE OF ANNUAL GENERAL MEETING	4
DIRECTORS' REPORT	5-8
STATEMENT OF COMPLIANCE	9-11
CHAIRMAN REVIEW	12-13
INDEPENDENT AUDITOR'S REVIEW REPORT	14
STATEMENT OF ETHICS	15
INDEPENDENT AUDITORS' REPORT	16-18
STATEMENT OF FINANCIAL POSITION	19
STATEMENT OF PROFIT OR LOSS	20
STATEMENT OF COMPREHENSIVE INCOME	21
STATEMENT OF CASH FLOWS	22
STATEMENT OF CHANGES IN EQUITY	23
NOTES TO THE FINANCIAL STATEMENTS	24-41
PATTERN OF SHAREHOLDING AS PER CODE OF CORPORATE GOVERNANCE	42
PATTERN OF SHAREHOLDINGS	43



MUBARAK TEXTILE MILLS LIMITED

COMPANY PROFILE

BOARD OF DIRECTORS	MR. ZULFIQAR ALI CH. NASEER AHMED MR. ABDUL SHAKOOR MR. SHAKEEL AHMED MR. IMTIAZ HUSSAIN QURESHI MR. NADEEM ABBAS MR. NAFEES IQBAL MR. ABDUL JABBAR MR. ABDUL RAFFAY SIDDIQUI	CHIEF EXECUTIVE OFFICER INDEPENDENT INDEPENDENT
AUDIT COMMITTEE	MR. ABDUL JABBAR MR. SHAKEEL AHMED MR. NAFEES IQBAL	CHAIRMAN MEMBER MEMBER
HR AND REMUNERATION COMMITTEE	MR. ZULFIQAR ALI CH. NASEER AHMED MR. ABDUL SHAKOOR	CHAIR PERSON MEMBER MEMBER
COMPANY SECRETARY	MR. ABDUL SHAKOOR	
CHIEF FINANCIAL OFFICER	M. BABAR KHAN	
AUDITORS	M/S Rizwan & Co. CHARTERED ACCOUNTANT	
SHARE REGISTRAR	HAMEED MAJEED ASSOCIATES (PVT) LTD. H.M. HOUSE, 7-BANK SQUARE, LAHORE.	
BANKERS	HABIB METROPOLITAN BANK LTD FAYSAL BANK LIMITED	
REGISTERED OFFICE / MILLS	20-KM OFF FEROZEPUR ROAD, LAHORE, PAKISTAN. TEL: 042-35950674 FAX: 042-35950675	
WEB	www.mtmpk.com info@mtmpk.com	
E-Mail	mubarak_textile@yahoo.com	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 30th Annual General Meeting of the Shareholders of MUBARAK TEXTILE MILLS LIMITED, will be held on Friday the 26th day of November, 2021 at 11:00 a.m. at 20-KM Off Ferozepur Road, Lahore to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting held on 28.10.2020.
2. To receive, consider and adopt the Audited Accounts together with Directors' and Auditors' Reports thereon for the year ended 30th June, 2021.
3. To appoint auditors for the year ending 30th June, 2022 and fix their remuneration.

ANY OTHER BUSINESS

4. To transact any other business with the permission of the Chair.

By Order of the Board

LAHORE

Dated: November 01, 2021

S/d
(ABDUL SHAKOOR)
Company Secretary

NOTES:

1. The share transfer books of the Company shall remain closed from 25th November, 2021 to 28th November, 2021 (both days inclusive) transfers received in order on 24th November, 2021 will be considered in time.
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies in order, to be valid must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.
3. CDC shareholders desiring to attend the meeting are requested to bring their original National Identity Cards, Account/Sub Account and particular of participants I.D. numbers and account numbers in CDC, for identification purpose, and in case of proxy, to enclose an attested copy of his/her National Identity Card.
4. Shareholders are requested to notify the Company of any change in their addresses.

DIRECTORS' REPORT

Dear Members,
Assalam-o-Alaikum,

The Directors of the Company MUBARAK TEXTILE MILLS LTD are pleased to present Annual Report of the Company for the year ended 30th June, 2021 alongwith the financial statements and Auditors' report thereon.

FINANCIAL REVIEW:

	June, 2021	June, 2020
Sales/Processing Income	-	-
Operating Profit/(Loss)	(17,458,105)	(8,519,736)
Financial cost:	1,099	655
Taxation for year	1,830,549	1,704,448
Profit/(Loss) for the year	6,620,568	183,383
Profit/(Loss) per Share	(1.23)	(0.03)

The company earned profit before taxation for Rs. 8.451(M) after providing for all the administrative and financial charges including depreciation for Rs. 2.771(M) as compared to pre-tax Profit of Rs. Rs. 1.888(M) of the last year.

Due to over all crises to the industry and energy problem the Management of the company could not involve in any business activity to make viable the company. However the management is working over stitching of Knitwear garments on conversion basis shortly and hope will be successful to make the company profitable.

AUDITORS' REPORT TO THE MEMBERS:

In reply to the Auditors' observations your Directors have the following view:

- a) As for as the adverse opinion is concerned, the Management of the Company has a view that through special resolution from members of the Company dated 31.10.2009 the approval was accorded to sale out the Plant & Machinery and put the business on rent/lease (conversion of business), which the Company is doing. We understand that basis for adverse opinion is not fair and it should not qualify the report. The Management is in the process of development of revival plan and the legal counsel of the Company is confident about the outcome of case. Once business plan will be developed, all the matters will be settled accordingly.
- b) The matter will automatically be settled in next year as from the end of this year the management made the relevant disclosures so the auditors are bit harsh on this year qualification.
- c) It will be settled by the end of next year.
- d) The matter will be settled after the opinion of the legal advisor.

TRADING IN THE SHARES OF THE COMPANY

No trading in the Shares of the Company was carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

BOARD MEETING

During the year 5 Board meeting were held, which were attended as follows.

1.	Mr. Zulfiqar Ali	5
2.	Mr. Imtaiz Hussain Qureshi	4
3.	Mr. Ch. Naseer Ahmad	5
4.	Mr. Nadeem Abbass	5
5.	Mr. Nafees Iqbal	4
6.	Mr. Abdul Shakoor	5
7.	Mr. Shakeel Ahmed	5
8.	Mr. Abdul Jabbar	1
9.	Mr. Abdul Raffay Siddiqui	1

Leave of absence were granted to the directors who could not attend the board meeting.

KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS:

PARTICULARS	2021	2020	2019	2018	2017	2016
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
PAID UP CAPITAL	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000
FIXED ASSETS AT COST	133,939,949	139,099,569	142,024,924	145,114,408	148,378,344	26,762,861
ACCUMULATED DEPRECIATION	15,096,890	12,326,110	9,004,755	6,311,271	3,047,335	26,716,621
CURRENT ASSETS	2,883,308	14,086,334	12,290,174	11,385,158	12,092,227	12,067,687
CURRENT LIABILITIES	43,182,344	42,337,216	42,002,980	33,839,082	61,547,971	62,095,737
SALES	-	-	-	-	-	-
OTHER INCOME	25,910,321	10,408,222	9,867,796	8,317,916	8,170,998	7,324,106
PRE-TAX PROFIT/(LOSS)	8,451,117	1,887,831	946,199	(3,091,640)	(343,460)	192,966
TAXATION	1,830,549	1,704,488	1,658,203	1,149,949	1,225,194	946,886

AUDITORS:

The present auditors M/s. Rizwan & Co. Chartered Accountants retired and being eligible offer themselves as external auditors of the Company for the year 2021-2022.

PATTERN OF SHARE HOLDING:

The pattern of shareholding is annexed to report. The statement is prepared in accordance with the code of Corporate Governance.

DIVIDEND

Due to tight liquidity position the board of Directors has decided to pass over the dividend.

CORPORATE GOVERNANCE.

As required by the Code of Corporate Governance (CCG), the Board of Directors hereby declares that:

1. The financial statements for the year ended June 30, 2021 present fair view of state of affairs; the result of its operations, Cash Flows and Changes in equity.
2. The proper books of accounts have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2021 and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standard (IAS) as applicable in Pakistan have been followed in the preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There is no doubt about the Company to continue as going concern.
7. There is no material departure from best practices of Corporate Governance as detailed in listing regulations.

LABOUR / MANAGEMENT RELATIONS

Relations between Management and the employees / workers remained cordial throughout the year. The management places on record its appreciation for the dedication and the hard work of the employees for the progress of the company and hope they will continue their cooperation and team spirit for the prosperity of the company.

For and on behalf of the Board

Lahore.
Dated: November 1st, 2021

(Zulfiqar Ali)
Chief Executive Officer

ڈائریکٹرز رپورٹ

مبارک ٹیکسٹائل ملز لمیٹڈ (کمپنی) کے ڈائریکٹران کمپنی کی سالانہ رپورٹ برائے سال 30 جون 2021 پیش کرتے ہیں۔

June, 2020

June, 2021

مالیاتی جائزہ

-

-

فروختگی خالص

(8,519,736)

(17,458,105)

آپریٹنگ منافع (نقصان)

655

1,099

فنانسنگ منافع

1,704,448

1,830,549

ٹیکسیشن

183,383

6,620,568

منافع (نقصان) برائے سال

(0.03)

(1.23)

فی حصص (نقصان)

روان سال کمپنی نے ٹیکس سے پہلے (M) 8.451 روپے منافع کمایا تمام خرچے بشمول گھساوٹ (M) 2.771 روپے نکال کے بمقابلہ پچھلے سال کا منافع (M) 1.888 روپے۔
بوجہ ہوزری کاروباری مندی اور توانائی مسائل کی وجہ سے انتظامیہ کسی کاروبار میں ملوث نہ ہو سکی۔ کوشش ہے گارمنٹس نٹ ویئر کنورژن بنیادوں پر شروع کر کے کمپنی کو نفع مند بنایا جائے۔

کمپنی حصص کی خرید و فروخت

کمپنی حصص کے خرید و فروخت میں ڈائریکٹران، چیف ایگزیکٹو، چیف فنانشل آفسر، کمپنی سیکرٹری اور ان کے لواحقین نے کوئی حصہ نہیں لیا۔

بورڈ مینٹنز

روان سال کے دوران 7 بورڈ مینٹنگ ہوئیں ہر ایک کی حاضری درج ذیل ہے۔

5

1- ذوالفقار علی

4

2- امتیاز حسین قریشی

5

3- چوہدری نصیر احمد

5

4- ندیم عباس

4

5- نفیس اقبال

5

6- عبدالحکیم

5

7- شکیل احمد

1

8- عبدالحبار

1

9- عبدالرافع صدیقی

بہترین کارپوریٹ طریقے:

ڈائریکٹرز بہترین کارپوریٹ طریقوں کو اپنانے کیلئے پُر عزم ہیں۔

1- ڈائریکٹرز کی کل تعداد نو ہے۔ جو سب مرد ہیں۔

2- بورڈ کے اندر دو آزاد تین نان ایگزیکٹو اور چار ایگزیکٹو ڈائریکٹرز ہیں۔

3- آڈٹ کمیٹی میں عبدالحبار (آزاد) شکیل احمد صاحب اور نفیس اقبال شامل ہیں۔

4- نان ایگزیکٹو اور آزاد ڈائریکٹرز صرف مینٹنگ فیس کے حق دار ہیں۔

شیئر ہولڈنگ پیٹرن:

عمومی شیئر ہولڈنگ پیٹرن برائے 30 جون 2021 کو ڈ آف کارپوریٹ کے مطابق رپورٹ سے منسلک ہیں۔

منافع منقسمہ:

مالیاتی تنگی حالات کی وجہ سے منجمنٹ نے منافع مؤخر کیا ہے۔

آڈیٹرز کی تقرری:

موجودہ آڈیٹر میسرز رضوان اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں نیز قابلیت کی بناء پر انہوں نے دوبارہ تعیناتی کی پیشکش کی ہے۔

انتظامیہ ملازمین کے تعلقات:

انتظامیہ اور ملازمین کے تعلقات پُر جوش اور بھرپور رہے انتظامیہ ان کی محنت اور جذبہ وفاداری کی حوصلہ افزائی کرتی ہے اور امید کرتے ہیں کہ وہ آئندہ بھی کمپنی کی ترقی کیلئے اپنا تعاون جاری رکھیں گے۔

برائے بورڈ

(ذوالفقار علی)

چیف ایگزیکٹو آفیسر

لاہور:

تاریخ: یکم نومبر 2021

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE TO THE MEMBERS

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

1. The total number of Directors are Nine (9) as per the following:

- a. Male: 9
- b. Female: -

2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Abdul Jabbar Mr. Abdul Raffay Siddiqui
Non-Executive Directors	Mr. Imtiaz Hussain Qureshi Mr. Shakeel Ahmed Mr. Nadeem Abbas
Executive Directors	Mr. Zulifqar Ali (Chief Executive Officer) Mr. Abdul Shakoor Ch. Naseer Ahmed Mr. Nafees Iqbal

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company;
4. 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;
5. 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;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. 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 the Board;
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. The Board has not arranged Directors' Training program and in process of managing the program in due course of time.
10. The Board has approved appointment of Chief Financial Officer and Company Secretary 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 committees comprising of members given below:

a) Audit Committee

Names	Designation held
Mr. Abdul Jabbar	Chairman
Mr. Shakeel Ahmed	Member
Mr. Nafees Iqbal	Member

b) HR and Remuneration Committee

Names	Designation held
Mr. Zulifqar Ali	Chairperson
Ch. Naseer Ahmed	Member
Mr. Abdul Shakoor	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 committee were as per following:

a) Audit Committee

Four meetings were held during the financial year ended June 30, 2021 to approve the accounts of the company.

b) HR Nomination and Remuneration Committee

One meeting of HR and Remuneration Committee was held during the financial year ended June 30, 2021.

15. Since the closing of business operations in 2011 the board has not set up an effective internal audit function.

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, 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 regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;

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

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee. The Board shall consider to constitute separate nomination committee after next election of directors.	29
2	Disclosure of significant policies on website The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.	35
4	Responsibilities of the Board and its members The Board is responsible for adoption of corporate governance practices by the company.	Non-mandatory provisions of the Regulations are partially complied. The company is deliberating on full compliance with all the provisions of the Regulations.	10(1)
5	Directors' Training Companies are encouraged to arrange training for the remaining director under the Directors' Training Program from July 2021.	The Company has planned to arrange Directors' Training Program certification for Remaining over the next few years.	19(3)

1. The two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted.

Lahore:
November 01, 2021

Ch. Naseer Ahmed
Chairman

CHAIRMAN'S REVIEW

I am pleased to present the review on the overall performance of the board and effectiveness of the role played by the board in achieving the Company's objective.

The Company follow the best practices relating to corporate Governance and complies with the relevant requirements of Companies Act, 2017 and the listed Companies (Code of Corporate Governance) Regulations, 2019 with the respect to composition, meetings and procedures of the Board of Directors and its Committees.

For the year ended review, based on the evaluation, the overall performance and effectiveness of the Board has been assessed as satisfactory. During the financial year 2020-21 five Board Meetings were convened. The Board has dully formulated a vision and mission statement, is actively involved in formulation of appropriate policies and procedures and ensure due compliance with all the regulatory requirements. Its closely monitors the performance of its sub committees and is committed to uphold and stable operations.

During the year, the Board considered and approved among other things, quarterly and annual financial statements, appointment of external auditors, and independent Directors namely Mr. Abdul Jabbar & Mr. Abdul Raffay Siddiqui.

I am thankful to the Board of Directors of the Company, Shareholders, bankers, financial institutions, valued customers for their support and assistance. I also thank the executive and other employees of the Company for their dedication and hard work.

Lahore:
November 01, 2021

Ch. Naseer Ahmed
Chairman

چیمبر مین جائزہ رپورٹ

میں کمپنی اور اس کے بورڈ کی سالانہ کارکردگی برائے سال اختتام 30 جون 2021 کا جائزہ پیش کرتے ہوئے مسرت کا اظہار کرتا ہوں۔

کمپنی کے ڈائریکٹرز کمپنی کو موثر انداز سے چلانے کے لیے اپنی ذمہ داریوں سے اور لاگو قوانین سے بخوبی آگاہ ہیں۔ بورڈ کے ممبران کی کارکردگی کو ڈیف آف کارپوریٹ گورننس کے قانون 2017 کے تحت مجموعی طور پر پرکھا گیا۔ جائزہ کے عرصے کے دوران کمپنی کی مجموعی کارکردگی تسلی بخش اور موثر رہی۔

سال 2020-21 میں پانچ بورڈ میٹنگز منعقد کی گئیں۔ بورڈ نے کمپنی کا ایک ویژن اور مشن مقرر کیا ہے اور قانونی طریقے کے مطابق معاملات کو چلانے کے لیے پالیسیز مرتب کی ہیں۔ بورڈ اپنی تشکیل کردہ کمیٹی کی کارکردگی کا باقاعدہ جائزہ لیتا ہے اور معاملات میں توازن یقینی بناتا ہے۔

مالی سال کے عرصے کے دوران بورڈ نے دوسرے معاملات کے علاوہ سہ ماہی، ہشماہی اور سالانہ حسابات کی منظوری دی ہے۔ آزاد ڈائریکٹرز کا تقرر اور آزاد ڈائریکٹرز کا تقرر کیا۔

لاہور:

تاریخ: یکم نومبر 2021

چوہدری نصیر احمد

چیمبر مین

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Gammon Pakistan Limited

Review Report 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 **Mubarak Textile Mills Limited** (the Company) for the year ended June 30, 2021 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 30 June 2021.

Further, we would like to highlight that:

- Presently the board has not appointed a female director as required by regulation 7 of chapter II of Listed Companies Code of corporate Governance regulations, 2019;
- The board has not set-up an internal audit function as required by regulation 31 of chapter X of Listed Companies Code of corporate Governance regulations, 2019
- As per paragraph 19.1 of (Code of Corporate Governance) Regulations, 2019 appropriate arrangements for orientation courses and training of the directors have not been carried out.

Islamabad
Dated: November 01, 2021

RIZWAN & COMPANY
CHARTERED ACCOUNTANT

STATEMENTS OF ETHICS & GOOD BUSINESS PRACTICES

1. Company's interest & loyalty.
2. Contribution to society & human well being.
3. Avoid harm to others.
4. Honesty to Trustworthiness.
5. Respect the privacy of others.
6. Honor confidentiality.
7. Strive to achieve the highest quality, effectiveness and dignity in both process of product.
8. Acquire and maintain professional competence.
9. Know and respect laws pertaining to professional work.
10. Accept and provide appropriate professionalreview.

INDEPENDENT AUDITORS' REPORT**To the members of Mubarak Textile Mills Limited
Report on the Audit of Financial Statements****Adverse Opinion**

We have audited the annexed financial statements of **Mubarak Textile Mills Limited** ("the Company"), which comprise the statement of financial position as at June 30, 2021, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

Because of the significance of the matter described in the Basis for Adverse Opinion section of our report, in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs for the year ended June 30, 2021 and of the profit, total comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

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

a) The Company has ceased its operations in 2011. As at June 30, 2021 the company's accumulated losses stood at Rs. 85.474 million (Rs. 94.095 million: June 30, 2020). As on this date, the company's current liabilities exceeded its current assets by Rs. 5.594 million (Rs. 15.649 million: June 30, 2020). The Company's plan to enter into trading business in the near future as envisaged by the management has not yet materialized, and we were neither provided with future projections of the Company nor alternate business plan to revive the Company to support going concern assumption. Further, as disclosed in note 17.1 to the financial statements, the Additional Registrar of Companies, Securities and Exchange Commission of Pakistan has filed winding up petition in the Lahore High Court, Lahore in 2019 against the Company which is pending for adjudication.

These conditions and events indicate material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore it may not be able to realize its assets and discharge its liabilities in normal course of business. Because of the circumstances and events as mentioned herein, we are of the opinion that the Company cannot be considered to be a going concern and thus the preparation of these financial statements on a going concern basis is inappropriate.

b) The Company has leased out factory premises against which it has earned aggregate rental income of Rupees 8.530 million during the year under audit. The factory premises was leased out in order to meet the working capital requirements of the Company, for which approval through special resolution dated October 31, 2009 was obtained as required under Section 196 of the repealed Companies Ordinance, 1984 (now Section 183 of the Companies Act, 2017). The said factory premises were wrongly classified under International Accounting Standard 16 Property, Plant and Equipment, whereas it should have been classified under International Accounting Standard 40 - Investment Property read with International Accounting Standard 8, "Accounting Policies, Changes in Accounting Estimates and Errors". At the end of the year, the management arranged fair valuation / revaluation of entire land and building through qualified external valuers M/s Hamid Mukhtar & Co. (Pvt) Limited and transferred the leased out part of the land and building from property & equipment to Investment Property.. The cumulative effect of this matter has neither been determined nor adjusted in these financial statements.

c) The Company has obtained interest free loan from sponsors amounting to Rupees 41.337 million which has been classified under long term loans in these financial statements. As stated in note 13 to the financial statements; the terms of long term loans have not been settled. The said loan has not been carried in these financial statements at amortised cost as per International Financial Reporting Standard 9 "Financial Instruments" as per guidelines issued by the Institute of Chartered Accountants of Pakistan under TR 32 – Accounting Directors' Loan. The cumulative effect of this matter has neither been determined nor adjusted in these financial statements.

d) We could not verify the unclaimed dividend payable pertaining to previous financial years amounting to Rupees 103,962/- in absence of underlying record with the Company. Moreover, the Company has not taken measures to comply with the requirements of Section 244 of the Companies Act, 2017.

Key Audit Matters

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

Key audit matter

a) Contingencies and Company's exposure to litigation risk

The Additional Registrar of Companies, Securities and Exchange Commission of Pakistan has filed winding up petition in the Lahore High Court, Lahore in 2019 against the Company which is pending for adjudication as no hearing has so far been held in this matter as disclosed in note 14.1.

Given the nature of the contingency and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the financial statements is subject to significant judgment, which can change over time as new facts emerge and the contingency crystallizes, and therefore, we have identified this as key audit matter.

b) Revenue recognition

The Company generates its revenue from rental income as the company ceased operations in 2011. The company leased out part of factory land and building for a period of three years at the end of year.

During the year ended June 30, 2021, the Company recognized an amount of Rs. 8.530 million as rental income which is the main source of income necessary for company's ability to continue as going concern. We therefore consider this as a key audit matter.

How our audit addressed the key audit matter

Our audit procedures amongst others, included the following:

- We obtained confirmations from legal advisors for current status and any new development during the year and assessing the advice given;
- Reading correspondence of the Company with regulatory departments and the Company's external counsel, where available;
- Discussing open matters and developments with the management of the Company;

We evaluated that appropriate disclosures and presentation have been made in these financial statements.

Our audit procedures amongst others, included the following:

- Obtained understanding of the internal processes used to record rental income;
- Performed test of detail procedures over actual income earned during the year; and
- Assessed the adequacy of related disclosures in the financial statements

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

Management is responsible for the other information. The other information comprises the information incurred in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) because of the significance of the matters referred in paragraphs (a) to (d) of Basis for Adverse Opinion section above; proper books of account have not been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) because of the significance of the matters referred in paragraphs (a) to (d) of Basis for Adverse Opinion section above; the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the Company for the year ended June 30, 2020 were audited by another firm of chartered accountants whose audit report dated September 30, 2020 expressed adverse opinion on those statements.

The engagement partner on the audit resulting in this independent auditor's report is Rashid Iqbal FCA.

Islamabad
Dated: November 01, 2021

RIZWAN & COMPANY
CHARTERED ACCOUNTANT

**STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021**

	<u>NOTE</u>	<u>2021 Rupees</u>	<u>2020 Rupees</u>
NON CURRENT ASSETS			
Property and Equipment	5	133,939,949	139,099,569
Investment Property	6	132,773,000	-
Long Term Deposits	7	1,770,408	1,770,408
		<u>268,483,357</u>	<u>140,869,977</u>
CURRENT ASSETS			
Trade debtors	8	128,720	9,853,293
Loans and advances to employees		20,000	15,000
Tax refunds due from the Government	9	1,984,520	3,389,818
Cash & bank balances	10	750,068	828,223
		<u>2,883,308</u>	<u>14,086,334</u>
		<u>271,366,665</u>	<u>154,956,311</u>
EQUITY & LIABILITIES			
CAPITAL & RESERVES			
Share capital	11	54,000,000	54,000,000
Unappropriated loss		(85,474,503)	(94,095,071)
Surplus on Revaluation of Property and Equipment	12	251,181,337	122,978,628
Shareholders equity		<u>219,706,834</u>	<u>82,883,557</u>
NON CURRENT LIABILITIES			
Long term loan	13	41,336,988	41,036,988
Employee benefit obligation	14	1,845,356	1,300,228
		<u>43,182,344</u>	<u>42,337,216</u>
CURRENT LIABILITIES			
Trade & other payable	15	6,542,976	27,927,128
Provision for taxation	16	1,830,549	1,704,448
		<u>8,373,525</u>	<u>29,631,576</u>
Unclaimed Dividend		103,962	103,962
Contingencies and Commitments	17	-	-
		<u>271,366,665</u>	<u>154,956,311</u>

The annexed notes from 1 to 29 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive

Mr. Babar Khan
Chief Financial officer

Mr. Nafees Iqbal
Director

STATEMENT OF PROFIT OR LOSS
'FOR THE YEAR ENDED JUNE 30, 2021

	<u>NOTE</u>	<u>2021</u> <u>Rupees</u>	<u>2020</u> <u>Rupees</u>
Sales / Processing receipts		-	-
Cost of Goods sold		-	-
Gross Profit / (Loss)		-	-
OPERATING EXPENSES			
General and Administrative expenses	18	8,983,739	8,519,736
Other operating expenses	19	8,474,366	-
Operating Loss		<u>(17,458,105)</u>	<u>(8,519,736)</u>
Other operating income	20	25,910,321	10,408,222
		8,452,216	1,888,486
Finance cost		(1,099)	(655)
Net Profit for the year before taxation		<u>8,451,117</u>	<u>1,887,831</u>
Taxation	21	<u>(1,830,549)</u>	<u>(1,704,448)</u>
Net Profit for the year after taxation		<u>6,620,568</u>	<u>183,383</u>
Basic/diluted earning per share	22	<u>1.23</u>	<u>0.03</u>

The annexed notes from 1 to 29 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive

Mr. Babar Khan
Chief Financial officer

Mr. Nafees Iqbal
Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>NOTE</u>	<u>2021 Rupees</u>	<u>2020 Rupees</u>
Net Profit for the year		6,620,568	183,383
Other Comprehensive Income:			
Gratuity		(181,451)	37,512
Item that will not be reclassified to profit and loss:			
Revaluation surplus on property and equipment		130,384,160	-
Related deferred tax impact		-	-
		130,384,160	-
Incremental depreciation transferred from revaluation surplus	12	2,181,451	2,253,937
Total Comprehensive Income		139,004,728	2,474,832

The annexed notes from 1 to 29 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive

Mr. Babar Khan
Chief Financial officer

Mr. Nafees Iqbal
Director

STATEMENT OF CASH FLOWS
'FOR THE YEAR ENDED JUNE 30, 2021

	<u>NOTE</u>	<u>2021</u> <u>RUPEES</u>	<u>2020</u> <u>RUPEES</u>
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES			
Cash (used in)/generated from operation	23	1,453,117	3,072,124
Taxes paid		(1,830,173)	(2,259,392)
Finance cost paid		(1,099)	(655)
Net cash (outflow)/inflow from operating activities		(378,155)	812,077
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES			
Increase in long term deposit		-	(356,000)
Net cash (outflow) / inflow from investing activities		-	(356,000)
CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES			
Long term loan		300,000	-
Net cash (outflow) / inflow from financing activities		300,000	-
Net (decrease)/increase in cash & cash equivalents		(78,155)	456,077
Cash & cash equivalents as at July 01, 2020		828,223	372,146
Cash & cash equivalents as at June 30, 2021	10	750,068	828,223

The annexed notes from 1 to 29 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive

Mr. Babar Khan
Chief Financial officer

Mr. Nafees Iqbal
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2021

	PAID UP CAPITAL	ACCUMULATED (LOSS)	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	TOTAL
	(-----RUPEES-----)			
Balances as at June 30, 2019	54,000,000	(96,569,903)	125,232,565	82,662,662
Less: Incremental depreciation during the year	-	-	(2,253,937)	(2,253,937)
Total Comprehensive Income	-	2,474,832	-	2,474,832
Balances as at June 30, 2020	54,000,000	(94,095,071)	122,978,628	82,883,557
Total comprehensive income for the year				
Net profit for the year		6,620,568		6,620,568
Gratuity		(181,451)		(181,451)
Revaluation surplus during the year	-	-	130,384,160	130,384,160
Incremental depreciation during the year	-	2,181,451		2,181,451
Total Comprehensive Income	-	8,620,568	130,384,160	139,004,728
Incremental depreciation transferred	-	-	(2,181,451)	(2,181,451)
Balances as at June 30, 2021	54,000,000	(85,474,503)	251,181,337	219,706,834

The annexed notes from 1 to 29 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive

Mr. Babar Khan
Chief Financial officer

Mr. Nafees Iqbal
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

1 THE COMPANY AND ITS OPERATIONS:

Mubarak Textile Mills Limited (the company) was incorporated on 11th August, 1991 as a Private Limited Company and was subsequently converted into a Public Limited Company with its shares quoted on Pakistan Stock Exchange. The registered office of the company is situated at 20 k.m off Ferozepur road Lahore. The Project was a composite Knitwear unit comprising of Knitting, Dying, Finishing, Embroidery & stitching. The Mill is located at 20 k.m off Ferozepur Road in district Lahore in the province of the Punjab.

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

2.1 Management's assumption of Going Concern

The company has ceased its operation in 2011. The company has earned net profit of Rs. 6.621 million (2020: Rs. 0.183 million) during the year ended June 30, 2021 and as on that date its accumulated losses stood at Rs. 85.474 million (Rs. 94.095 million: June 30, 2020). As on this date, the company's current liabilities exceeded its current assets by Rs. 5.594 million (Rs. 15.649 million: June 30, 2020). These factors raise substantial doubts that company will be able to continue as a going concern and therefore may be unable to realize its assets or discharge its liabilities in the normal course of business.

The management has planned to enter in trading business in the near future, however to sustain the current working capital requirements the management has leased out part of its land and building.

These financial statements have been prepared on a going concern basis on the assumption that the company would be able to obtain sufficient working capital for its day to day matters from its planned rental income.

These financial statements do not include adjustments relating to recoverability and classification of recorded assets amount and classification of liabilities that might be necessary would the Company be unable to continue as a going concern.

2.2 At the end of the year, part of land and building was reclassified from owner's occupied property to investment property as a result of change in use.

2.3 The management carried out revaluation of land, building and equipment at June 30, 2021 and transferred part of land and building to investment property. The valuation has been carried out by Hamid Mukhtar & Co. (Pvt) Limited. The land, building and equipment has been revalued at Rs.266,648,000 and its forced value has been valued at Rs.223,570,000.

3 BASIS OF PREPARATION

3.1 Statement of compliance:

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed..

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain fixed assets which have been stated at revalued amount, investment properties which have been stated at fair value, recognition of certain staff retirement benefits at present value and certain other items as disclosed in relevant accounting policies.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

3.3 Functional and presentation currency

These financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

3.4 Key judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- 'Useful lives, residual values and depreciation method and revalued amounts of property, plant and equipment
- 'Fair value of investment property
- 'Obligation of defined benefit obligation
- 'Allowance for expected credit loss (ECL)
- 'Impairment of financial instruments based upon expected credit loss model
- 'Estimation of provisions
- 'Current income tax expense, provision for current tax

4. ADOPTION OF NEW ACCOUNTING STANDARDS

4.1 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 from date 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. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligation to make lease payments. 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 lessee. However, the Company has lease contracts acting as a lessor on its investment properties.

IFRS 16 provides with a choice between two transition approaches i.e, full retrospective approach and modified retrospective approach. The Company has adopted the modified retrospective approach. There is no significant impact of adoption of IFRS 16 on accounting and financial reporting policies of the Company except certain additional disclosures requirements which have been provided in respective notes to these financial statements.

4.2 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED STANDARDS

4.2.1 Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2020:

IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors'

International Accounting Standards Board's revised Conceptual Framework – March 2018

IFRS 16 (Amendments) 'Leases'

Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

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

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

4.2.3 Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2021 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 01 January 2021. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

The above amendments and improvements do not have a material impact on the financial statements.

4.2.4 Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

4.3 SIGNIFICANT ACCOUNTING POLICIES

4.3.1 FINANCIAL INSTRUMENTS AND MEASUREMENT

a) Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

b) Financial assets at fair value through profit or loss:

Financial asset at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

c) Loans and receivables:

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities for greater than twelve months after the balance sheet date, which are classified as non current assets. Loan and receivables are classified as trade debts, loan and advances, deposits in the balance sheet. The allowance for expected credit of the Company is based on the assessment as per IFRS 9 and management's continuous evaluation of the recoverability of the outstanding contract receivables. In assessing the ultimate realization of these receivables, management considers, among other factors, the creditworthiness, past collection history of each customer along with future indications and macro-economic factors of the industry, economy and country.

d) Available-for-sale financial assets:

Available-for-sale financial assets are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within twelve months from the balance sheet date.

e) Held to maturity:

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity and are carried at amortized cost.

All financial assets are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date i.e. the date on which the company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction cost for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

The fair value of quoted investments are based on current prices. If the market for the financial asset is not active (and for unlisted securities), the company measures the investment at cost less impairment in value if any.

Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value, loans and receivables and held to maturity investments are carried at amortised cost using effective interest rate method.

Financial assets are derecognised when the right to receive cash flows from the assets have expired or have been

transferred and the company has transferred substantially all risks and rewards of ownership.

f) Financial liabilities

All financial liabilities are recognised at the time when the company becomes a party to the contractual provision of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where 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 and modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

g) Derivative financial instruments

These are initially recorded at cost and are remeasured to fair value at subsequent reporting dates.

h) Off - Setting

A financial asset and financial liabilities of a particular party is offset against each other and the net amount is reported in the balance sheet if the company has a legally enforceable right to set off the recognised amount and also intends either to settle on a net basis or realise the asset and settle the liabilities simultaneously.

4.3.2 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exist, the assets recoverable amount is estimated and impairment losses are recognised.

4.3.3 Staff retirement Benefits

The company operates an un-funded Gratuity Scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Provision for gratuity is made annually to cover obligation under the scheme. In accordance with the actuarial recommendations. Liability is provided annually on the basis of last drawn salary, length of service of the employee.

4.3.4 Property and equipment

Property and Equipments are stated at cost or revaluation less accumulated depreciation except freehold land which is stated at cost or revaluation. Surplus arising out of revaluation of Property and Equipment is directly transferred to "Surplus on Revaluation of Property and Equipment".

Depreciation is charged to income applying the reducing balance method at the rates specified in note 3. Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain and losses on disposal of assets is taken to profit and loss account.

Any revaluation increase arising on the revaluation of land, buildings and plant and machinery is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant and machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation buildings and plant and machinery to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised as other income in the statement of profit or loss. In case of the sale or retirement of a revalued items, the attributable revaluation surplus remaining in the surplus on revaluation of such item is transferred directly to the unappropriated profit.

The useful lives, residual values and depreciation method are reviewed on a regular basis. The Company revalues its operating fixed assets on regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

4.3.5 Investment properties

Investment properties represent the properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

When an item of property, plant and equipment is transferred to investment property following a change in its use and differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in surplus on revaluation of property, plant and equipment if it is a gain. Upon disposal of the item related surplus on revaluation of property, plant and equipment is transferred to retained earnings. Any loss arising in this manner is recognized immediately in the income statement.

With regard to activities as a lessor, the Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases. Rental income from investment property that is leased to a third party under an operating lease is recognised in the statement of profit or loss on a straight-line basis over the lease term and is included in 'other income'

4.3.6 Assets subject to finance lease

'Leases of property and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance lease balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Finance cost are charged to the Profit and Loss Account over the lease period. Property and equipment acquired under finance leases are depreciated at the rates stated in note 5.

4.3.7 Taxation

a) Current

'Provision for current taxation is based on the taxable income at the current rates of taxation (it may be pointed out that the taxable income falls under the presumptive tax regime) after taking into account tax credits and tax rebates available, if any.

b) Deferred

'As company has ceased its operation its sole income is from income from property. Therefore, company was not required to provide the deferred taxation as there will be no timing difference as per IAS-12 "Income Taxes".

4.3.8 Store and spares

These are valued at moving average cost.

4.3.9 Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of past events; it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

4.3.10 Cash and cash equivalent

For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand with banks and short term

borrowings.

4.3.11 Revenue recognition

Revenue is recognized overtime as per IFRS 15 "Revenue from Contracts with Customers" on the basis of input method on the execution of contract activities where the outcome of the construction contract can be estimated reliably as measured by the proportion that contract work performed to date bears to the estimated total contract work. Variable consideration due to contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

'-Revenue from rental income is recognized on 'accrual basis'.

-Interest income is also recognized on 'accrual basis'.

4.3.12 Foreign Currency translation

Transactions in foreign currencies are translated into Pak rupees at the rates of the exchange approximately those prevailing on the date of transactions. Monetary assets and liabilities at rates of exchange ruling on the balance sheet date. Exchange differences are included in profit and loss account currently.

4.3.13 Borrowing Cost

Borrowing cost related to the financing of major projects is capitalized. All other borrowing costs are expensed as incurred.

4.3.14 Trade Debtors

Trade debtors originated by the company are recognized and carried at original invoice less any allowance for any uncollectible amounts. Known bad debts, if any, are written-off and provision is made against debts considered doubtful.

4.3.15 Contingencies and commitments

Capital commitments and contingencies, unless those are actual liabilities, are not incorporated in the accounts.

4.3.16 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services recovered, where or not billed to the company.

5 PROPERTY AND EQUIPMENT

The following is the statement of operating fixed assets:

Description	Freehold land	Buildings on freehold land	Electric Installations	Fire Fighting Equipments	Tube well	Sui Gas Installation	Vehicles	Total
	Rupees							

Year ended June 30, 2021

Net carrying value basis

Opening book value	84,875,000	53,195,918	744,491	7,696	63,715	131,563	81,186	139,099,569
Revaluation surplus	121,250,000	8,884,878	(132,042)	33,074	(7,343)	355,593	-	130,384,160
Transfer to Investment property	(103,062,500)	(29,710,500)	-	-	-	-	-	(132,773,000)
Depreciation charge		(2,659,796)	(74,449)	(770)	(6,372)	(13,156)	(16,237)	(2,770,780)
Closing net book value	103,062,500	29,710,500	538,000	40,000	50,000	474,000	64,949	133,939,949

Gross carrying value basis

Cost/revalued amount	103,062,500	42,810,378	942,958	135,294	84,657	1,302,692	698,360	149,036,839
Revaluation adjustments	-	(13,099,878)	(404,958)	(95,294)	(34,657)	(828,692)	-	(14,463,479)
	103,062,500	29,710,500	538,000	40,000	50,000	474,000	698,360	134,573,360
Accumulated depreciation	-	(13,099,878)	(404,958)	(95,294)	(34,657)	(828,692)	(633,411)	(15,096,890)
Revaluation adjustments		13,099,878	404,958	95,294	34,657	828,692		14,463,479
	-	-	-	-	-	-	(633,411)	(633,411)
	103,062,500	29,710,500	538,000	40,000	50,000	474,000	64,949	133,939,949

Year ended June 30, 2020

Net carrying value basis

Opening book value	84,875,000	55,995,703	827,212	8,551	70,794	146,181	101,483	142,024,924
Depreciation charge	-	(2,799,785)	(82,721)	(855)	(7,079)	(14,618)	(20,297)	(2,925,355)
Closing net book value	84,875,000	53,195,918	744,491	7,696	63,715	131,563	81,186	139,099,569

Gross carrying value basis

Cost/revalued amount	84,875,000	63,636,000	1,075,000	102,220	92,000	947,099	698,360	151,425,679
Revaluation adjustments	-	-	-	-	-	-	-	-
	84,875,000	63,636,000	1,075,000	102,220	92,000	947,099	698,360	151,425,679
Accumulated depreciation	-	(10,440,082)	(330,509)	(94,524)	(28,285)	(815,536)	(617,174)	(12,326,110)
Revaluation adjustments	-	-	-	-	-	-	-	-
	-	(10,440,082)	(330,509)	(94,524)	(28,285)	(815,536)	(617,174)	(12,326,110)
Net book value	84,875,000	53,195,918	744,491	7,696	63,715	131,563	81,186	139,099,569

Depreciation rate % per Annum

-	5	10	10	10	10	20
---	---	----	----	----	----	----

- 5.1 At the end of the year the management carried out revaluation of land, building and equipment and transferred part of land and building to investment property. The valuation has been carried out by Hamid Mukhtar & Co. (Pvt) Limited. The land, building and equipment has been revalued at Rs.266,648,000 at its forced value has been valued at Rs.223,570,000.

Had there been no revaluation, the cost of the land, building and equipment would have been as follows:

	Rupees
Land	4,248,420
Building	15,766,650
Equipment	4,055,707

- 5.2 Freehold land and building owned by the Company is located at 20-KM, Off Ferozepur Road, Mauza Duloo Khurd, Tehsil Cantt., District Lahore with an area of 24.25 Kanals.
- 5.3 As company has ceased its operations therefore all depreciation has been charged to Administrative expenses.

6 INVESTMENT PROPERTY	Note	2021	2020
		Rupees	
Land	6.1	103,062,500	-
Building	6.2	29,710,500	-
		132,773,000	
6.1 Land			
Opening balance		-	-
Transfer from owners' property and equipment		103,062,500	-
Closing balance		103,062,500	-
6.2 Building:			
Opening balance		-	-
Transfer from owners' property and equipment		29,710,500	-
Closing balance		29,710,500	-

6.3 At the end of the year, part of land and building was reclassified from owner's occupied property to investment property as a result of change in use.

These are leased to third parties or held for appreciation in value. Changes in fair values shall be recognised and presented separately as "gain / (loss) from change in fair value of investment property" in statement of profit or loss.

6.5 The land, building and equipment of the Company has been valued by independent professionally qualified valuers as at June 30, 2021. The valuers make reference to market evidence of transaction prices for similar properties for land and depreciated replacement cost method is used for valuation of buildings. Fair value hierarchy i.e. Level 1, 2 and 3 are assigned based on degree of observable inputs as disclosed in note 21.2. As of reporting date; according to management's estimate based on valuation of land, building and equipment carried out by Hamid Mukhtar & Co. (Pvt) Limited the investment property is having fair value of Rupees 132,773,000 (2020: Rupees Nil).

7 LONG TERM DEPOSITS

Comprise of securities/deposits in respect of:

Telephone	31,000	31,000
Electricity	167,880	167,880
Sui Gas	1,537,700	1,537,700
Other	33,828	33,828
	1,770,408	1,770,408

Long term security deposits represent deposits against receipt of non-financial services. These are carried at nominal value as effect by amortization is not material in respect of these financial statements.

8 TRADE DEBTORS	Note	2021	2020
		Rupees	
Un Secured - Considered doubtful		7,072,063	9,853,293
Written off during the year		(6,943,343)	-
		128,720	9,853,293

Management carried out an exercise to identify long outstanding receivable which are not likely to be received due to various reasons and based on such exercise decided to write off the relevant amount under this head of account.

	Note	2021	2020
		Rupees	
9 TAX REFUNDS DUE FROM THE GOVERNMENT			
Sales tax refundable		1,531,023	1,531,023
Income tax refundable/Advance income tax		1,984,520	1,858,795
		3,515,543	3,389,818
Less: Written off during the year		(1,531,023)	-
		1,984,520	3,389,818

Management carried out an exercise to identify long outstanding receivable under this head of account and after due verification decided to write off the entire amount.

	Note	2021	2020
		Rupees	
10 CASH AND BANK BALANCES			
Cash In hand		686,215	597,607
Cash with banks			
- current accounts		63,853	230,616
		750,068	828,223
11 SHARE CAPITAL			
Authorized			
8,000,000 (2020: 8,000,000) Ordinary shares of Rs. 10 each		80,000,000	80,000,000
Issued subscribed and paid up			
5,400,000 (2020: 5,400,000) Ordinary shares of Rs. 10			
Issue for cash		54,000,000	54,000,000

12 SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT

Revaluation of Property and Equipment has been carried out on June 20, 2003, by independent valuers M/s Hamid Mukhtar & Co. (Pvt) Ltd registered surveyors and valuation consultants on the basis of market value in respect of land, building and plant and machinery respectively and verified by M/s Yousaf Adil & Co. Chartered Accountants and subsequently revaluation was again carried out in respect of land, building and electric equipments by independent valuers M/s Surval on December 23, 2016 on the basis of market value and further verified by Ilyas Saeed & Co. Chartered Accountants.

The management carried out revaluation of land, building and equipment. The valuation has been carried out by Hamid Mukhtar & Co. (Pvt) Limited as on June 30, 2021.

	NOTE	2021	2020
		Rupees	
Surplus on revaluation of Property and Equipment:			
Opening balance		122,978,628	125,232,565
Surplus during the year		130,384,160	-
Incremental depreciation for the year transferred to statement of comprehensive income		(2,181,451)	(2,253,937)
		251,181,337	122,978,628

- 12.1** Surplus on revaluation of operating Property and Equipment to the extent of depreciation charged on appreciated value of corresponding operating Property and Equipment has been transferred to statement of comprehensive income.

	NOTE	2021	2020
		Rupees	
13 LONG TERM LOANS			
Un secured			
- Sponsor	13.1	41,336,988	41,036,988

13.1 Term of these interest free loans have not yet been settled. These loans, however, are being considered by the company's management on long term basis. As the repayment terms of loans have not been finalized. Amortized cost of these loans as required by IAS-39 (Financial Instruments Recognition and Measurement) cannot be calculated with reliability.

14 EMPLOYEE BENEFIT OBLIGATION

14.1 The amounts recognised in the statement of financial position are determined as

	NOTE	2021	2020
		Rupees	
Present value of the defined benefit obligation		1,845,356	1,300,228
Fair value of planned assets		-	-
		1,845,356	1,300,228

14.2 The amounts recognised in the statement of profit or loss:

Current service costs	280,889	234,094
Interest cost	82,788	137,654
	363,677	371,748

14.3 Changes in the present value of the defined benefit obligation are as follows:

Opening defined benefit obligation	1,300,228	965,992
Service cost	280,889	234,094
Interest cost	82,788	137,654
Actuarial losses (gains)	3,875	(19,903)
Experience adjustments	177,576	(17,609)
	1,845,356	1,300,228

14.4 Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages) are as follows:

	NOTE	2021	2020
		Rupees	
Discount rate used for Interest Cost in P&L Charge		8.50%	14.25%
Discount rate used for year end obligation		10.00%	9.00%
Salary increase used for year end obligation			
Salary Increase FY2021		N/A	7.50%
Salary Increase FY2022		9.00%	7.50%
Salary Increase FY2023		9.00%	7.50%
Salary Increase FY2024		9.00%	7.50%
Salary Increase FY2025		9.00%	7.50%
Salary Increase FY2026		9.00%	7.50%
Salary Increase FY2027 onward		9.00%	7.50%
Next salary is increased at		1-Jul-21	1-Jul-20
Mortality Rates	SLIC 2001-2005	SLIC 2001-2005	SLIC 2001-2005
	Setback 1Year	Setback 1Year	Setback 1Year
Withdrawal Rates	Age-Based	Age-Based	Age-Based
	(per appendix)	(per appendix)	(per appendix)
Retirement Assumption	Age 60	Age 60	Age 60

	Note	2021	2020
		Rupees	
15 TRADE AND OTHER PAYABLES			
Trade creditors		3,503,069	21,890,208
Accrued expenses		506,241	3,624,304
Other Liabilities		2,533,666	2,412,616
		6,542,976	27,927,128
Trade creditors:			
As at 30 June		20,883,340	21,890,208
Less: Written back during the year		(17,380,271)	-
		3,503,069	21,890,208
16 PROVISION FOR TAXATION			
Opening balance		1,704,448	1,564,619
Add: Provision for the year		1,830,549	1,704,448
		3,534,997	3,269,067
Less: Paid during the year-tax year 2020		(1,704,448)	(1,564,619)
		1,830,549	1,704,448

16.1 Income/ Loss declared by the company for the financial year ending 30 June, 2020 (tax year 2020) have been deemed to be assessed as declared as per section 120 of the Income Tax Ordinance, 2001.

16.2 As the company has ceased its operation its sole revenue is income from property. Therefore, company was not required to provide for deferred taxation as there will be no timing difference as per IAS-12 income taxes.

17 Contingencies and Commitments

17.1 Contingencies:

- The Additional Registrar of Companies, Securities and Exchange Commission of Pakistan has filed winding up petition in the Lahore High Court, Lahore in 2019 against the Company which is pending for adjudication as no hearing has so far been held in this matter.
- Assessment proceeding under Rule 44(4) of Income Tax Rules 2002 is in process for tax years 2017 & 2018 and decision is pending.

17.2 Commitments

There are no capital commitments as at the year end.(2020: Nil)

18 Administrative expenses

	NOTE	2021	2020
		Rupees	
Salaries and benefits	18.1	3,800,890	3,595,652
Traveling and conveyance		45,760	82,800
Communication expenses		95,184	103,692
Printing & stationery		37,456	31,687
Rent, rates and taxes		139,352	103,937
Fee and subscription		216,010	408,020
Entertainment		104,073	85,195
Repair & maintenance		995,256	444,306
Auditors' remuneration	18.2	215,000	187,500
Advertisement & Publicity		61,825	120,970
Legal & professional charges		202,203	141,821
Power and fuel		296,810	288,801
Depreciation	5	2,770,780	2,925,355
Miscellaneous		3,140	-
		8,983,739	8,519,736

18.1 This include meeting fees of Rs. 65,000 paid to Independent Directors during the year.

18.2 Auditors' remuneration

Statutory audit	150,000	127,500
Half yearly review	50,000	50,000
Out of pocket expenses	15,000	10,000
	215,000	187,500

19 OTHER OPERATING EXPENSES

Trade debts written off	6,943,343	-
Sales tax receivable written off	1,531,023	-
	8,474,366	

20 OTHER OPERATING INCOME

Rental Income	8,530,050	7,942,440
Trade creditors added back	17,380,271	2,465,782
	25,910,321	10,408,222

21 TAXATION**This relates to:**

Current year	1,830,549	1,704,448
Prior year	-	-
	1,830,549	1,704,448

22 BASIC EARNING PER SHARE

Profit/Loss after Taxation attributable to ordinary shareholders	6,620,568	183,383
	Number of shares	
No. of ordinary shares issued and subscribed at the end of the year	5,400,000	5,400,000
	Rupees	
Profit /Loss per share	1.23	0.03

22.1 There is no dilutive effect on the basic earning per share.

	NOTE	2021	2020
		Rupees	
23 CASH GENERATED FROM OPERATIONS			
Profit before taxation		8,451,117	1,887,831
Adjustment for non cash charges and other items:			
Depreciation	5	2,770,780	2,925,355
Non- cash employee benefits expenses		363,677	371,748
Finance cost		1,099	655
		3,135,556	3,297,758
Working capital changes	23.1	(10,133,556)	(2,113,465)
		1,453,117	3,072,124
23.1 WORKING CAPITAL CHANGES			
(increase) / decrease in current assets			
Trade debtors		9,724,573	(668,310)
Tax refundable from government		1,531,023	
Loans and advances		(5,000)	23,000
		11,250,596	(645,310)
Increase/ (decrease) in current liabilities			
Trade and other payables		(21,384,152)	(1,468,155)
		(10,133,556)	(2,113,465)

24 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

24.1 FINANCIAL ASSETS AND LIABILITIES

2021					
Interest Rate Range Per Annum	Mark up Bearing		Non Mark up Bearing		Total
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Financial assets					
Long term deposits	-	-	-	1,770,408	1,770,408
Trade debtors	-	-	128,720	-	128,720
Loans and advances	-	-	20,000	-	20,000
Cash and bank balance	-	-	750,068	-	750,068
	-	-	898,788	1,770,408	2,669,196

2020					
Interest Rate Range Per Annum	Mark up Bearing		Non Mark up Bearing		Total
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Financial assets					
Long term deposits	-	-	-	1,770,408	1,770,408
Trade debtors	-	-	9,853,293	-	9,853,293
Loans and advances	-	-	15,000	-	15,000
Cash and bank balance	-	-	828,223	-	828,223
	-	-	10,696,516	1,770,408	12,466,924

2021					
Interest Rate Range Per Annum	Mark up Bearing		Non Mark up Bearing		Total
	Maturity up to one year	Maturity after one year	Maturity after one year	Maturity after one year	
Financial Liabilities					
Long term loans	-	-	-	41,336,988	41,336,988
Employee benefit obligation	-	-	-	1,845,356	1,845,356
Trade and other payables	-	-	6,542,976	-	6,542,976
	-	-	6,542,976	43,182,344	49,725,320

2020					
Interest Rate Range Per Annum	Mark up Bearing		Non Mark up Bearing		Total
	Maturity up to one year	Maturity after one year	Maturity after one year	Maturity after one year	
Financial Liabilities					
Long term loans	-	-	-	41,036,988	41,036,988
Employee benefit obligation	-	-	-	1,300,228	1,300,228
Trade and other payables	-	-	27,927,128	-	27,927,128
	-	-	27,927,128	42,337,216	70,264,344

24.2 FOREIGN EXCHANGE RISK MANAGEMENT

The Company is exposed to foreign exchange risk arising from various currency exposures. Company uses forward exchange contracts, to hedge their exposure to foreign currency risk in the local reporting currency. For financial reporting purposes, Company designates contracts with Company's bankers as fair value hedges or cash flow hedges, as appropriate.

(a) Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The company does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the company applies approved credit limits to its customers.

The management monitors and limits Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy.

The Company is exposed to credit risk on long-term deposits, trade debts, advances, deposits and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	NOTE	2021 Rupees	2020
Long term deposits		1,770,408	1,770,408
Trade debtors		128,720	9,853,293
Cash and bank balances		750,068	828,223
		<u>2,649,196</u>	<u>12,451,924</u>

(b) Interest / Mark up rate risk

Interest rate risk arises from the possibility that changes in interest rate will affect the value of financial instruments. The Company is exposed to interest rate risk for loans obtained from the financial institutions.

(c) Capital Management:

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to the light of changes in economic conditions. Capital includes ordinary share capital and reserves.

(d) Foreign currency risk

Foreign currency risk may arise against receivable export sale to foreign undertakings, but the company is not exposed to major currency risk.

(e) Liquidity risk

Liquidity risk reflects company's inability in raising funds to meet commitments. management closely monitors company's liquidity and cash flow position to ensure adequate liquidity and manage the assets keeping in view the liquidity position.

24.3 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in arms length transactions.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IFRS 9. The carrying amount of trade receivables and payables are assumed to approximate their fair values.

As at June 30, 2021 the Company did not hold any financial instruments carried at fair value. Moreover, investment property and operating fixed assets are measured at fair value.

The investment property and freehold land and building in operating fixed assets were valued on June 30, 2021 carried out by external independent valuer M/s Hamid Mukhtar & Co. (Pvt) Limited.

As at June 30,2021				
Level 1		Level 2	Level 3	Total
Rupees				
Assets				
Investment Property Carried at Fair Value	-	-	132,773,000	132,773,000
Freehold Land, Building & Equipment	-	-	133,875,000	133,875,000
	-	-	266,648,000	266,648,000

Assets	As at June 30,2020			
	Level 1	Level 2	Level 3	Total
	Rupees			
Investment Property Carried at Fair Value	-	-	-	-
Freehold Land, Building & Equipment	-	-	139,018,383	139,018,383
	-	-	139,018,383	139,018,383

Reconciliation of net increase in level 3 fair values:	Note	2021	2020
		Rupees	
Fair value at beginning of the year		139,018,383	141,923,441
Depreciation charged during the year		(2,754,543)	(2,905,058)
Remeasurement recognized in profit or loss		-	-
Remeasurement recognized in OCI		130,384,160	-
Fair value at end of the year		266,648,000	139,018,383

The Company has revalued its freehold land, buildings and equipment on June 30, 2021 by independent valuer M/s Hamid Mukhtar & Co. (Private) Limited on the basis of market values of similar properties. The fair value of free hold land, buildings and equipment is a level 3 recurring fair value measurement.

Interest rate used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since majority of the interest bearing instruments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are of short term in nature, fair value significantly approximates to carrying value.

Fair value hierarchy

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analysis financial instruments carried at fair value by

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

Level 2: input other than quoted prices included with in Level 1 that are observable for assets and liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change the occurred. However, there is no transfers between levels during the year.

25 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the accounts for the year for remuneration, including certain benefits to the chief executive and executive of the company is as follows;

Description	2021			2020		
	Chief Executive	Working Directors	Executives	Chief Executive	Working Directors	Executives
Basic salary	-	-	-	-	-	-
House rent	-	-	-	-	-	-
Other allowances	-	-	-	-	-	-
	-	-	-	-	-	-
No. of persons	1	1	-	1	1	-

- 25.1** The Chief Executive officer and working Director is not drawing any remuneration from the company. Meeting fees paid to independent directors is disclosed in note 18.1.

26 NUMBER OF EMPLOYEES

	2021	2020
Total number of employees as at June 30	11	12
Average number of employees during the year	10	12

27 RATED CAPACITY AND ACTUAL PRODUCTION

The rated capacity and capacity attained was not disclosed as all the plant and machinery were disposed off by the company in the preceding financial years.

28 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 01-11-2021 by the Board of Directors of the company.

29 GENERAL

- 29.1** Figures have been rounded off to the nearest rupee.

Mr. Zulfiqar Ali
Chief Executive

Mr. Babar Khan
Chief Financial officer

Mr. Nafees Iqbal
Director

Form 34
(Section 236)
Pattern of Holding of Shareholders
As on June 30, 2021

Number of shareholders	Shareholdings		Total Number of Shares Held	Percentage of Total Capital
	From	To		
76	1 -	100	2,558	0.05
438	101 -	500	215,742	4.00
31	501 -	1000	30,600	0.57
36	1001 -	5000	94,500	1.75
13	5001 -	10000	111,600	2.07
5	10001 -	15000	61,500	1.14
1	15001 -	20000	16,000	0.30
2	25001 -	30000	55,500	1.03
1	30001 -	35000	31,500	0.58
1	35001 -	40000	40,000	0.74
1	50001 -	55000	55,000	1.02
1	65001 -	70000	66,000	1.22
1	80001 -	85000	82,500	1.53
1	90001 -	95000	93,500	1.73
1	100001 -	105000	100,500	1.86
1	405001 -	410000	409,000	7.57
1	3930001 -	3935000	3,934,000	72.85
611			5,400,000	100.00

Sr.#	Name	No of Shareholders	Shares Held	Percentage of Capital
1.	Directors, Chief Executive Officer, their spouse and minor children	7	5,500	0.1019
2.	General Public (Local)	597	5,311,499	98.3611
3.	Others	7	83,001	1.5371
	Total	611	5,400,000	100.0000

PATTERN OF SHAREHOLDING AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE

Sr.#	Name	Shares Held	Percentage of Capital
Directors, Chief Executive Officer, their spouse and minor children			
1	MR. SHAKEEL AHMED	1,000	0.0185
2	MR ZULFIQAR ALI	1,000	0.0185
3	CH. NASEER AHMAD	1,000	0.0185
4	MR. NAFEES IQBAL	500	0.0093
5	MR. IMTIAZ HUSSAIN QURESHI.	500	0.0093
6	MR. NADEEM ABBAS	500	0.0093
7	MR. ABDUL SHAKOOR	1,000	0.0185
Running Total of: Directors, Chief Executive Office, and their spouse and minor children		5,500	0.1019
Banks Developments Financial Institutions, Non Banking Financial Institutions			
1	TIME SECURITIES (PVT.) LTD.	10,500	0.1944
2	MAPLE LEAF CAPITAL LIMITED	1	0.0000
3	CAPITAL VISION SECURITIES PVT LIMITED	500	0.0093
4	CAPITAL VISION SECURITIES (PVT) LTD.	2,000	0.0370
5	RS PUBLISHERS (PRIVATE) LIMITED	3,000	0.0556
6	HUSSAIN MILLS LIMITED	66,000	1.2222
7	Y.S. SECURITIES & SERVICES (PVT) LTD.	1,000	0.0185
Running Total of: Banks Developments Financial Institutions, Non Banking Financial Institutions		83,001	1.5371
General Public (Local)		5,311,499	98.3611
GRAND TOTAL		5,400,000	100.0000
Shareholders having more than 5% Shares			
1	MR. REHAN AHMED	3,934,000	72.8519
2	MR. MUZAFFAR AHMAD	409,000	7.5741
TOTAL		4,343,000	80.4259

MUBARAK TEXTILE MILLS LIMITED

FORM OF PROXY

Please quote Reg. folio Number

--

I/We _____

of _____

Being a Member of Mubarak Textile Mills Limited, Hereby appoint

(NAME)

_____ another Member of the Company or failing

(NAME)

of _____

(Being a Member of the Company) as my / our Proxy to attend, act and vote for me / us and on my / our behalf, at the 30th Annual General Meeting of the Company to be held on **Friday 26 November 2021** at 20-km Off Ferozepur Road, Lahore, at 11.00 a.m. and at any adjournment thereof.

As witness my hand this _____ Day of _____ 2021

Signed by _____

In the presence of _____

Folio No.	CDC Account No.	
	Participant I.D	Account No.

Affix Revenue
Stamps of
appropriate Value

Note:

1. This form of proxy duly completed must be deposited at the Company's Registered office at 20-km Off Ferozepur Road, Lahore or company's shares registrar Hameed Majeed Associates (Pvt.) LTD. HM House, 7 Bank square, Lahore not less than 48 hours before the time of meeting.
2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. For CDC Account Holders / Corporate Entities
In Addition to the above, the following requirements have to be met.
 - a) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
 - b) The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - c) In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (Unless it has been provided earlier along-with proxy form to the Company)

پراکسی فارم

میں / ہم _____
 ساکن _____ بطور ممبر (ز) مبارک ٹیکسٹائل ملز لمیٹڈ
 حامل _____ عام حصص، محترم / محترمہ _____
 ساکن _____ یا ان کے حاضر نہ ہو سکنے کی صورت میں _____
 ساکن _____ کو اپنے / ہمارے ایما، پراکسی کے مورخہ 26 نومبر 2021ء بروز
 جمعہ 11.00 بجے کمپنی کے رجسٹرڈ آفس 20، گلوئیٹر آف فیروز پور روڈ، لاہور میں ہونے والے 30 واں سالانہ عمومی اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے
 کیلئے اپنا / ہمارا بطور نمائندہ (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

ممبر کے دستخط

گواہ کے دستخط

گواہ کے دستخط

نام
 CNIC / پاسپورٹ نمبر
 ایڈریس

نام
 CNIC / پاسپورٹ نمبر
 ایڈریس

رہیدی ٹکٹ پر دستخط

اس دستخط کا کمپنی کے ساتھ رجسٹرڈ دستخط
 کے نمونے سے مشابہت ہونا لازمی ہے

فولیو نمبر	سی ڈی سی اکاؤنٹ نمبر
	شرکت دار کی شناخت اکاؤنٹ نمبر

اہم نکات:

- 1- ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کے شیئرز رجسٹرار کے دفتر میں موصول ہو جانا چاہیے۔
- 2- اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرتا ہے اور ایک سے زیادہ انسٹرومنٹس آف پراکسی جمع کراتا ہے تو اس صورت میں تمام انسٹرومنٹ آف پراکسی کا عدم قرار دیئے جائیں گے۔

3- سی ڈی سی اکاؤنٹ رکھنے والے / کارپوریٹ ادارے مزید برآں درج ذیل شرائط کو پورا کریں گے۔

- (i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں۔
- (ii) پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔
- (iii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔