



FRONTIER CERAMICS LIMITED

Ref: FCL/301/1494/2023

Dated: April 12, 2023

The General Manager
Pakistan Stock Exchange Limited.
Stock Exchange building,
Stock Exchange Road,
Karachi.

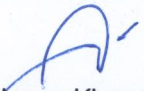
SUBJECT: **CORRIGENDUM- TRANSMISSION OF ANNUAL ACCOUNTS FOR THE YEAR ENDED
JUNE 30, 2022**

Dear Sir

It is humbly submitted that draft version of financials for the year under reference was submitted erroneously to PSX which contain some of the pages related to Notes to the accounts wherein Notes differ with the final initialed accounts of the Company. In this regard a final version of Audited accounts had already been transmitted to PSX vide Process ID No.205656 dated April 12, 2022. Further a complete detail of Notes with differences is attached as **Annexure-A**.

Yours faithfully,

For & on behalf of Frontier Ceramics Ltd.


Rehman Khan Sherwani
Company Secretary

ANNEXURE-A

1. Note 7.1

There is a difference in sub-Note in the break-up of total depreciation.

As per Audited accounts

	Note	2022 Rupees	2021 Rupees
7.2 Total depreciation:			
Depreciation on property, plant and equipment		206,650,413	146,910,264
Depreciation on investment property	9 1	30,039	31,620
		<u>206,680,452</u>	<u>146,941,884</u>
Allocation of depreciation			
Cost of sales	32	202,546,842	144,003,056
Distribution cost	33	2,066,805	1,469,414
Administrative expenses	34	2,066,805	1,469,414
		<u>206,680,452</u>	<u>146,941,884</u>

As per submitted printed copy

	Note	2022 Rupees	2021 Rupees
7.2 Allocation of depreciation:			
Cost of sales	32	202,517,405	143,972,058
Distribution cost	33	2,066,504	1,469,103
Administrative expenses	34	2,066,504	1,469,103
		<u>206,650,413</u>	<u>146,910,264</u>

2. Note 16.10

There is a difference of details mentioned in Note 16.1.

As per Audited accounts

16.1 This represents amount advanced to Khalid and Khalid Holdings (Private) Limited, a related party due to common directorship. Short term lending carries interest @ KIBOR plus 2% and is considered unsecured. The maximum aggregate amount outstanding at any time during the year is same as the above carrying amount of short term lending.

As per submitted printed copy

16.1 This represents amount advanced to Khalid and Khalid Holdings Private Limited, a related party due to common directorship. The advance is considered unsecured. The maximum aggregate amount outstanding at any time during the year is same as the above carrying amount of advance.

3. Note 27.10

There is a difference of details mentioned in Note 27.1.

As per Audited accounts

The gratuity scheme provides terminal benefits to permanent employees of the Company who had completed at least six months of service on the basis of the last drawn gross salary. However, during last year, the management of the Company decided to replace gratuity with the provident fund for its permanent employees from the 1st day of January 2021. The Company has not paid any gratuity to its employees during the current or prior year.

As per submitted printed copy

The gratuity scheme provides terminal benefits to permanent employees of the Company who had completed one year of service on the basis of last drawn gross salary. However, during the year, management of the Company has decided to replace gratuity with provident fund for its permanent employees from the 1st day of next financial year i.e. July 1, 2022. The Company has paid gratuity amounting to Rs. 32.896 million to its employees' during the year and remaining amount of the closing balance of gratuity has also been paid subsequently.

4. Note 28.10

There is a difference in figure of lease liability of above referred note. Whereas, total figure in balance sheet is correct.

As per Audited accounts

	Note	2022 Rupees	2021 Rupees (Restated)
Surplus on revaluation of fixed assets		310,210,724	330,301,889
Accelerated depreciation		72,533,455	1,937,861
Right of use asset		11,512,302	-
Lease liability		(9,741,851)	-
Provision for gratuity		(7,364,103)	(8,000,380)
		<u>377,150,527</u>	<u>324,239,370</u>
Tax rate used		<u>29%</u>	<u>29%</u>

As per submitted printed copy

	Note	2022 Rupees	2021 Rupees (Restated)
Surplus on revaluation of fixed assets		310,210,724	330,301,889
Accelerated depreciation		72,533,455	1,937,861
Right of use asset		11,512,302	-
Lease liability		(6,513,036)	-
Provision for gratuity		(7,364,103)	(8,000,380)
		<u>380,379,342</u>	<u>324,239,370</u>
Tax rate used		<u>29%</u>	<u>29%</u>

5. Note 32

There is a difference in figure of depreciation and repair & maintenance by Rs. 2 only. Total figure of cost of sales is correct.

As per Audited accounts

32	COST OF SALES	Note	2022 Rupees	2021 Rupees
	Raw material consumed	32.1	820,011,002	662,000,385
	Stores, spares and loose tools consumed	32.2	956,381,134	966,687,683
	Gas and electricity		1,316,805,543	403,876,270
	Depreciation	7.2	202,546,842	144,002,586
	Salaries, wages and other benefits	32.5	223,187,784	200,282,497
	Travelling and conveyance		1,071,955	412,609
	Repairs and maintenance		425,420	219,754

As per submitted printed copy

		2022	2021
	Note	Rupees	Rupees
32	COST OF SALES		
	Raw material consumed	820,011,002	662,000,385
	Stores, spares and loose tools consumed	956,381,134	966,687,683
	Gas and electricity	1,316,805,543	403,876,270
	Depreciation	202,546,844	144,002,586
	Salaries, wages and other benefits	223,187,784	200,282,497
	Travelling and conveyance	1,071,955	412,609
	Repairs and maintenance	425,418	219,754

Note 41.2

There is a difference in exposure to credit risk figures in the current year.

As per our initialled accounts**Exposure to credit risk**

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. Out of total financial assets of Rs. 101.243 million (2021: Rs. 71.639 million) the financial assets which are subject to credit risk amounted to Rs. 101.207 million (2021: Rs. 71.442 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

As per submitted printed copy**Exposure to credit risk**

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. Out of total financial assets of Rs. 94.317 million (2021: Rs. 71.639 million) the financial assets which are subject to credit risk amounted to Rs. 94.281 million (2021: Rs. 71.442 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under: