

FINANCIAL STATEMENTS

OF

S.G. POWER LIMITED

FOR THE YEAR ENDED JUNE 30, 2023

DIRECTOR'S REPORT

The Board of Directors of SG Power Limited is pleased to present the Annual Financial Statements of the Company for the period ended June 30, 2023.

S.G Power Limited is a public limited company incorporated in Pakistan on February 10, 1994, under the repealed companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017). The shares of the company are listed on Pakistan Stock Exchange Limited.

The principal activities of the company is generation of the electric power and supply to its associated company, SG Allied Business Limited.

Year was full of turmoil the gas was disconnected on 15th November, 2022 and according to letter from SSGC it was supposed to be restored on 28th February, 2023; however, even after 28th February gas pressure was almost zero. The company signed various revised agreement with SSGC with new tariff, with mix of RLNG and Natural Gas but unfortunately gas supply was only for few hours in the day and in some days up to 8 to 10 hours a day.

We hope that in coming months Government finds a solution and give stable supply to captive power plants

This will impact companies' profitability and even if gas is not disconnected, there are frequent power outages. The good news is that S G Allied Business Limited has expended his production capacity of hydroponic product and required more additional power to increase currently sales and profits.

The management expect that the company will be able to continue as a going concern and will be able to realize its assets and discharge its liabilities in the normal course of business as the requirement of associate is increasing.

FINANCIAL RESULTS

The performance of the company during the annual account under review has been on track of growth. The Company has reported the loss in current period June 30, 2023 as business activities of SG Power Limited is growing, management is hopeful of increased sale of the company in future.

During the period, under review, the Company has suffered a loss of Rs.2, 345,404 whereas, for the corresponding period the Loss was Rs.257, 136. The accumulated loss as on June 30, 2023 stood at Rs.259.481 million.

FUTURE OUTLOOK

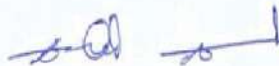
Alhamdo Lillah Company's Operations are running smoothly as business activities of SG Allied Business Limited is growing, management is hopeful for increased sale of the company in upcoming financial year 2023-24.

ACKNOWLEDGEMENT.

The directors of your Company offer their sincere gratitude to the shareholders for their support and assistance. The directors also thank employees of the Company for their dedication and hard work and hope to get the same cooperation from them in future.

Karachi September 30, 2023

On behalf of the Board of Director



Sohail Ahmed
Chief Executive



MUNIFF ZIAUDDIN & CO.
Chartered Accountants

Independent Member Firm

B K R
INTERNATIONAL

Business Executive Centre
F/17/3, Block 8, Clifton
Karachi – 75600 - Pakistan
Tel: +92-21-35375127-8,
+92-21-35872283
E-mail: info@mzco.com.pk
Web: bkropakistan.com

Independent Auditors' Report
To the Members of S.G. Power Limited
Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of **S.G. Power Limited** (the Company), which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss and other 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.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' 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 opinion.

Material Uncertainty relating to Going Concern

We draw attention to note 2 in the financial statements, which indicates that the Company incurred a loss of Rs. 2,904,481 (2022: 645,266) and the Company's accumulated loss as at June 30, 2023 stood at Rs. 260.041 million (2022: 257.136 million). Furthermore, as at the year end the current liabilities exceeded the current assets by Rs. 5,203,434 (2022: 3,112,265). These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Our report is not qualified in respect of this matter.

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, and we do not provide a separate opinion on these matters

Other Offices: at Islamabad & Lahore

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>1. Revenue recognition</p> <p>Refer note 5.8 to the financial statements relating to the revenue recognition.</p> <p>The company generates revenue from generation and supply of the electric power to its associated company, of SG Allied Businesses Limited. The company recognized revenue of Rs. 3.348 million for the year ended June 30, 2023.</p> <p>We identified revenue recognition as Key audit matter as it is one the Key performance indicators of the Company and because of the Potential risk that revenue transactions may not being recognized in appropriate period and risk of misapplication of the new accounting standard IFRS-15 'Revenue from contract with customers'.</p>	<p>Our procedures included:</p> <p>We obtained an understanding of assessed and tested the design and operating effectiveness of controls designed to ensure that revenue is recognized in appropriate accounting period;</p> <p>We assessed the appropriateness of the company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;</p> <p>We compared on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period;</p> <p>We received management's IFRS-15 assessment to verify the reasonableness, accuracy and completeness of the impact on the financial statements of the company; and We obtained an understanding of the nature of the revenue contracts entered into by the company, tested a sample of sales contracts to confirm our understanding and assessed whether or not management's application of IFRS-15 requirements was in accordance with the standard.</p>
<p>2. Contingencies</p> <p>The Company is subject to material litigations involving different courts pertaining to taxation and other matters, which requires management to make assessment and judgements with respect to likelihood and impact of such litigations. Management have engaged independent legal counsel on these matters.</p> <p>The accounting for, and disclosure of, contingencies is complex and is a matter of most significance in our audit because of the judgements required to determine the level of certainty on these matters.</p> <p>The details of contingencies along with management's assessment and the related provisions are disclosed in note 12 to the financial statements.</p>	<p>In response to this matter, our audit procedures included:</p> <p>Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances.</p> <p>Obtaining independent opinion of legal advisors dealing with such cases in the form confirmations.</p> <p>We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets.</p> <p>The disclosures of legal exposures and provisions were assessed for completeness and accuracy.</p>



Information other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Moin Khan.


Chartered Accountants
Karachi

Date: September 30, 2023

UDIN: AR202310153yREb8pW1D



MUNIFF ZIAUDDIN & CO.
Chartered Accountants

Independent Member Firm

B K R
INTERNATIONAL

Business Executive Centre
F/17/3, Block 8, Clifton
Karachi – 75600 - Pakistan
Tel: +92-21-35375127-8,
+92-21-35872283
E-mail: info@mzco.com.pk
Web: bkrpakistan.com

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF S.G. POWER 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 **S.G. Power Limited** (the Company) for the year ended June 30, 2023 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 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 Director's 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 requires 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.

Note reference Description

- 2 The executive directors are more than one third of the Board.

Based on our review, except for the above instances of non-compliance, 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 Regulations as applicable to the Company for the year ended June 30, 2023.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the note/paragraph reference where these are stated in the Statement of Compliance:

Reg.	Explanation
24	Same person holds office of chief financial officer and the company secretary of the company as the company is not operating sufficiently yet and the company believes that there is no need of separate person for both positions.
31	The board is in the process of setting up an effective internal audit function, as the operations of the company are being revived.

Chartered Accountants
Karachi
Date: September 30, 2023
UDIN: CR202310153cPUjAvDCm

Other Offices: at Islamabad & Lahore

S.G POWER LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
SHARE CAPITAL AND RESERVES			
Authorised 20,000,000 Ordinary shares of Rs. 10 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up capital	6	178,332,670	178,332,670
Capital reserve		89,116,330	89,116,330
Share premium			
Revenue reserve		(260,041,052)	(257,136,571)
Accumulated loss		7,407,948	10,312,429
NON CURRENT LIABILITIES			
Deferred liabilities	7	-	-
CURRENT LIABILITIES			
Trade and other payables	8	2,829,112	718,311
Loan from director	9	46,262	46,262
Unclaimed dividend	10	1,297,283	1,297,283
Due to associated undertaking	11	1,071,700	1,071,700
		5,244,357	3,133,556
CONTINGENCIES AND COMMITMENTS			
	12	<u>12,652,305</u>	<u>13,445,985</u>
NON CURRENT ASSETS			
Property, plant and equipment	13	7,311,381	8,124,694
Long term deposit	14	5,300,000	5,300,000
CURRENT ASSETS			
Current portion of long term receivable	15	-	-
Trade debts	16	-	-
Accrued interest	17	-	-
Sales tax refundable		28,950	
Cash and bank balances	18	11,974	21,291
		40,924	21,291
		<u>12,652,305</u>	<u>13,445,985</u>

The annexed notes form an integral part of these financial statements.


Chief Executive


Director


Chief Financial Officer

S.G POWER LIMITED
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Sales	19	3,348,238	8,317,868
Generation cost	20	<u>(6,074,854)</u>	<u>(7,685,593)</u>
Gross (loss)/ profit		(2,726,616)	632,275
Administrative and selling expenses	21	<u>(177,865)</u>	<u>(1,277,541)</u>
Operating loss		(2,904,481)	(645,266)
Loss before taxation		<u>(2,904,481)</u>	<u>(645,266)</u>
Taxation	22	-	-
Loss after taxation		<u>(2,904,481)</u>	<u>(645,266)</u>
Other comprehensive income		-	-
Total comprehensive loss for the year		<u><u>(2,904,481)</u></u>	<u><u>(645,266)</u></u>
Loss per share - basic and diluted	23	<u><u>(0.163)</u></u>	<u><u>(0.036)</u></u>

The annexed notes form an integral part of these financial statements.


 Chief Executive


 Director


 Chief Financial Officer

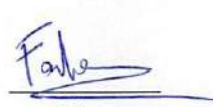
S.G POWER LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED JUNE 30, 2023

	SHARE CAPITAL	CAPITAL RESERVE	REVENUE RESERVE	
	Issued, subscribed and paid up capital	Share Premium	Accumulated loss	Total
	----- Rupees -----			
Balance as at 1st July, 2021	178,332,670	89,116,330	(256,491,305)	10,957,695
Loss for the year	-	-	(645,266)	(645,266)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year ended June 30, 2022	-	-	(645,266)	(645,266)
Balance as at June 30, 2022	178,332,670	89,116,330	(257,136,571)	10,312,429
Loss for the year	-	-	(2,904,481)	(2,904,481)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year ended June 30, 2023	-	-	(2,904,481)	(2,904,481)
Balance as at June 30, 2023	178,332,670	89,116,330	(260,041,052)	7,407,948


The annexed notes form an integral part of these financial statements.




Chief Executive



Director



Chief Financial Officer


S.G POWER LIMITED
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	2022 Rupees
CASH FLOW FROM OPERATION ACTIVITIES		
Loss before taxation	(2,904,481)	(645,266)
Adjustment for non cash items:		
Depreciation	813,313	454,702
Cash flow from operating activity before working capital changes	(2,091,168)	(190,564)
Changes in working capital		
(Increase) / decrease in current assets		
Trade debts	(28,950)	-
	<u>(2,120,118)</u>	<u>(190,564)</u>
Increase / (decrease) in current liabilities		
Accrued Liabilities	175,000	-
Trade and other payable	1,935,801	(1,093,429)
Due to associated undertaking	-	-
	<u>(9,317)</u>	<u>(1,283,993)</u>
Finance charges paid	-	-
Tax paid	-	-
Net cash used on operating activities	(9,317)	(1,283,993)
CASH FLOW FROM INVESTING ACTIVITIES		
Net cash used in investing activities	<u>-</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents	<u>(9,317)</u>	<u>(1,283,994)</u>
Cash and cash equivalents at the beginning of the year	21,291	1,305,284
Cash and cash equivalents at the end of the year	<u>11,974</u>	<u>21,291</u>

The annexed notes form an integral part of these financial statements.


Chief Executive


Director


Chief Financial Officer

S.G. POWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 LEGAL STATUS AND OPERATIONS

S.G Power Limited (the company) is a public limited company incorporated in Pakistan on February 10, 1994, under the repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017). The shares of the company are listed on Pakistan Stock Exchange Limited.

The principal activities of the company is generation and supply of the electric power to its associated company, S.G Allied Businesses Limited.

Geographical location and addresses of major business units including mills/plants of the Company are as under:

KARACHI	Purpose
B-40, S.I.T.E., Karachi	The registered office of the company

2 GOING CONCERN ASSUPMTIONS

During the year the Company incurred a loss before tax of Rs. 2,904,481 (2022: 645,266) and the Company's accumulated loss as at June 30, 2023 stood at Rs. 260.041 million (2022: 257.137 million). Furthermore, as at the year end the current liabilities exceeded the current assets by Rs.5,203,434 (2022: 3,112,265). These conditions indicate the existence of a material uncertainty that may cast significant doubt on Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

In 2017, the associated company, SG Allied Businesses Limited started new lines of business activities and the Company acquired new generators and w.e.f. May 2017 has restarted to supply electricity to its associated company. Moreover, the Directors and its associated company will provide the finance to the Company as and when needed. Based on the above facts, management expects that company will be able to continue as a going concern and will be able to realize its assets and discharge its liabilities in the normal course of business.

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:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 Standards and IFAS, 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 items as disclosed in the relevant accounting policies below.

3.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the functional currency of the Company. All amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

3.4 Key judgements and estimates

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

Useful lives , residual value and depreciation method of property, plant and equipment (refer note 5.1 & 13)
Impairment of non-financial assets(refer note 5.2)
Provision for expected credit losses
Estimation of contingent liabilities (refer note 5.14 & 12)
Estimation of provisions (refer note 5.7)
current income tax expense, provision for current tax recognition of deferred tax (refer note 5.10 & 22)

4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

4.1 Standards, amendments to published standards and interpretations that are effective in the current year

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Company's financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

	Effective date (annual reporting periods beginning on or after)
IAS 1 Presentation of Financial Statements (Amendments)	01-Jan-23
IAS 8 Accounting Policies, Changing in Accounting Estimates and Errors (Amendments)	01-Jan-23
IAS 12 Income Taxes (Amendments)	01-Jan-23
IFRS 4 Insurance Contracts (Amendments)	01-Jan-23
IAS 7 Statement of Cash Flows (Amendments)	01-Jan-23
IFRS 7 Financial Instruments	01-Jan-23
IFRS 16 Leases	01-Jan-24

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.

Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2023;

IFRS 1 First-time Adoption of International Financial Reporting Standards
IFRS 17 Insurance Contracts
IFRIC 12 Service Concession Arrangement

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all years presented in these financial statements, except in changes as indicated below.

5.1 Operating Fixed Asset

- a Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment loss (if any).
- b Depreciation is charged to income applying diminishing balance method at the rates specified in note 13.
- c Depreciation is charged on assets from the month of purchase or from the month of commercial production for additions in respect of additions made during the year while proportionate depreciation is charged on assets disposed off during the year till the month of disposal.
- d Major renewals and replacement are capitalized.
- e An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an item of property plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and as recognised on as other income in the statement of profit or loss. The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.
- f Profit or loss on disposal of fixed asset are reflected in the Profit and Loss account.

Judgements and estimates

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

Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss (if any).

5.2 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non financial assets (other than stock in trade and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

5.3 Stores, spares and loose tools

These are valued at the cost, determined on weighted average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred thereon.

5.4 Trade debts and other receivables

Trade debts and other receivables represents the company's right to an amount of consideration (i.e., only the passage of time is required before payment of the consideration is due)

5.5 Cash and cash equivalents

Cash and cash equivalents on the statement of financial position comprises cash at banks and on hand. For cash flow statement, cash and cash equivalents comprise cash on hand and deposit held with banks.

5.6 Trade and other payables

Liabilities for trade and other payables are recognized initially at their fair value and subsequently measured at amortized cost using effective interest method.

5.7 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amount of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of the cost of as asset.

5.8 Revenue Recognition

Revenue from contracts with customers is recognised at the point in time when performance obligation is satisfied i.e. control of the goods is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled to on exchange of those goods.

Revenue from supply of electricity is recognized on issue of bills on monthly basis.

Profit on bank deposits is recognized on accrual basis.

5.9 Borrowing Costs

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

5.10 Taxation

Current

Profits derived by the company from electric power generation project are exempt from tax under clause 132 of Part -1 of the Second Schedule to the Income Tax Ordinance 2001

The company is also exempt from minimum tax on turnover under section 113 as per clause 15 of the part-IV of the Second Schedule to the Income Tax Ordinance 2001

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any.

Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirements of Technical Release-27 of the Institute of Chartered Accountants of Pakistan.

5.11 Foreign currency translations

Transactions in foreign currencies are accounted for in Pakistani Rupees at the foreign exchange rates prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies, except for those covered under forward foreign exchange contracts, if any, are retranslated into Pak Rupees at the foreign exchange rates approximately those prevailing at the reporting date. Forward foreign exchange contracts, if any, are translated at contracted rates exchange differences, if any, are charged on statement of profit or loss.

5.12 Financial Instruments

Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on de-recognition are recognised directly in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently premeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

Financial assets are derecognized when the rights 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. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.



In the light of ongoing COVID-19 pandemic, the company has review its exposure to business risk and has not identified any risk that could materially impact the financial performance or position of the company. Consequently, there was no significant impact of COVID-19 pandemic on the company's operations or recognition and measurement of assets and liabilities during the year ended June 30,2021.

Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, 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 a de-recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

5.13 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet . If the company has a legally enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.14 Contingent liabilities

Contingent liability is disclosed when:

There is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly with in the control of the Company' or

There is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.15 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as liability on the period in which the dividends are approved by the company's shareholders.

5.16 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs net of tax and directly attributable to the issue of new shares are shown as a deduction in equity

5.17 Basic and diluted earnings per share

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

			2023 Rupees	2022 Rupees
6	ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
	17,883,267 Ordinary shares of Rs.10/- each fully paid in cash.		178,332,670	178,332,670
	Shares held by the related parties of the company			
		2023 No. of shareholders	2023 Shareholding Percentage	2022 No. of shareholders
				2022 Shareholding Percentage
	Directors, CEO, & their spouse and minor children			
	Mr. Sohail Ahmed	6,968,644	40.76	4,537,894
	Mr. Asim Ahmed	500	0.003	2,431,250
	Ms. Ghazala	1,742,286	10.19	1,742,286
	Ms. Saba Sohail	500	0.003	500
	Ms. Sana Sohail	500	0.003	500
	Ms. Bina Sohail	500	0.003	500
	Mr. Farhan Sohail	500	0.003	500
7	DEFERRED LIABILITY			
	Staff Gratuity			
	Movement in liability recognized in the balance sheet is as follows:			
	Liability as at July 01		113,040	113,040
	Charge to profit or loss		-	-
			113,040	113,040
	Payments made during the year		-	-
	Transferred to current liabilities in respect of employees left		-	-
	Liability as at June 30		113,040	113,040
7.1	There is no employee in the company as at year end and no actuarial valuation was carried out.			
	Staff gratuity		113,040	113,040
	Less: Provision against staff gratuity		(113,040)	(113,040)
			-	-
8	TRADE AND OTHER PAYABLE			
	Accrued Liabilities		2,809,297	698,496
	Tax deducted at source		19,815	19,815
			2,829,112	718,311
9	LOAN FROM DIRECTOR		46,262	46,262
9.1	This represents interest free loan from sponsoring directors. This will be repaid on demand.			
10	UNCLAIMED DIVIDEND			
	Unclaimed dividend		1,297,283	1,297,283
11	DUE TO ASSOCIATED UNDERTAKING		1,071,700	1,071,700
11.1	This represents the amount of rent payable and utilities to SG Allied Businesses Limited.			

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12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

S.NO.	WRIT PETITION	FORUM	ISSUE INVOLVED	STATUS
1		Sindh High Court	Based on the legal opinion in respect of non applicability of Worker's Profit Participation Act.1968, on the company, provision made to workers profit participation, fund and interest thereon amounting Rs. 20,711,654/- up to June 30, 2002 has been transferred back to shareholder's equity in the accounts for the year ended 30, June 2003. No provision has been made thereafter from the financial year ended June 30, 2003 to June 30, 2006 for an amount of Rs.12,685,253. The contention of the company is that since there are no workers as defined in the Act, and accordingly the said Act does not apply to the company. No provision is being made under this head since the year 2002-2003. The Company has filed petition before High Court of Sindh, Karachi challenging the levy in this respect. The management is confident that no liability will arise on this account. However, in the Finance Act, 2006 amendments have been made in the Act which is effective from July 01, 2006. These changes may require the company to pay 5% of its profits to the fund from the Fiscal year beginning July 01, 2006. However in these years the Company has incurred losses.	Pending
2		Sales Tax Appellate Tribunal	The collectorate of Sales Tax and Central Excise (west) Karachi has served a show cause notice requiring the repayment of inaccurate input tax adjustments and additional tax amounting to Rs.13,247,743/ and Rs.3,248,501/ - respectively, in respect of financial years ended June 30, 2000 and 2001. The Company has filed an appeal against such order in the Sales Tax Appellate Tribunal. Management of the company expects a favorable outcome and no provision has been made in these financial statements.	Pending

12.2 Commitments

There are no commitments as at year end (2022: Nil)

13 OPERATING ASSET - OWNED

2023

Particulars	Cost			Rate %	Depreciation			WDV	
	As on July 01, 2022	Addition / (Disposal)	As on June 30, 2023		Disposal	For the year	Impairment	As on June 30, 2023	As on June 30, 2022
	Rupees				Rupees			Rupees	
Generators	194,705,828	-	194,705,828	10%	-	768,155	-	187,792,430	6,913,398
Air Handling Unit	475,420	-	475,420	10%	-	2,765	-	450,538	24,882
Electric fitting	531,990	-	531,990	10%	-	5,293	-	484,353	47,637
Gas installation	1,101,542	-	1,101,542	10%	-	6,405	-	1,043,894	57,648
Equipment	2,533,157	-	2,533,157	10%	-	29,007	-	2,272,093	261,064
Vehicles	1,782,700	-	1,782,700	20%	-	1,688	-	1,775,949	6,751
Total Owned Assets	201,130,637	-	201,130,637		-	813,313	-	193,819,257	7,311,381

The land on which the project is setup, has been obtained on rent from SG Allied Businesses Limited, an associated company.

Depreciation for the year ended has been allocated as under:

	Note	2023	2022
		Rupees	
Generation cost	20	811,625	452,592
Administration	21	1,688	2,110
		813,313	454,702

During the year no assets were disposed-off to Chief Executive, Director, Executive or a Shareholder not less than ten percent of the voting shares of the Company or any related party.

2022

Particulars	Cost			Rate %	Depreciation			As on June 30, 2022 Rupees
	As on July 01, 2021	Addition/ (Disposal)	As on June 30, 2022		Disposal	For the year Rupees	Impairment	
Generators	194,705,828	-	194,705,828	5%	-	404,292	-	187,024,275
Air Handling Unit	475,420	-	475,420	10%	-	3,072	-	447,773
Electric fitting	531,990	-	531,990	10%	-	5,881	-	479,060
Gas installation	1,101,542	-	1,101,542	10%	-	7,117	-	1,037,489
Equipment	2,533,157	-	2,533,157	10%	-	32,230	-	2,243,086
Vehicles	1,782,700	-	1,782,700	20%	-	2,110	-	1,774,261
Total Owned Assets	201,130,637	-	201,130,637		-	454,702	-	193,005,944
								7,681,553
								27,647
								52,930
								64,053
								290,071
								8,439

	Note	2023 Rupees	2022 Rupees
14	LONG TERM DEPOSIT		
	Long term deposit	5,300,000	5,300,000
14.1	This represents margin held by M/s Sui Southern Gas Company limited against the supply of Gas.		
15	LONG TERM RECEIVABLE		
	Unsecured and Considered good		
	Associated Company- SG Allied Businesses Limited	65,287,512	65,287,512
	Less: Allowance for expected credit loss	(65,287,512)	(65,287,512)
		-	-
15.1	SECP vide order dated 19th July, 2013 directed the Company to make provision against the receivable from the associated undertaking being doubtful of recovery. Accordingly the same was provided for during the year ended June 30, 2013.		
16	TRADE DEBTS		
	Associated Company- SG Allied Businesses Ltd	94,036,243	94,036,243
	Less: Allowance for expected credit loss	(94,036,243)	(94,036,243)
		-	-
16.1	SECP vide order dated 19th July, 2013 directed the Company to make provision against the receivable from the associated undertaking being doubtful of recovery. Accordingly the same has been provided for during the year ended June 30, 2013.		
17	INTEREST ACCRUED		
	Considered good		
	Interest on loan to associated company -SG Allied Businesses Limited	10,654,243	10,654,243
	Less: Provision for doubtful debt	(10,654,243)	(10,654,243)
		-	-
		-	-
17.1	This represents interest accrued on long term receivable from the associated company, SG Allied Businesses Limited , charged as per the direction issued by SECP vide Order dated April 6, 2006. During year ended June 30, 2013 SECP vide order dated 19th July, 2013 directed the Company to make provision against the receivable from the associated undertaking being doubtful of recovery. Accordingly the same has been provided for.		
18	CASH & BANK BALANCE		
	Cash on hand	400	400
	Cash at bank-current accounts	11,574	20,891
		11,974	21,291
19	SALES		
	Sales of electricity	3,348,238	8,317,868
		3,348,238	8,317,868
19.1	The Company has done away with the policy of charging late payment surcharge on delayed receipt of payment from the associated undertaking for sale of electricity.		

	Note	2023 Rupees	2022 Rupees
20	GENERATION COST		
	Gas consumed	5,263,229	7,233,001
	Depreciation	811,625	452,592
		<u>6,074,854</u>	<u>7,685,593</u>
21	ADMINISTRATION & SELLING EXPENSES		
	Depreciation	1,688	2,110
	Bank charges	1,177	640
	Fuel expense	-	703,419
	Legal and professional	-	118,712
	Auditor's remuneration	175,000	175,000
	Repairs and maintenance	-	277,660
		<u>177,865</u>	<u>1,277,541</u>
22	TAXATION		
	Current	-	-
	Prior year	-	-
	Deferred	-	-
		<u>-</u>	<u>-</u>

The relationship between tax expense and accounting profit has not been presented in these financial statements as the income derived by the Company from electric power generation project is exempt from tax under clause 132 of Part 1 of the Second Schedule.

23	LOSS PER SHARE- basic and diluted		
	Loss for the year	(2,904,481)	(645,266)
	Weighted average number of ordinary shares outstanding during the year	17,833,267	17,833,267
	Loss per share - basic	<u>(0.163)</u>	<u>(0.036)</u>

There is no dilutive effect on loss per share of the Company (2022: Nil).

24 **TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of associated company and directors. Transactions with associated undertaking are as follows:

NAME OF RELATED PARTY	RELATIONSHIP WITH THE COMPANY	TRANSACTIONS	2023	2022
SG Allied Businesses Ltd	Associated Company	Electricity sales to SG Allied Businesses Ltd	3,348,238	8,317,868
SG Allied Businesses Ltd	Associated Company	Amount received from SG Allied Businesses Ltd	3,348,238	8,317,868
BALANCES				
SG Allied Businesses Ltd	Associated Company	Rent payable	1,071,700	1,071,700

[Handwritten Signature]

	2023	2022	2023	2022	2023	2022
	Chief Executive		Directors		Executives	
Remuneration	-	-	-	-	-	-
House Rent	-	-	-	-	-	-
Retirement Benefits	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Number of directors	1	1	6	6	-	-

In order to improve financial position of the company, the directors of the Company have decided to forgo fees, remuneration and other perquisites.

	2023	2022
26	Electricity (KWH)	Electricity (KWH)
PLANT CAPACITY AND ACTUAL PRODUCTION		
Annual Capacity	1,576,800	1,576,800
Actual Generation	151,275	501,050
26.1	Output produced by the generators is dependent on the load demanded.	
27	2022	2022
FINANCIAL INSTRUMENTS BY CATEGORY	Rupees	Rupees
Financial assets		
At amortized cost		
Long term deposit	5,300,000	5,300,000
Cash and bank balances	11,974	21,291
	<u>5,321,291</u>	<u>5,321,291</u>
Financial liabilities		
At amortized cost		
Trade and other payables	2,829,112	718,311
Loan from director	46,262	46,262
Unclaimed dividend	1,297,283	1,297,283
Due to associated undertaking	1,071,700	1,071,700
	<u>5,244,357</u>	<u>3,133,556</u>

28 FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risk, market risk, credit risk and liquidity risk. The company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earning volatility and provide maximum return to shareholders

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management framework. The board is also responsible for developing and monitoring the Company's risk management policies.

28.1 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

28.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. As at June 30, 2023, the company is not exposed to currency risk.

28.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate risk arises from long and Short term borrowings from financial institutions. As at June 30, 2023, the interest rate risk profile of the Company's doesn't have any interest-bearing financial instrument.

28.4 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2023 the Company is not exposed to price risk.

28.5 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk arises from cash equivalents, deposits with banks, as well as credit exposures to customers and other counterparties which include loans and advances, trade debts and other receivables.

For trade debts, credit risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilization of credit limit is regularly monitored. Accordingly, the credit risk is minimal and the company also believes that it is not exposed to major concentration of credit risk.

In respect of other counter parties, due to the company's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the company.

The maximum exposure to credit risk as at June 30, 2023, along with comparative is tabulated below:

	2023 Rupees	2022 Rupees
Financial Assets		
Long term deposit	5,300,000	5,300,000
Bank balances	11,974	20,891
	<u>5,311,974</u>	<u>5,320,891</u>



28.6 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

Financial liabilities in accordance with their contractual maturities are presented below:

2023	On demand	within one year	More than one year	Total
	0	-	2,634,297	2,634,297
	0	-	1,071,700	1,071,700
	0	46,262	-	46,262
	0	1,297,283	-	1,297,283
Total	1,343,545	3,705,997	-	5,049,542

2022	On demand	within one year	More than one year	Total
Trade and other payables	-	698,496	-	698,496
Due to associated undertaking	-	1,071,700	-	1,071,700
Loan from director	46,262	-	-	46,262
Unclaimed dividend	1,297,283	-	-	1,297,283
Total	1,343,545	1,770,196	-	3,113,741

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of all the financial instruments reflected in the financial statements approximates to their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

Fair value hierarchy;

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June, 2023, the company has no financial instruments that falls into any of the above category. There were no transfer between level 1, 2 and 3 in the year.

30 CAPITAL RISK MANAGEMENT

The objective of the company when managing capital i.e its shareholder's equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The company manage its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions consistent with others in the industry. The company manages its capital risk by monitoring its liquid assets and keeping in view future investment requirements and expectation of the shareholders.

The gearing ratio as at June 30, 2023 and June 30, 2022 is as follows:

	June 30, 2023	June 30, 2022
	Rupees	
Total Debts*	2,415,245	2,415,245
Cash and bank balances	(11,974)	(21,291)
	2,403,271	2,393,954
Share capital	178,332,670	178,332,670
Share premium	89,116,330	89,116,330
Revenue reserve	(260,041,052)	(257,136,571)
Equity	7,407,948	10,312,429
Debt + Equity	9,811,219	12,706,383
Gearing ratio (debt/ (debt + Equity)	24.5%	18.8%

*These comprises of loan from director, due to associated undertaking and unclaimed dividend.

31 NUMBER OF EMPLOYEES

2023

2022

Number of employees at the year-end
Average number of employees

2023	2022
-	-
-	-

32 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on 30 SEP 2023 by the Board of Directors of the Company.


Chief Executive


Director




Chief Financial Officer